WORKPLACE FUTURES

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WORKPLACE FUTURES

February 2022

the social, environmental and commercial challenge

www.workplace-futures.co.uk

Contents

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Introduction

“FM companies are all faced with implementing major change in all these areas.”

Martin Pickard FRICS FIWFM
Conference Chair and Managing Director, FM Guru Consultancy

This year’s Workplace Futures conference focused on the social, environmental and commercial challenges faced by the facilities management industry around sustainability. Hardly an original topic for the facilities and built environment community but based on the reaction of the conference participants, very timely indeed.

It was clear that there has been a mood change around the FM industry role when it comes to the whole environmental and social agenda, moving from something we would like to do if we could, to an imperative with a new sense of urgency and some frustration at the lack of progress in some areas.

The FM industry has a unique and major part to play in all three areas under discussion - social, environmental and commercial – or People, Planet and Profit, as we used to say.

The impact of the built environment and the services we provide are big contributors to many of the environmental challenges we face today, from carbon emissions to waste production, use of natural resources, all forms of pollution, heavy use of plastics, chemicals etc etc.

30 years ago, these were fringe concerns. Now, they are boardroom issues with consequences for compliance, reputation and shareholder value. FM companies are all faced with implementing major change in all these areas to meet the commitments demanded by government, shareholders and the marketplace.

Our impact on society is equally immense. Our industry employs around 3.5m workers in the UK. The quality of life of these workers and their families is directly impacted by the decisions made in our boardrooms. That’s over 8 million people depending on our industry for a living wage, a decent pension, security and wellbeing.

Then we must consider our impact on the 10s of millions who occupy our buildings and consume our services in workplaces, schools, hospitals, prisons and shopping centres. The Covid pandemic was undeniable proof that roles which may be described as non-core are by no means non-essential. In fact, our key workers kept the infrastructure of our society from total collapse.

The commercial challenge is perhaps the area giving many the greatest concern. When there is so much change required, who should pay the bill? It is not uncommon for service providers to offer to meet a client’s request for a more sustainable solution with a bill for the cost of change which the client may or may not deem reasonable. However, some clients may also take the view that the ESG policy of the service provider led them to assume that sustainability was the standard approach and not a premium extra.

Much hot air has been expressed about whether our industry is approaching sustainability and social impact as a cynical market opportunity to increase margins or because in the 21st century we believe in responsible business. The same can be said about many client organisations who have more of an eye on their share value than their corporate values.

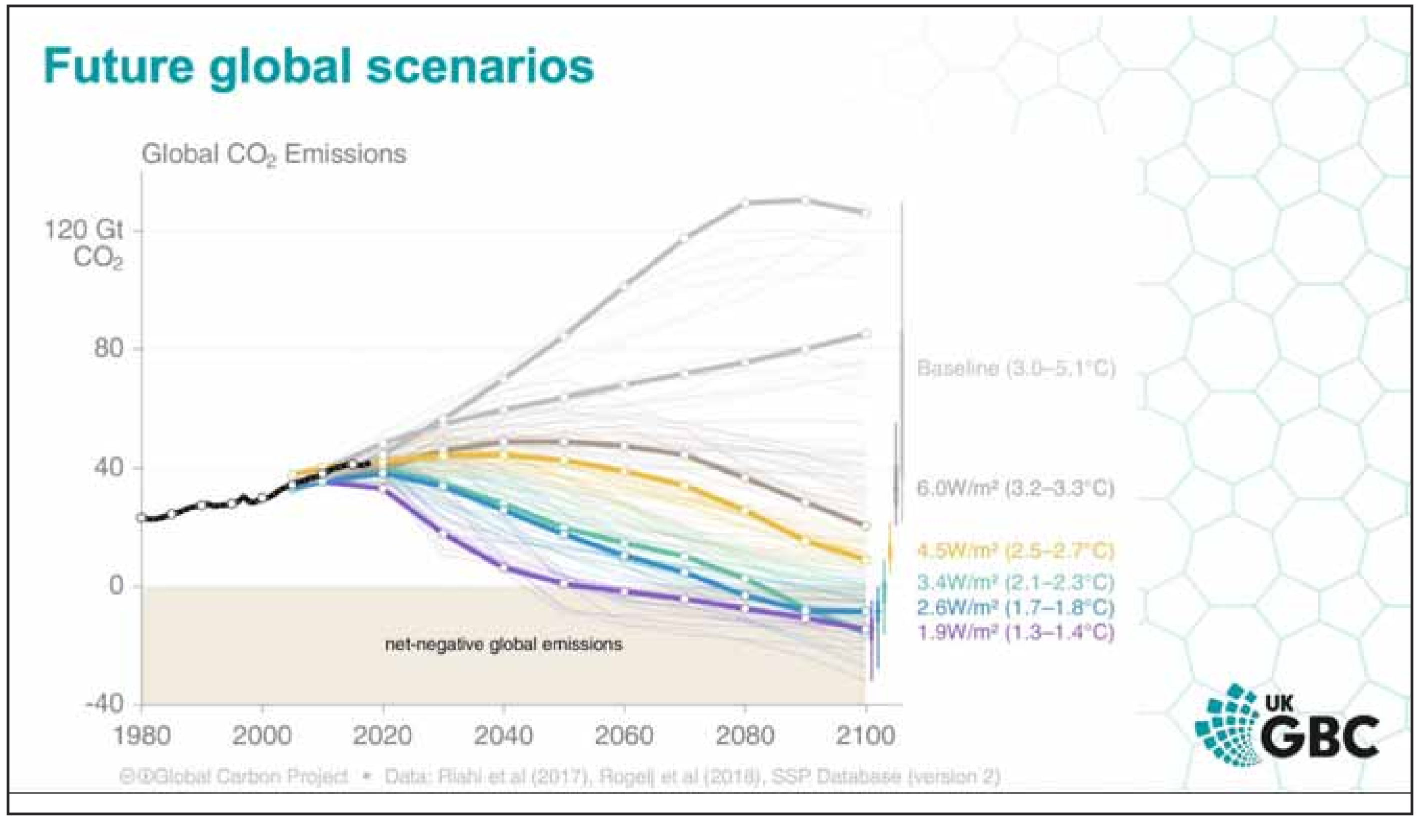
Real change will perhaps only come when ethical and sustainable solutions really are the norm rather than a variant and when those who have not changed begin to lose market share. Perhaps we will soon see service providers refusing to work for clients who are not prepared to finance a real living wage.

The presentations at Workplace Futures 2022 and the articles in this white paper set out the plans and thinking of some of the leading players and commentators in our industry, and I commend it to you wholeheartedly.

2 Sustainability: the challenges and the opportunities

"We are already seeing a range of environmental changes around us."

Yetunde Abdul
Head of Climate Action, UK Green Building Council



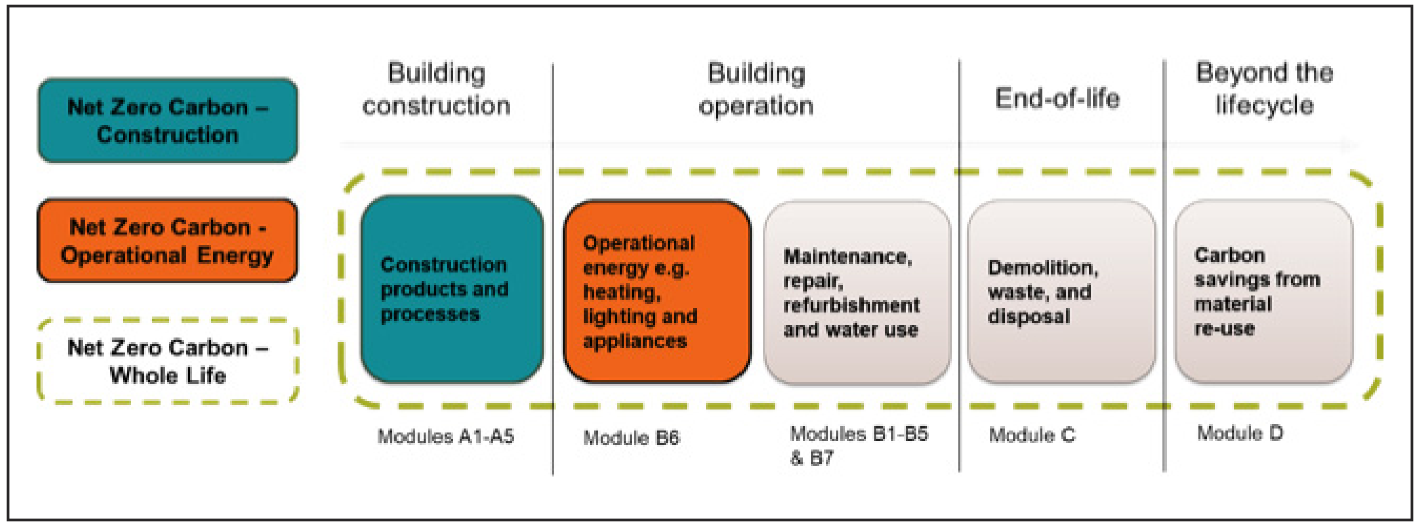
Climate change is one of the greatest challenges of our time. When the IPCC issued its stark warning in 2018, it clearly established that achieving the ambitions of the Paris Climate Agreement and limiting warming to 1.5°C to avoid the most catastrophic impacts of climate change would require action at an unprecedented pace and scale.

We are already seeing a range of environmental changes around us: the increase in severity and frequency of extreme weather events, rising temperatures, flooding risks and impacts on human health. Global warming is impacting biodiversity, agriculture, infrastructure, educational environments, living conditions and business productivity. The economic consequences of not controlling greenhouse gas emissions will be significant and impact us all.

The built environment sector, responsible for a significant amount of global greenhouse gas emissions, remains relatively inefficient and is ripe for radical change. At UKGBC, our work to radically improve the sustainability of the built environment, by transforming the way it is planned, designed, constructed, maintained and operated continues at pace.

More than ever, we collaborate to advocate, enable and inspire accelerated leadership and action, primarily by business and government, on a range of areas including resource use, nature and biodiversity, health and wellbeing, and socio-economic impact. Climate change and the drive to net zero is one of our key focus areas.

Clear leadership and collaboration seem key to helping ensure all is being done to effectively tackle the net zero carbon challenge. The UK's target to reach net zero emissions by 2050 reinforces the imperative for businesses to assess their operating models and practices in line with climate science and emerging best practice. An essential part of this is considering the whole-life carbon impact of buildings and the opportunities to reduce carbon emissions at any stage of a building's life.



Buildings in operation are a fundamental part of this. Facilities managers, building managers and estates teams work closest with building systems and have a bird's eye view of the building, understanding everything from the mechanics to occupants' possible behaviours. With this, they have the clearest view of the realistic interventions and initiatives needed to deliver exceptional building performance and reduce carbon emissions. With such wide-ranging building stock in the UK there is no magic bullet, no one 'new' technology that can instantly cut carbon emissions. The opportunity for a range of initiatives which align or evolve existing business-as-usual activities are fundamental to drive the change needed.

Initiatives could include integrating sustainability and energy assessment routines into day-to-day work, moving from reactive to proactive maintenance procedures, integrating new technology and data-led strategies to help remove energy waste, internal feedback loops with clear definition of what success might look like, and guiding occupants into making informed decisions about the future of their assets highlighting direct links with cost savings and enhanced operational models.

Although a range of challenges exist, the opportunities to be gained are many. Not only does this include reduced energy consumption and leaner and improved monitoring processes and activities, but also better quality data collection and therefore more value to be gained from its interpretation leading to more informed decision-making. A key benefit of these opportunities is the potential for an enhanced occupant experience, and alongside this, generally their health and wellbeing, which translates to all of us.

"Although a range of challenges exist, the opportunities to be gained are many."

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"What constitutes meaningful change?"

Georgia Elliott Smith
Managing Director, Element Four

The various environmental and societal challenges that face us today can be overwhelming. Strength of feeling varies, but most people want to do their bit to reduce their footprint and make the world a better place.

It's easy to start by focusing on the problems we see in front of us or jump on the latest bandwagon. Mixed waste going to landfill or incineration? Put some recycling bins in the office. Everyone else is going carbon neutral, so let's do that!

Unfortunately, although office recycling bins are good housekeeping, they're doing nothing to fix the climate crisis or reduce ocean plastics. If we seek to make a real difference, we mustn't deceive ourselves that small measures will cut it.

The key to meaningful change is understanding three things:

1. What are your impacts on the environment and society?
2. What constitutes meaningful change?
3. How do we get there?

Traditionally, the first step of this process would consist of collecting and reviewing operational environmental impact data - waste, water, energy and pollution. Throw in some health and safety data on accident rates and, in progressive companies, a metric for employee satisfaction, and you've got a traditional sustainability audit.

Although this information is vital, we shouldn't stop there. The UN SDGs provide a great framework for exploring the impacts of a business in a more holistic, enlightening way.

Understanding how our business perpetuates cycles of poverty in the way we pay our staff and suppliers is a far more interesting conversation for most than pouring over the minutiae of waste data.

When we understand our impacts, we can decide on our strategic priorities, channelling our efforts and avoiding distractions.

The second step on our journey is to explore the extent to which we need to reduce our negative impacts, or increase our positive impacts, to genuinely make a difference.

It may be tempting to set a target to reduce carbon emissions by 10% on last year's emissions. But unless we put our emissions in context that 10% change may be the CO2 equivalent of rearranging the deckchairs on the Titanic.

We seek out data that shows what good looks like. For carbon, this means aligning our emissions with the Paris Agreement, creating a science-based target that ensures we do not consume more than our fair share of the global carbon budget. Tools like the Aquaduct Water Risk Atlas show whether we operate in areas of water stress, enabling us to target and scale water efficiency measures appropriately. Numerous best practice forums now provide a wealth of credible performance benchmarks – a great example is LETI's Climate Emergency Design Guide for buildings.

Using these tools and benchmarks shows us what must be done to achieve meaningful change, not just change for change's sake.

Once we understand our impacts and the scale of change required, the rubber really hits the road.

If you believe that implementation is the job of the sustainability manager, think again! Moving to a more responsible and positive business model cannot be just one person's job – in fact, it's a sure-fire recipe for failure. Harnessing the talents, creativity and energy of all employees is the route to success. Educating and supporting those on the ground to find solutions will fast-track and embed creative and practical implementation. Finally, ensure your rewards structure includes the application of your sustainability principles – no one must be under the illusion that they will get their bonus or promotion if they act in an environmentally or socially destructive way, regardless of profitability.

Frequently linking back to the Sustainable Development Goals is essential – when we understand how our daily activities directly reduce carbon emissions, alleviate poverty or protect the rainforest, we are far more likely to approach those tasks with enthusiasm and care.

By applying this strategic approach, we can tackle the big global challenges of today, empowered with the knowledge that we are making a meaningful difference, funnelling our effort and resources into making the biggest positive impact possible.

> ***"Harnessing the talents, creativity and energy of all employees is the route to success."***

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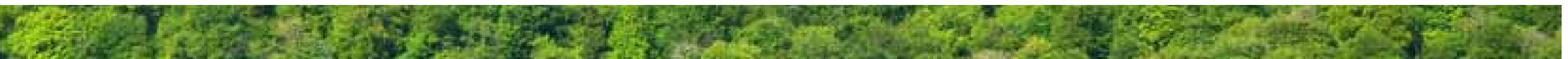
We're committing to tomorrow...

As a nationwide facilities management business, we are part of nearly all communities across the UK which is why our goals are designed to give back and enhance local eco-systems.

Net zero carbon emissions by 2040

- **30%** reduction of CO_2e emissions by 2027 by moving to 30% electric vehicles by 2027
- **45%** reduction of CO_2e emissions by 2030 by moving to 50% electric vehicles by 2030
- **65%** reduction of CO_2e emissions (scope 1+2) by 2035 by moving to 70% electric vehicles by 2035
- **100%** renewable electricity in non-serviced offices
- Smart meter technology in all non-serviced offices

Find out more about our committments and approach to ESG at **www.churchillservices.com**



4 Making social value work

> *"If you want to win work within the public or private sectors but don't have a social value strategy in place, you are going to seriously struggle."*

Guy Battle
CEO and Founder, Social Value Portal

2022 marks a full decade since the Social Value Act received Royal Assent, which led to the public sector embedding a mandatory social value weighting into all procurement. Over the past 10 years, this has gradually - and then rather rapidly over the past 12 months - transformed the relationship between the public and private sectors.

Private sector organisations are seeing the positive results social value has brought to public sector work and are increasingly bringing it into their own decision-making as a result. Tender submissions with a clear social value strategy are undoubtedly winning the work.

As it currently stands, in fact, most local authorities and central government departments no longer use 10% as their social value weighting in their tenders; they think it's too low and are more likely to use 15% or 20%.

The bottom line is, if you want to win work within the public or private sectors but don't have a social value strategy in place, you are going to seriously struggle.

There is no escape from social value

I started working in sustainability in the early nineties, working for a well-known engineering firm where no one even understood what sustainability was and didn't really believe in it anyway. That is unthinkable today.

Whilst sustainability took more than 20 years to rise up the list of priorities, social value has risen to the top over the past five or six years and is undoubtedly here to stay, changing the way we look at our buildings.

It is often embedded as early on as the planning process and, if you look at the work done by the likes of Islington, Southampton and Bristol, it is now mandatory to submit a social value statement as part of your submission. The statement takes into account not just the social value in construction, but also the social value generated through how the asset is managed throughout its full lifetime.

This is why facilities management has come to rest at the heart of social value.

Moving from compliance to value

Environmental, social and corporate governance (ESG)'s birthplace was in compliance. It is all about the need to minimise risk, avoid harm, meet regulations and disclose the metrics.

If minimising risk is the ESG side of the coin, maximising social value sits on the other side to complete the picture. Minimising risk is a large part of the ESG principle but generating value is the driver.

Social value is about how a business meets its social purpose, contributing 'net positively' to society. Where Social Value Portal comes in is by helping organisations to identify, measure and communicate this net positivity to key stakeholders.

Measuring social value

Set up in 2016, The National Social Value Taskforce is chaired by the Local Government Association and made up of 50 - 60 different organisations across the public and private sector. In 2017, we partnered with the Taskforce to develop the National TOMs, a UK-wide measurement framework that provides a minimum reporting standard for measuring social value.

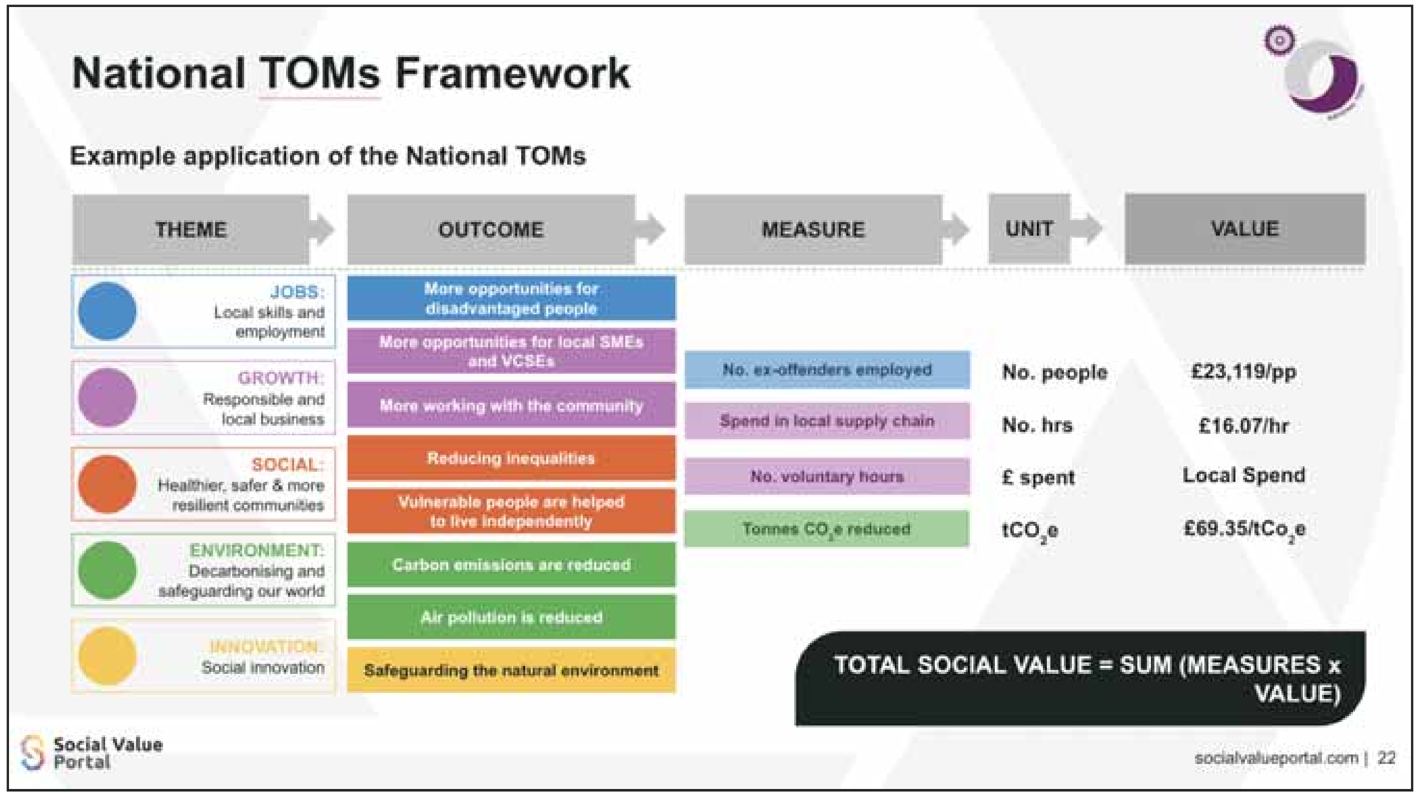
Based on non-financial data, it enables us to put a monetary value against the contribution an organisation makes to society (see illustration). These 'hard' numbers come from central government and reflect the fiscal and economic saving to society by taking action and managing social value.

In short, the total social value of any contract, building, asset, corporate work or activity can be measured as the sum of the measures, multiplied by the values.

Every sector will be slightly different. The framework was originally developed for local authorities and we have since adapted it for central government, the construction industry, higher education and, working with the IWFM, it has been tailored for the FM industry. More information can be found here.

Looking to the future - people, place, planet

It is no longer sufficient for FMs just to be good at rent collection and environmental building performance.



It is time to actively promote community engagement so the occupier and its community can flourish.

This will lead to a more effective business with a better performing asset which makes sense for the investor in the building - a flourishing community leads to increased land prices, the asset value goes up and that means FMs are fulfilling their fiduciary duty to the investor.

The FM world is about the people, the place and the planet - the climate emergency is a global emergency and we all have a duty to do what we can. Social value isn't a corporate social responsibility plan (CSR), looking at what you 'do to' the community. Rather, it's about what you 'do with' the community that counts.

FMs therefore need to find out what the local community needs, for instance where the most deprived areas are, what is understood about the issues faced by the community and how needs can be met by FMs. Is it more jobs, education, care for the elderly or addressing crime rates, for instance?

In-house FMs are fortunate to have the autonomy to grasp the opportunities social value offers and run with them. This could be in the form of employing local people, offering apprenticeships, engaging social enterprise schemes to help with grounds maintenance, investing in energy efficiency or donating old equipment to local schools.

It is a bit more of a challenge for outsourced FM teams who tend to have a centralised procurement team, which originally came about to access cost efficiencies. It is becoming increasingly clear that this is an outdated model as it doesn't deliver value for local communities. Outsourced FMs therefore need to work harder to find local suppliers and put money back into the local communities where their buildings are based.

In short, FMs must have a social value policy that demonstrates how they're going to win work not just on price and quality, but on social contribution too. The FM industry is the bridge into the community which puts it in a unique position to unlock more value.

My advice for the FM community is to extend your scope and reimagine your role. We are at the point of a huge transformation, so FM needs to jump on that bandwagon and commit to improving society - or run the risk of losing work.

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5 Making the case for getting involved

“People want to make a difference, but the reality is that too few actually do.”

George Lilley
Managing Director, Eric Wright FM

Our initial brief for this conference was ‘making the case for getting involved’. After much thought and discussion with various stakeholders of the event, it made sense to start with deciding who we would be making the case to. Knowing who else was included in the line-up, and what their focus would be, we came to the conclusion we’d focus on making the case to employees for getting involved – something we’re passionate about at Eric Wright Facilities Management.

You may think that making the case to employees would not be necessary in an organisation that oozes social value from its core. After all, the Eric Wright Group is 100% owned by the Eric Wright Charitable Trust. We understand our role is to make profit for a purpose and that the work we do helps make a difference in our community through the activities of the Trust. It is a privileged place to work as we are truly leaders in social value, and this is instilled into our employees from the moment they arrive at induction on their first day.

Unfortunately, even with this internal culture, we face the same challenge as most organisations - how to drive engagement at an individual employee level. People want to make a difference, but the reality is that too few actually do.

Community days, where an employee can volunteer in the community while being paid by their employer, and matched funding, where employers match any funds and sponsorship raised by individual employees, are very common policies within our industry. However, in 2021, across the Eric Wright Group, only 1.07% of available community days were taken and only 2.4% of available matched funding was drawn down. While we can all jump to the conclusion that it’s down to Covid-19 and excuse ourselves, the figures were not much higher in the last full pre-pandemic year of 2019. So, what’s the problem?

We needed to talk to our employees and so arranged a roadshow where we were able to speak to our employees face to face across various sites. The general consensus of the feedback we received was that the core issue was a weakness in internal communications. An e-mail ‘to all’ generally reaches 60% of the workforce and cascading through line management failed to achieve better penetration at the frontline.

As part of our internal communications strategy, we invested in an employee app. Ours is called ‘Blink’ but there are others on the market. This technology is functionally rich; it enables horizontal communication between workers, as well as two-way vertical traffic. This business tool has transformed our internal communications platform. We now reach 95% of our workforce at the touch of a button. We can use the feed to send blanket messages to our employees, keeping everyone updated wherever and whenever. We can use the chat function to speak to individuals one on one, and employees can communicate informally. In addition, we can use the directory function to find out who’s who in the organisation and allow the right message to get to the right people.

Recently, we have used Blink to raise awareness of community days and seek participation. One of our recent projects, The Fylde Sand Dunes Project, serves as a case study. Within 24 hours we had identified the project, posted details on Blink and confirmed 8 volunteers to take part. By simply organising the day and inviting our employees along, utilising our communications platform, we were able to fill all the positions available. This equalled the total number of community days taken during 2021!

In another case study, we saw that Blink was an integral part of the technology that allowed two employees to max out their annual matched funding allowance. Usually, an employee would speak to their immediate colleagues (for example, their direct team, whether office or site-based) in order to gather sponsorship. However, by utilising the Blink platform, they could reach their extended and remote colleagues which helped spread the word and gain further sponsorship. Together they were awarded the equivalent of 1/3rd of all matched funding in 2021, something we are really proud of!

Whilst the presentation made the case for getting employees involved, we concluded by challenging the business leaders in the room to get involved more themselves, to inspire and support the workforce so that collectively we do more.

The conclusion is that if you make it easier, you encourage engagement. But if you lead from the front and participate yourself, you really get employees involved, too. Leadership is key - can you do more to help?

> ***"Leadership is key - can you do more to help?"***

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6 The social value and impact of D&I in the workplace

**Sophie Ransome, Head of HR &
Kelly Dolphin, Head of Learning & Development,
Atalian Servest**

In 2019, Atalian Servest started a journey by carrying out diversity research, using a sample of their 28,000 colleagues in the UK and Ireland. The results of this were pleasing; in fact, we found we were ahead of the UK average in terms of both gender and race.

However, the company recognised that more could be done within its management team, and later that year the senior leadership team designed a D&I strategy setting out seven objectives to achieve within the next five years. These included 100% of managers to have mental health training and 30% of colleagues in the management team to be female.

As a business, Atalian Servest appreciated that you don't need to move mountains alone. There's a wealth of organisations and accreditations out there. By partnering with them, you gain additional guidance and support. For Atalian Servest, this included The Race at Work Charter, Disability Confident and the Mental Health at Work Commitment.

Now that the strategy was in place, meaningful action and change needed to be made, which is when Atalian Servest launched three initiatives: CHROMA, ONE and Opportunity. For Atalian Servest, having three initiatives that complemented each other was a way to ensure accessibility, providing a way for every colleague to feel supported, empowered and confident to be involved.

- CHROMA is a Diversity & Inclusion platform open to all colleagues who are passionate about driving change. The committees, board sponsors and wider ally networks work together to champion and promote inclusiveness.

- ONE is an innovation challenge with a difference: think of Dragons' Den meets Britain's Got Talent. Open to every colleague across the business, it is their opportunity to think big and to foster their entrepreneurial spirit by entering an idea that will make a tangible difference to Atalian Servest, their colleagues or clients.

- Opportunity was created with one core purpose – to provide equal learning and development opportunities for all learners, to develop them as independent, confident and successful individuals with high aspirations, allowing them to make a lasting impact within the business.

Having launched these three initiatives at the end of 2019 and into 2020, the second key lesson we learned was from the Covid-19 pandemic. With the challenges and uncertainty that this created, it might have been easy to pause the initiatives and focus on what was right in front of us. However, Atalian Servest did the opposite. The global events of 2020/21 highlighted even further the importance of community and the power of coming together in the face of adversity, realising our colleagues needed us more then, than ever before.

This saw the launch of a more robust D&I agenda and included the expansion of CHROMA, with three colleague-led networks: Physical & Mental Health; Race, Ethnicity & Faith; and LGBTQ+ & Gender. Whilst all three of these networks have support by the UK & Ireland Board, they are by no means Board led. Each committee is led by a colleague-nominated chairperson, who is supported by a committee and wider ally network. Meeting on a regular basis, the networks draw on the experiences of colleagues to improve outcomes, break down barriers and give colleagues a voice.

The third lesson from our experience is about the power of initiatives being colleague-led and capturing the hearts and minds of the workforce. Frameworks, policies and agendas can be created, but colleagues must be the ones driving the agenda if meaningful and impactful change is to be created.

That being said, one of the most difficult challenges during Atalian Servest's journey was communication. With 28,000 colleagues spread over every corner of the UK & Ireland, including many frontline people, there was no 'silver bullet' to reach them all. This is when The Opportunity Learner Experience Platform was launched, a cloud-based system with education and training programmes, but most importantly it was a communication tool, which formed part of the omni-channel communication strategy.

As part of this strategy, roadshows, payslips, email campaigns, microsites, posters, leaflets and social media were utilised. This was the fourth lesson learnt, that to make an initiative truly accessible, you need to reach every colleague touchpoint with communications that will capture their attention, cutting through the usual corporate communication. The key to making an impact is ensuring your entire workforce is aware and have the opportunity to be involved and heard.

The last lesson learnt at this stage of Atalian Servest's journey is the importance of looking to the future, understanding that there will always be more work to do and a larger impact to be made. Going back to one of the first lessons, the value of partnerships, the next step for the company is to extend the key learnings and achievements by sharing best practice and working with clients.

We are also looking at further strategic partnerships and have recently formed a social value alliance with a local grass-roots football club, providing the players with career gateways and learning and development opportunities by gifting a percentage of the Atalian Servest apprenticeship levy.

Ultimately, the goal is to make an impact on the lives of colleagues and communities, and by sharing its blueprint for success and lessons learned, Atalian Servest hope to inspire others to follow.

"The global events of 2020/21 highlighted even further the importance of community and the power of coming together."

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7 Sustainability & FM: setting the scene

"Taking action in 2022 is fundamental."

Chris Havers
Programme Director, Sustainable Facilities Management Index

Numerous factors are driving the FM market towards becoming more sustainable. This shift brings with it new business opportunities but also some risks.

What is sustainable FM?
2021 saw a change in the push for businesses from all sectors and of all sizes to understand how they are contributing or bringing solutions to major issues of the world such as climate change, but also local issues such as poverty and equality. In 2022, this has continued - but what exactly is a sustainable FM?

While you will be hard-pressed to identify any company in the world that is truly sustainable at this stage, sustainable FM is FM that has a full understanding and also measures its negative and positive environment and social impacts through its:

- Direct operations
- Supply chain, and
- Delivery of its services.

The company should be working systematically to reduce its impacts, while delivering solutions that maximising its positive impacts.

Sustainability is a journey of knowledge enhancement, trial and error, engagement, identifying gaps and embedding initiatives. There are key attributes that a sustainable company has:

- Understanding of the environmental and social issues that affect the business and its stakeholders
- An effective strategy and programme
- An effective data collection approach to the issues
- Actions to reduce impacts
- Targets
- Leadership holding itself accountable
- Embedding of targets and actions across the business streams
- Innovative services that engage customers with their ESG issues and deliver solutions
- Measurement of the impact on customers.

What is driving the market towards sustainability?
Investors are increasingly demanding an understanding of a company's performance on sustainability as well as financial risk, opportunities and mitigation plans that could impact long-term profitability. Figures from the Investment Association in 2020 show that on average investors put over £1 billion a month into responsible business funds. However, investors are also meeting tightened requirements on what classifies as a 'green business' from the EU's release of the 'EU Green Taxonomy' which lists the rulebook for what can be classed as an ESG investment. For publicly listed businesses and private businesses with private equity investors, this opportunity to increase investment in the business creates the drive for top-down decisions that can in turn drive a sustainable business culture. As part of the list of requirements to select ESG-friendly portfolios, investors are seeking greater understanding of how sustainability is governed at Board level, and the integration of sustainability within the risk management approach, its integration with the business strategy along with the targets set and performance against these targets (among many other KPIs).

Customers are a key driver for the FM sector as a service-focused industry. Customers themselves are driven by either reporting to their investors or building their own reputations in the ESG space. More and more companies are setting zero carbon targets or have social concerns in their supply chains, such as modern slavery and diversity. They are looking for their suppliers to be aligned with their standards, or in fact assisting them to achieve these goals. The FM sector in particular is in a unique position due to its nature and its ability to help support customers to achieve their targets. Customers requesting environmental and social action are from both the private and public sectors, making sustainability a business imperative and an entry point to new business.

Employees are often a key factor, too. The rise of the responsible business is being driven by two dimensions in the need to attract the best talent to the industry: first, tapping into a wider skills poo, and second, attracting new, younger talent to the industry. During its annual assessments, the SFMI continuously identifies that staff diversity is a concern for the FM sector. Now often seen as an industry with an ageing workforce that lacks diversity, FM providers are looking to attract younger staff from a diverse background, even as the younger generation are attracted by a responsible business culture. This need to attract new talent has led to the implementation of corporate values that focus on sustainability issues.

Legislation, regulation and reporting are also important factors. Current legislation that is driving sustainability in the FM industry stems from the UK climate commitment, which saw the country become the first major economy in the world to pass laws to end nationwide contribution to climate change. The legislation committed the nations of the UK to reduce all greenhouse gas emissions to net zero by 2050 and led to regulations being implemented to achieve this across the business world.

A prime example of this in practice is the procurement policy notes issued by the Cabinet Office. As a large purchaser of services, they have placed new obligations on public sector procurement teams to consider the social and environmental impacts of the products and services they buy. In September 2021, PPN 06/20 introduced a new Social Value Model that makes the consideration of social value mandatory, with a minimum weighting of 10% and aligned to five key policy themes, including fighting climate change. Then, two additional policy notes increased emphasis on the need to reduce carbon emissions. PPN 05/21 applies to all public procurement and requires national social value outcomes to be considered (which include climate change commitments), alongside any local priorities. PPN 06/21 focuses exclusively on climate change by requiring that suppliers have published a Carbon Reduction Plan (CRP). All CRPs must confirm the bidding supplier's commitment to achieving net zero in the UK by 2050 or before, report their current relevant emissions for Scope 1, 2 and 3 of the GHG protocol, and lay out the environmental management measures put in place to deliver the target. These policies are therefore driving the government supply chain in their commitment to reduce climate impacts and to embed the creation of social value in their role as businesses.

Trends and opportunities in sustainability

One of the largest opportunities for FM arising from embracing sustainability is added value as a service provider, driven by client needs in achieving zero carbon. With public and private organisations setting zero carbon targets, the FM industry is in a unique position to act as a solution to the problem. The built environment contributes to 40% of UK carbon footprint , and by being the custodian of commercial facilities (and some residential) FM is able to contribute to the reduction of clients' emissions and help achieve net zero. It can do this not only through M&E, energy management and transport but also through catering, cleaning, waste and purchase of goods for the services. This means that the FM sector has a large scope of influence to achieve net zero. This ability to improve the service offering to customers will improve the sector reputation and move focus away from the bottom-line, shifting to a focus on the value the FM company can offer to strategic imperatives. By integrating sustainability and increasing the value of its services, the FM provider can increase its influence within its client base and the associated value of its traditionally profit-squeezed business.

This, in turn, also supports business development: being able to align with the corporate culture of a responsible business will help during the contract tender process. The value added will also support the procurement process as the FM industry can offer not only a basic service but can work towards the customer's values and sustainability strategy as well. This is a strong differentiator in procurement. In addition, stakeholder pressure has resulted in companies setting higher standards and expectations from bidding companies. SFMI awards have been used as a differentiator for many FM companies since its inception in 2013. Being able to present evidential proof of a company's commitment to sustainability is a considerable advantage in the tender and procurement process.

There is also opportunity for the FM industry to work as a unit to build its influence in the built environment. Currently, the emissions of the building lifecycle are dominated by embodied carbon in the build stage. FM is recognised on a surface level for its potential to impact emissions; and this is because the industry is not unified in its approach to measuring carbon. The majority choose to see emissions reporting as a burden rather than an opportunity. When this occurs, companies tend to scope out emissions from their 'inventory'. However, we argue that taking responsibility for a wider scope of emissions will lead to greater influence and greater value for the industry.

The risks

A significant risk encountered when implementing sustainability programmes is one of reduced reputation or failure to achieve minimum ESG standards for new or existing business. This places sustainability high on the risk agenda for companies that have not considered a sustainability journey. Quantifying the financial risk to the business is relatively straightforward and achieved through assessing the customer base and understanding the growing requirements from their customers.

In addition to the risks of inaction, there is also the dangers of embellishing credentials. Over the years many companies have been publicly criticised for greenwashing or utilising sustainability as a marketing tool without the substance to back up their claims. Transparent disclosure, on the other hand, is the best route to protecting reputation. Companies should disclose what they are aiming for, measure their journey and update progressively so that stakeholders are kept informed. Being a truly responsible business is an act of future-proofing the business, which in turn reassures investors, customers and internal stakeholders.

Additionally, the 'race to the bottom' is a cause of major systemic issues. Economic sustainability is realistically the bedrock that can drive environmental and social sustainability. What we have seen at the SFMI is once companies fall into this cost-cutting culture, they start to peel back on their ability to manage sustainability, which will ultimately become a barrier to building the business. Reduced investment in sustainability, given its importance, is a proxy red-flag warning of a situation that can lead to:

- Reduced corporate governance
- Lack of internal environmental and social impact management
- Lack of implementing social value and environmental services on client contracts.

What is left is a stripped-back and potentially loss-making service with low influence with customers. Not integrating sustainability into an FM model can remove service providers from being part of the solution towards major issues such as climate change. This means a higher risk for investors and all other stakeholders arising from an unsustainable business model.

Managing sustainability in your company

Managing these risks and opportunities requires the

"Sustainability is a journey of knowledge enhancement, trial and error, engagement, identifying gaps and embedding initiatives."

development of a sustainability framework that is tailored to your company and its stakeholders. The SFMI uses a framework that focuses on 23 environmental, social and governance topics that should be reviewed from a strategic level. Setting the foundations with the correct governance will ensure that management is engaged with the risks and opportunities, and the relevant stakeholders are engaged in the process to deliver a framework that can be used in your business. Then the correct material topics are identified, and the company can begin to collect data, measure, analyse and identify management approaches. The same can happen in the supply chain.

Taking action in 2022 is fundamental. There is not only a risk to business if no action is taken. There are also great opportunities for the FM sector to deliver more strategic value if the industry embeds sustainability as a core deliverable in its services.

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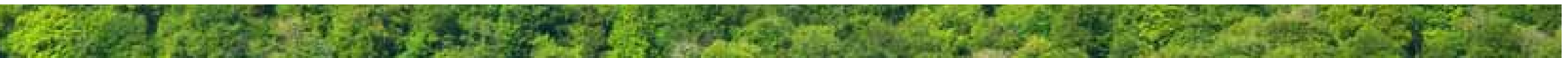
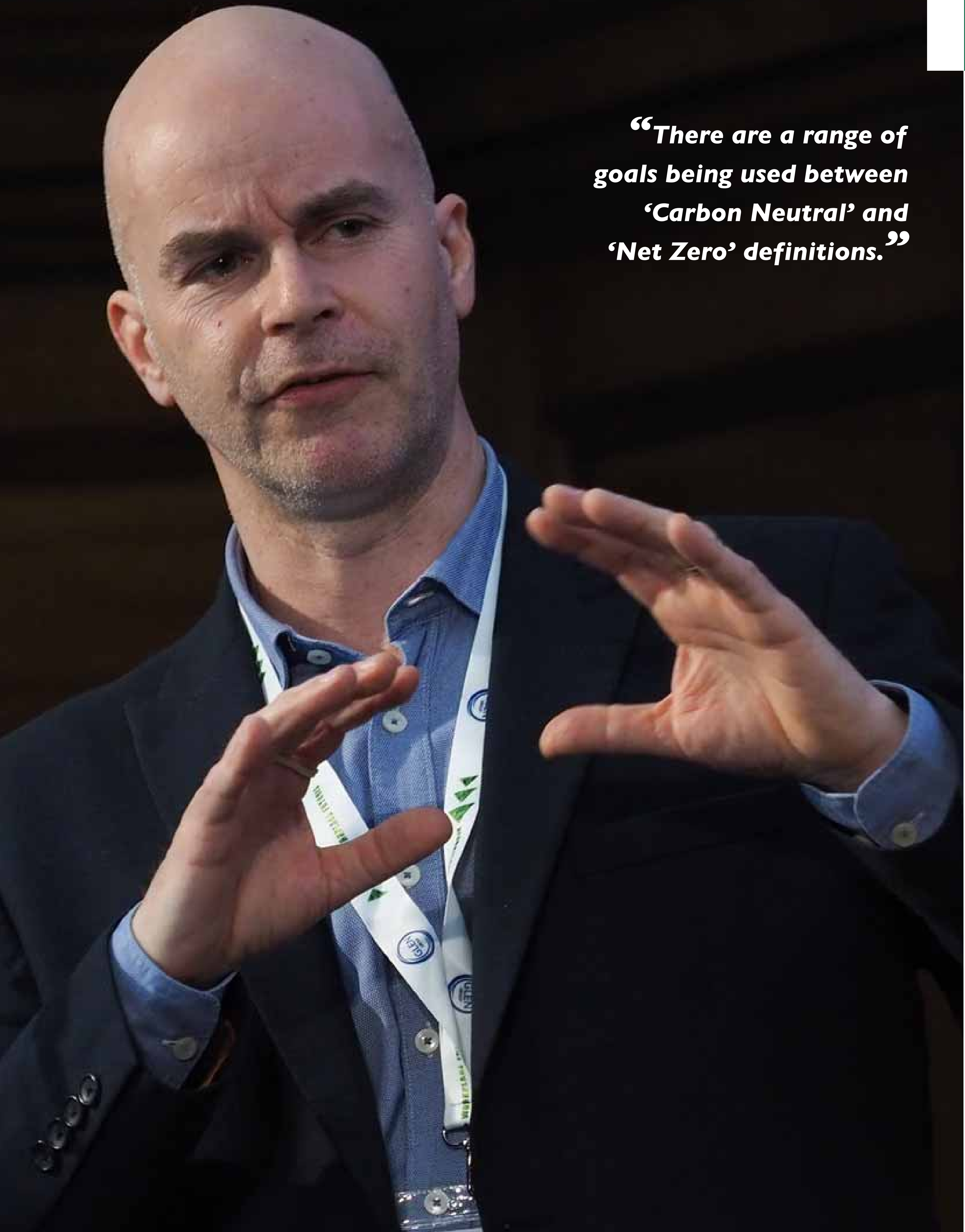


8 The measurement challenge: demonstrating success



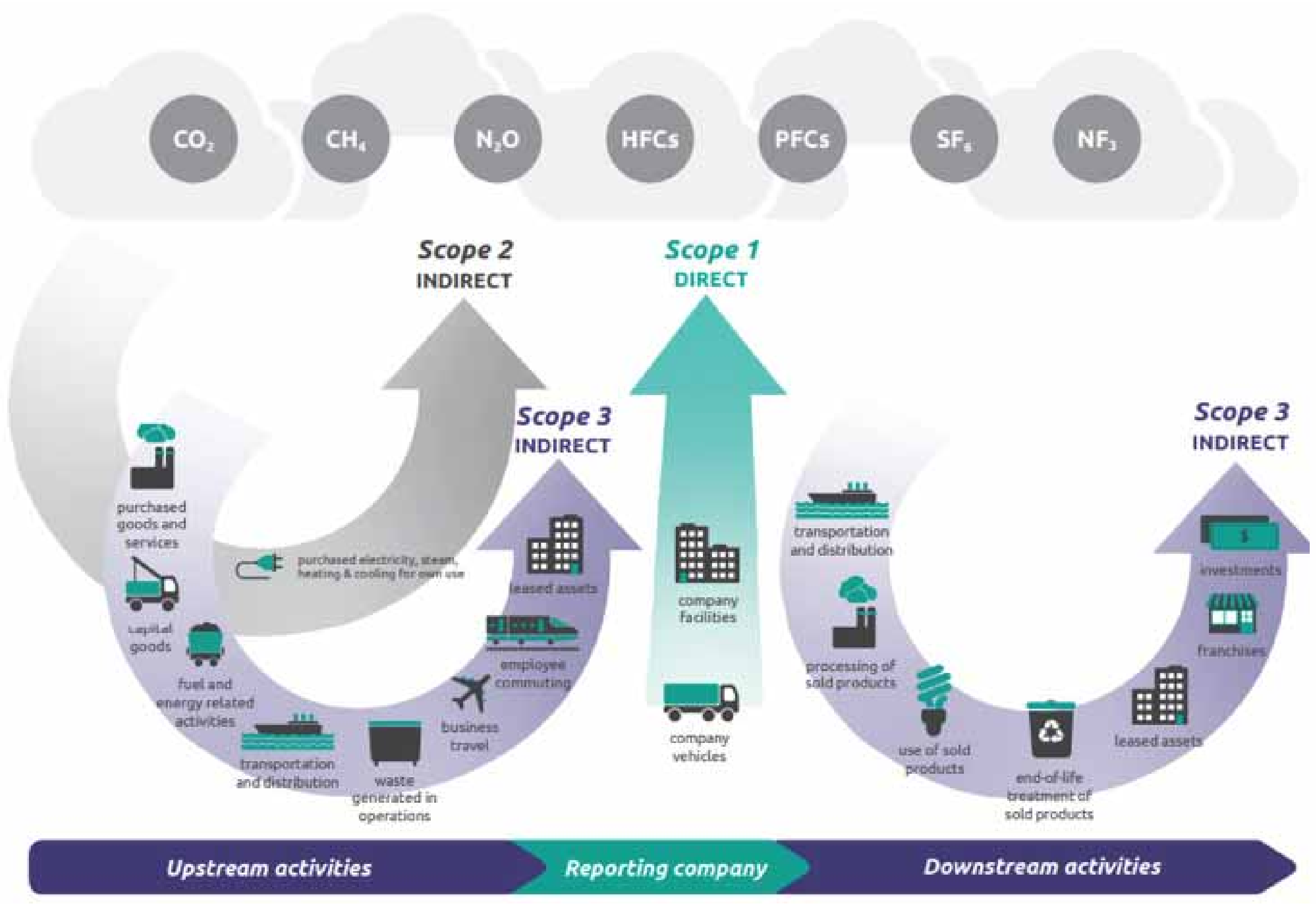
“There are a range of goals being used between ‘Carbon Neutral’ and ‘Net Zero’ definitions.”

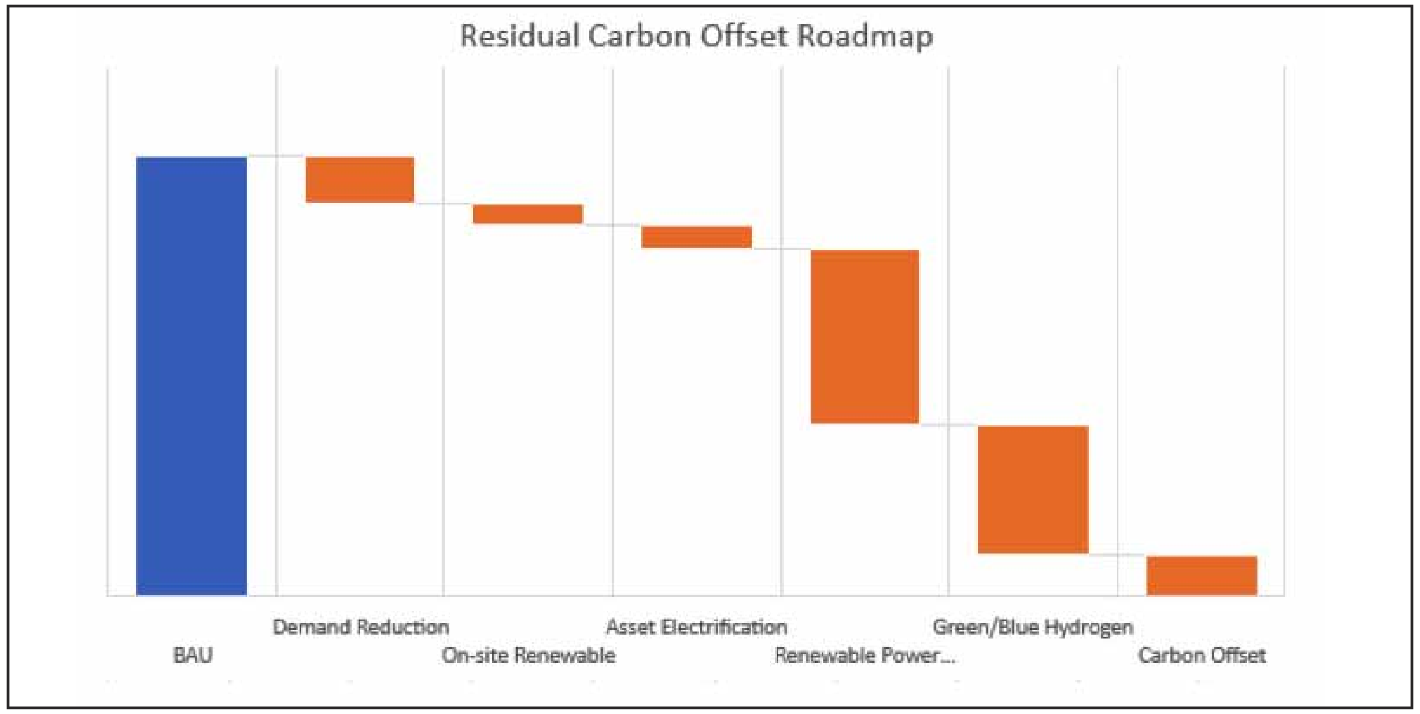
Reid Cunningham
Strategic Development Director, BAM FM

The Greenhouse Gas Protocol identifies three types of GHG emissions which are emitted during organisational activities. While there is focus on carbon dioxide, which is the most common of the GHGs, it is noteworthy that there are six others (which include no carbon) - including methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen trifluoride (NF3) - identified in ther Kyoto Protocol that are also released due to human activities and are required to be controlled to reduce global warming. These GHGs tend to be collectively represented as CO2 equivalent (CO2e) at this time.

The three ‘scopes’ now in most net-zero conversatiuons are defined as:

- **Scope 1 Emissions:**
All direct emissions from owned or controlled sources
- **Scope 2 Emissions:**
All indirect emissions from the generation of purchased energy
- **Scope 3 Emissions:**
All indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.





But what has to be measured?
This will depend on the ambition and goals of the organisation and the boundaries that an organisation chooses to use. There are a range of goals being used between ‘Carbon Neutral’ and ‘Net Zero’ definitions.

This paper does not seek to judge the merit of any definitions, but generally the range is between:

1. Carbon Neutral (also referred to as Net Zero CO2 Emission or Net Zero Carbon)
Definition: Carbon neutrality is achieved when a product, service and any carbon dioxide (CO2) emissions are balanced globally by anthropogenic CO2 removal mechanisms (such as carbon capture and reforestation that is supported by carbon credit schemes) over a specified period. Carbon neutrality is also referred to as net-zero CO2 emission.

Boundary: Minimum requirement of Scope 1 & 2 emissions with Scope 3 emissions encouraged

Verification: PAS 2060, the internationally applicable specification for the demonstration of carbon neutrality. Verification
to this standard will substantiate an organisation's claim to be carbon neutral.

Product: Carbon Neutral Roadmap
If the organisation is able to remove more than it emits then it becomes Carbon Negative or Climate Positive.

A similar principle applies to a building under construction and if achieved can be referred to as Net Zero Carbon Building.

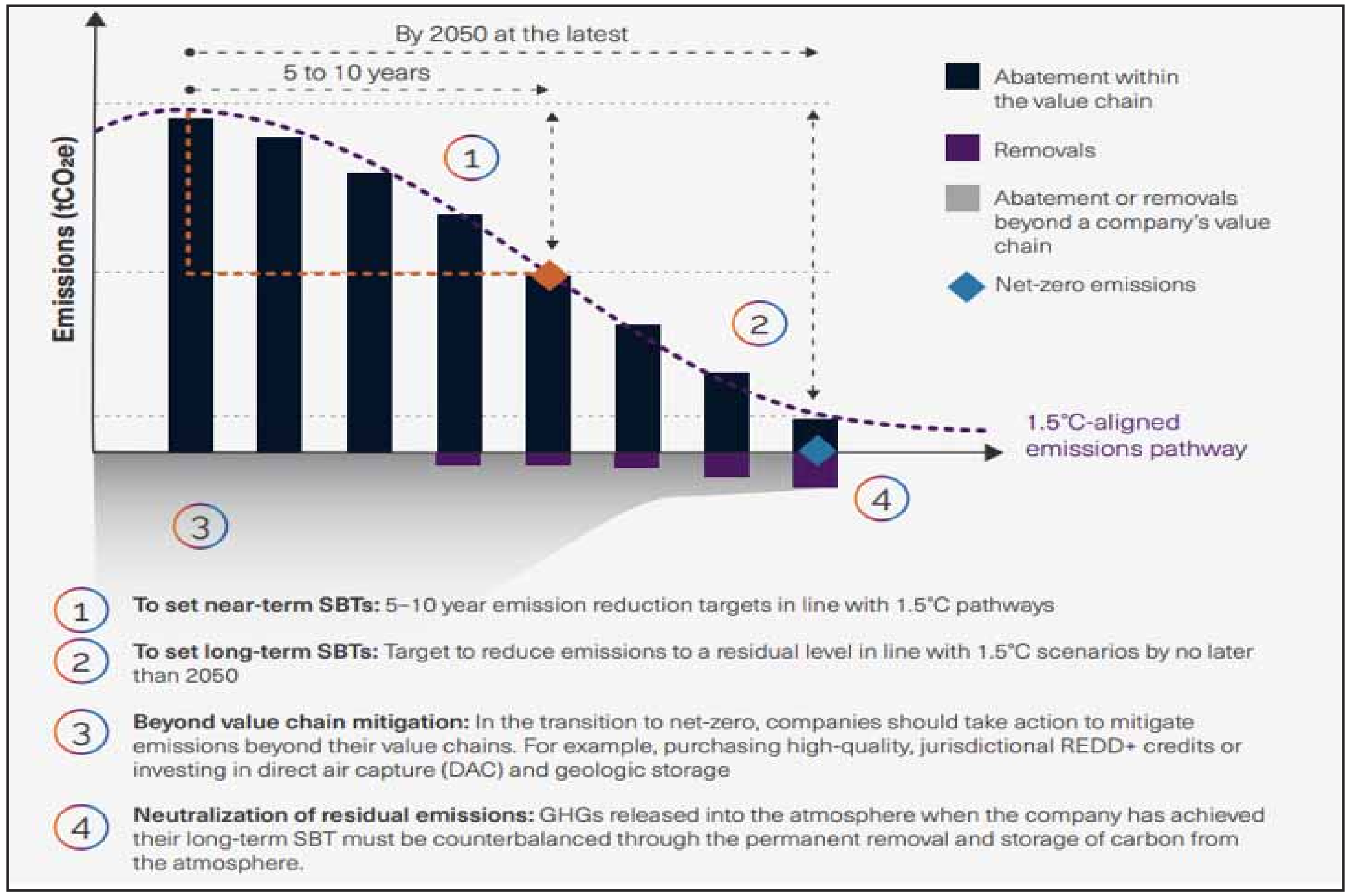
2. Science Based Targets (SBTi) Net Zero
Definition: Net Zero is achieved when an organisation's emissions of all Greenhouse Gases, collectively known as CO2 equivalent (CO2e), are balanced by GHG removals over a specified period.

Key requirements:
- Rapid and deep cuts to value chain emissions (around 90-95% to reach Net Zero standard)
- Near-term target to halve emissions by 2030 and close to zero by 2050. No net zero claims till the long-term targets are met
- Go beyond the value chain if possible
- Neutralise the residual carbon that is not possible to eliminate

Boundary: Must cover all Scope 1, Scope 2 and Scope 3 emissions

Verification: Science Based Target Initiative Net Zero Standard helps the organisation to align its Net Zero climate near-term targets with science to stay within 1.5°C global warming.

Product: Net Zero Roadmap



Generally, the data for measurement of Scope 1, 2 and 3 emissions can be found below:

	Description	Source of Data	Where Data is Stored
Scope 1	Internal source data needed to convert direct purchases into a value in tonnes of carbon/GHGs	Gas, fuel data / invoices Transport and fuel records	Corporate procurement, finance, estates management or sustainability With standard carbon intensity per kWh based on national published data (although more regional and accurate data does exist!)
Scope 2	Supplied source data needed to convert direct purchases into a value in tonnes of carbon/GHGs	Electricity (grid) data / invoices	
Scope 3	Multiple sources and types of data incl; Upstream suppliers/processes + Downstream use of products and services.	Supply chain (services and materials) Employees Customers	Corporate human resources, procurement, finance, estates management or sustainability + Supply chain (reported to individual contracts/customers) + Product /service lifecycle

The FM sector has a opportunity to lead organisational implementation of carbon neutral and net zero strategies by tackling Scope 1, 2 and 3 GHG emissions.

Scope 3 is clearly diverse and may be hard to collect. For these reasons BAM FM and SFMI are working with a group of peers to create industry guidance which will help customers, in-house FMs and FM contractors plus supply chains to consistently calculate Scope 3 GHG emissions.

Briefly outlined, the team is -

1. BAM FM lead partner

2. SFMI lead author

3. Professional institutions & Reviewing Panel inc:
    - Professional institutions
    - FM peer group
    - FM customer organisations

An initial scoping paper was published in November 2021 and the guidance is intended to be published in Q2 2022.

WATCH IT ON YouTube

9 Good for business: decarbonising client estates

Matt Dracup
Plan Zero Client Development Director, Mitie Energy

"Sustainability practices are now considered critical to ongoing business viability."

These days, most businesses are aiming to achieve net zero emissions targets. But how will your organisation hit its target if the buildings you own, and operate from, are not on course to achieve net zero?

Why should it matter to business?

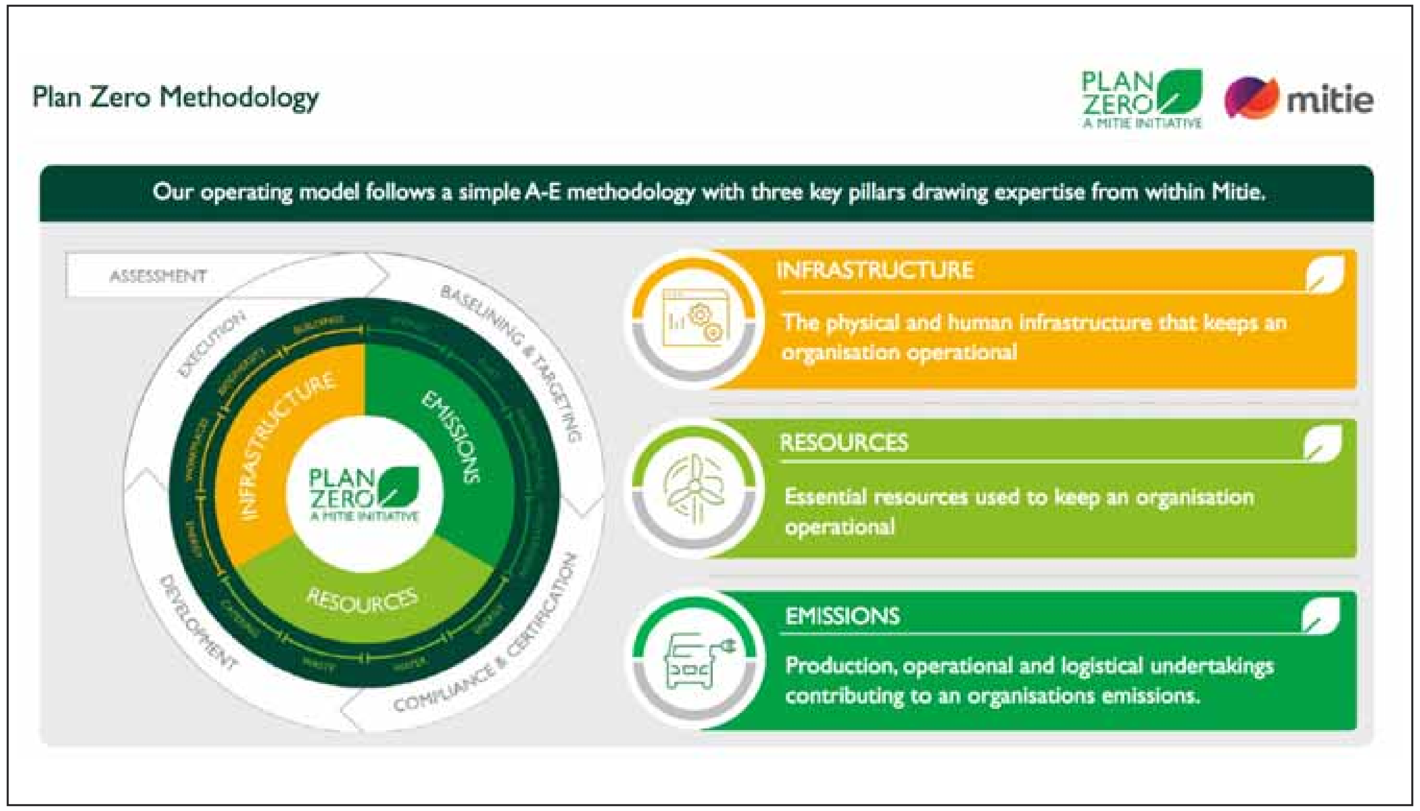
The Sixth Assessment Report on the impacts of climate change (published Sept 2021 by the IPCC) made it clear that we're fast approaching a point of no return. The good news is that society is taking notice and organisations are feeling the pressure to take responsibility for reducing their carbon emissions by 2050.

Sustainability practices are now considered critical to ongoing business viability, and that includes ensuring profitability, maintaining competitiveness and improving the wellbeing of the workforce. Investors now expect the companies they invest in to disclose their decarbonisation plans, and they expect to see ongoing business models that are compatible with a net zero economy. Organisations that put contracts out to tender increasingly expect to see evidence of a viable net zero plan in bid proposals. Without them, companies risk losing valuable business.

The costs to business of leaving things as they are can range from the increasing costs of energy consumption and the cost of missing out on contracts as others move to net zero, to the risk of reputational damage. Companies who use more energy, or have more carbon-intensive product portfolios, will ultimately pay the price.

What does it mean to decarbonise your estate?

Carbon emissions are broadly categorised in three ways: direct and indirect emissions that can be controlled by the business, and the indirect emissions that occur in its value chain. Direct emissions (Scope 1) are from owned or controlled sources (e.g. burning fossil fuels onsite, or in company vehicles, and fugitive emissions from refrigeration systems onsite). Indirect emissions that can be controlled by the company (Scope 2) are mainly purchased energy, such as electricity from the grid, where another company is burning the fuel to produce the energy. In the case of Scope 2 emissions, the amount purchased can be driven down by energy efficiencies and onsite generation. All other indirect



emissions (Scope 3) are those resulting from activities such as transportation, distribution, waste management, water treatment and leased assets. They can be more complex to define, and more difficult to control, and the temptation may be to avoid dealing with them.

For businesses aiming to decarbonise their property assets, the strategic planning must cover carbon emissions in all categories to hit net zero targets and satisfy all stakeholders.

Planning your path to net zero

The basic route to net zero is a process of 'Plan. Do. Check. Act', which is aligned to PAS 2060 and the Greenhouse Gas Protocol and requires continuous improvement to maintain certification.

The first step is to define which assets will be decarbonising so that it is clear what needs to be measured. For example, it might be your headquarters, business operations, a particular product or the whole supply value chain. Then the carbon footprint can be quantified, for the defined boundaries, in relation to Scope 1, 2 and 3 emissions. With a clearer picture of the carbon emissions, you can identify the areas and assets in your business with the heaviest carbon footprint and develop a carbon management plan. This will put your business in a stronger position to make a realistic commitment to decarbonisation.

The carbon management plan should be implemented, regularly reviewed,and progress reported back to business stakeholders. Offsetting should be used as a last resort when all other measures are exhausted.

It should be emphasised that this is a process of continuous improvement. It is not enough to do a lot of things in one year to combat carbon emissions, offset the rest and then declare your business 'net zero'. Businesses will only be considered 'net zero' for that year. Most net zero certifications will require that the amount of carbon offset is reduced year-on-year. Ultimately Scope 1 and 2 emissions need to be eliminated by measures such as replacing fossil fuel heating and internal combustion engine vehicles.

The Plan Zero Pathway

Mitie has set itself ambitious targets to be net zero by 2025 against Scope 1 and 2 emissions, and net zero against Scope 1, 2 and 3 by 2035. Plan Zero is Mitie's net zero initiative for delivering those targets, for both itself and its clients, by focusing on asset infrastructure, resources and direct emissions. The operating model follows a circular A - E process of: Assessment, Baselining and targeting, Compliance and certification, Development and Execution… on repeat, to net zero.

The Plan Zero Pathway provides a bespoke strategy for achieving net zero which will allow you to:

- Establish a baseline of your carbon activities
- Set a net zero carbon strategy with ambitious targets
- Review your carbon and energy management system (and use ISO 50001 to embody the collected data and give it structure)
- Create a list of operational efficiency measures
- Create an 'opportunities register' of low carbon projects. This helps to outline the required activities, schedules and costs, and informs the development of a long-term capital plan
- Procure natural renewable energy
- Reduce your operating costs
- Save the planet for future generations.

The detailed outputs enable the visualisation of initiatives, such as transitioning to EVs, renewable energy procurement and biodiversity schemes, which would help the business to achieve its targets. All elements of business operations need to be considered.

Net zero is about more than just energy

Net zero has a hierarchy of measures with energy efficiencies at the top, offsetting at the bottom, and renewable generation, and electrification and de-gasification, in between. However, it should be remembered that reaching net zero is not just about energy sources. There are other measures which should not be overlooked. Reducing water use and waste should be an important part of any net zero plan. Also, biodiversity schemes can help improve carbon storage, the wellbeing of your workforce and the environmental resilience of your property assets.

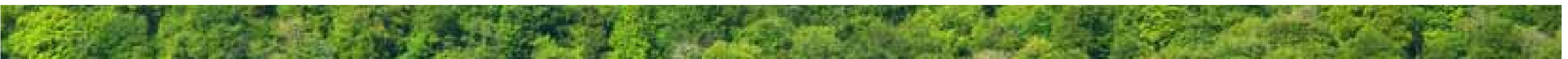
Finding the right commercial wrap-around

Once the required solutions have been found, the right commercial model, usually capital expenditure or operational expenditure, can be chosen to bring the plan together. There are many different options include leasing, energy performance contracts, power purchase agreements and service supply agreements, and it is important to get the right commercial wrap-around.

Mitie's Plan Zero Consultants are experts in the built environment, renewable energy, transport and e-mobility, waste resources and biodiversity net-gain. They help clients to navigate the best route to net zero and develop the right commercial models to get them there faster.

"Reaching net zero is not just about energy sources."

WATCH IT ON YouTube



10 Appetite for Action – strategies for reducing food waste and carbon emissions

Claire Atkins Morris
Director Corporate Responsibility, Sodexo UK & Ireland

"We have a responsibility and opportunity to drive positive change as part of a fair transition."

At Sodexo, reducing carbon emissions is imperative. It falls within our mission to create a better day everyday for everyone to build a better life for all.

We began our net zero journey back in 2010, and right from the start we knew we could not do it alone. Our global partnership with WWF helped us understand our data, helps us make the right decisions and take meaningful action.

Last year's COP26 in Glasgow put a spotlight on the climate crisis and using that momentum we developed and set out our net zero commitment and our roadmap to reaching it by 2045 at the latest.

Setting targets

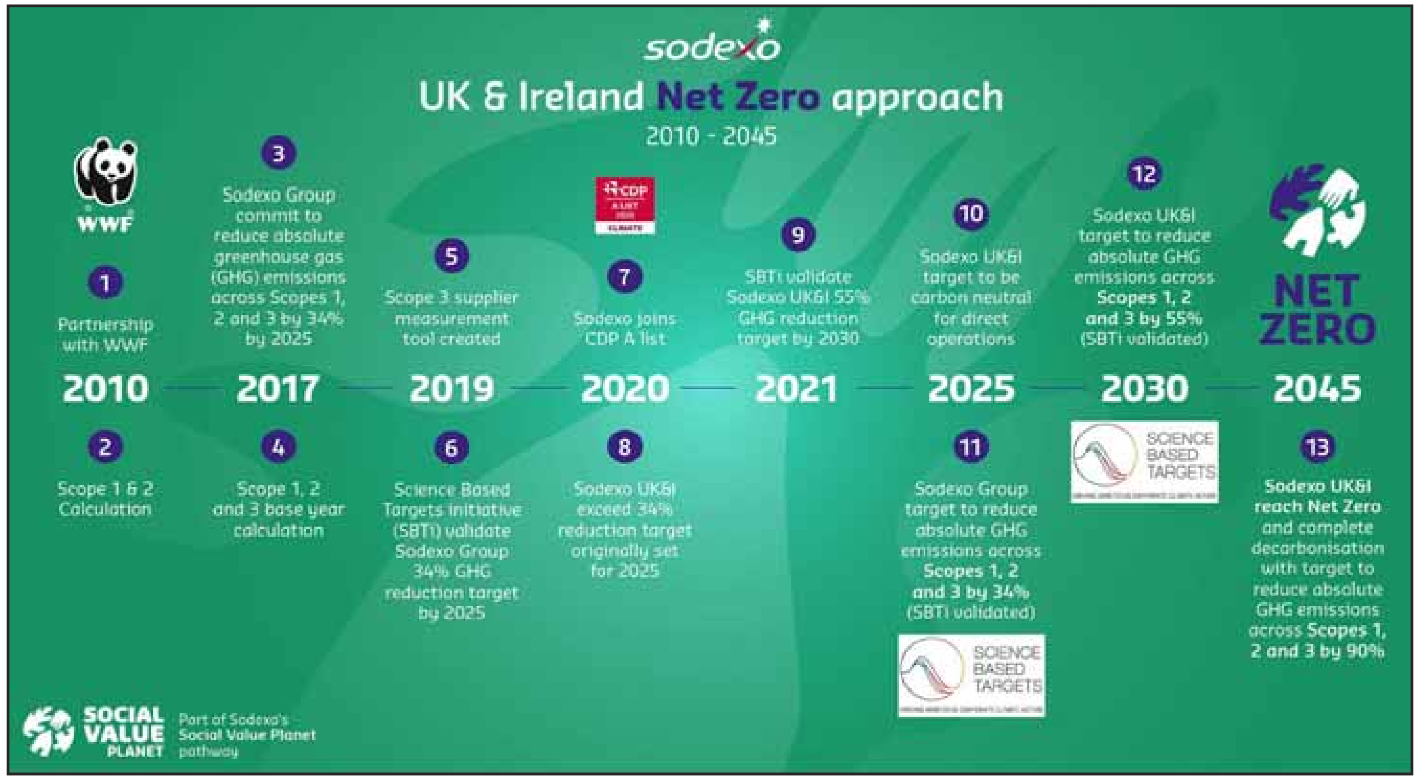
Our business is large and complex. We provide a diverse range of services to large business and public sector clients, so to ensure our net zero strategy was thorough, impactful and transparent we opted to utilise the Science Based Targets initiative (SBTi) framework.

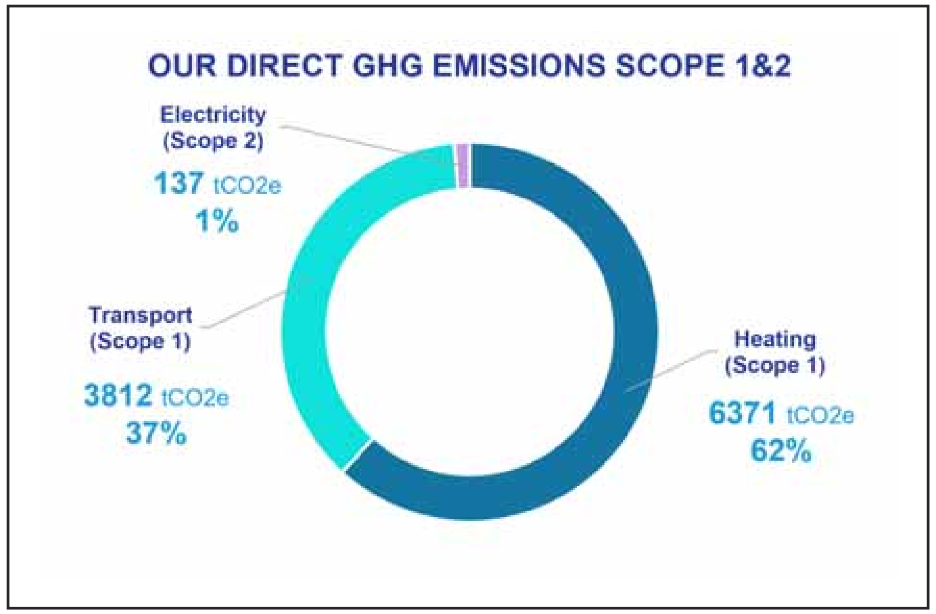
We are an advocate of adhering to the science and keeping the 1.5 degree trajectory alive. We encourage others to follow the SBTi framework to ensure consistency across all industry and mitigate green-washing.

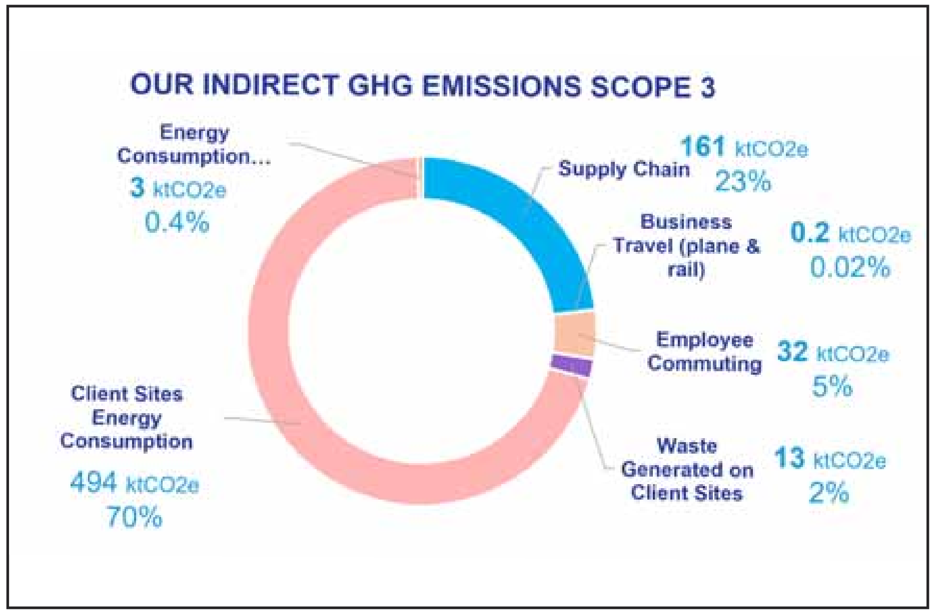
Sodexo's original global target – validated by SBTi – to reduce carbon emissions by 34% by 2025 (against a 2017 baseline) formed part of our sustainability roadmap, The Better Tomorrow. In 2021, our UK and Ireland business achieved a 38.5% reduction across all three Scopes, so having already exceeded our global target here in the UK we set our sights on becoming carbon neutral in our direct operations by 2025.

We also have near and long-term targets as part of our commitment. Our near-term target, which due to our ability to include every single component of our business operations across all three Scopes has already been validated by SBTi, lays out the next step in our journey to reduce our carbon emissions across all three Scopes by 55% by 2030.

Our long-term target, and the final step in our roadmap, is the decarbonisation of our entire business, with 90% of all carbon emissions cut across all three Scopes – accounting for our supply chain and the products/services we deliver at client sites. This long-term target – to be achieved no later than 2045 – has been submitted for validation by the SBTi and we are hoping to have this confirmed by the end of April 2022.







Scopes 1, 2 and 3 explained
As we all know when looking at carbon emissions, we look at the different categories of greenhouse gas (GHG) emissions or as they are more commonly known Scopes 1, 2 and 3 which are the basis for standardised GHG reporting in the UK.

For us Scopes 1 and 2 account for just 1% of our GHG emissions. Our indirect Scope 3 emissions is our biggest opportunity and challenge. If we look at the biggest contributors - supply chain and client sites - it is clear collaboration is the key to addressing this.

The broader picture
Social value exists at the heart of how we do business, and to ensure we hold ourselves to account we developed our Social Impact Pledge. Within our pledge we have four impact pathways and it would be easy to consider that net zero sits firmly within the planet pathway, but for us it crosses all three pathways.

It is our people that drive our impact, on the ground, every day. It is our people who collaborate with our partners, including clients and our supply chain, at a local level at every site where we deliver services, helping to improve the quality of life of all the communities in which we live and serve.

Sodexo is a large company and as such we have a responsibility and opportunity to drive positive change as part of a fair transition.

Our teams are an intrinsic part of many communities and we are well-placed to make a positive social impact on several of the Rt Hon Justine Greening's Purpose Coalition's Levelling Up Goals, which are outlined in the recent report published by the Purpose Coalition on our current impact on levelling up in the UK.

So what lies ahead?
To reach our net zero target we have laid out a plan that centres around collaborating with our clients and suppliers and being open about our progress and the challenges. Other targets and actions we are taking as part of our plan include:

- Reducing our energy use and utilising renewable energy. We are members of the Climate Group's RE100 initiative and aim to procure 100% renewable electricity by end of 2022. In 2021 we had reached 98% for our direct operations.

- Choosing hybrid and electric vehicles. In 2021 we introduced our 100% hybrid and electric vehicle company car policy.

- Switching to reusable, recyclable or compostable packaging. We have a target to switch to 100% reusable, recyclable and compostable packaging by 2025. In March 2021 we strengthened our commitment to remove single-use plastic items from our operations by making available only wood, paper, cardboard or fibre-based take-away bags, straws, plates, cutlery and stirrers and in doing so became the largest foodservice provider to implement such a commitment in Europe, going beyond the European Union Single-Use Plastic Directive that took effect on July 1st, 2021.

• Offering more plant-based meals to our consumers with a target of 33% of meals by 2025.

And finally, an area which needs big focus - tackling food waste.

We have already pledged to cut food waste by 50% by 2025, putting our ambition ahead of the UN's sustainable development goal to halve food waste globally by 2030. We are completely transparent on our journey, measuring and reporting on the progress. Over the past 12 months we have prevented over 280 tonnes of food waste across the UK – the equivalent of 500,000 meals.

Why is tackling food waste so critical?
COP26 was big news for months towards the end of 2021. The event itself was huge and there was a lot of energy, with everyone working hard to make an impact. There was a lot of talk about reducing carbon emissions, net zero commitments, Scopes 1, 2 and 3. But where does food waste sit in all of this?

• If global food waste were a country, it would be the third largest carbon emitter in the world
• 35% of emissions are generated from production and consumption of food and drink in the UK
• 3.6 million tonnes of food is wasted in the UK by foodservices
• 8.4 million people are living in food poverty in the UK.

It may not have been on the agenda at COP26 but we are determined to do what we can to make sure it is definitely on the agenda for COP27, which is why we launched our

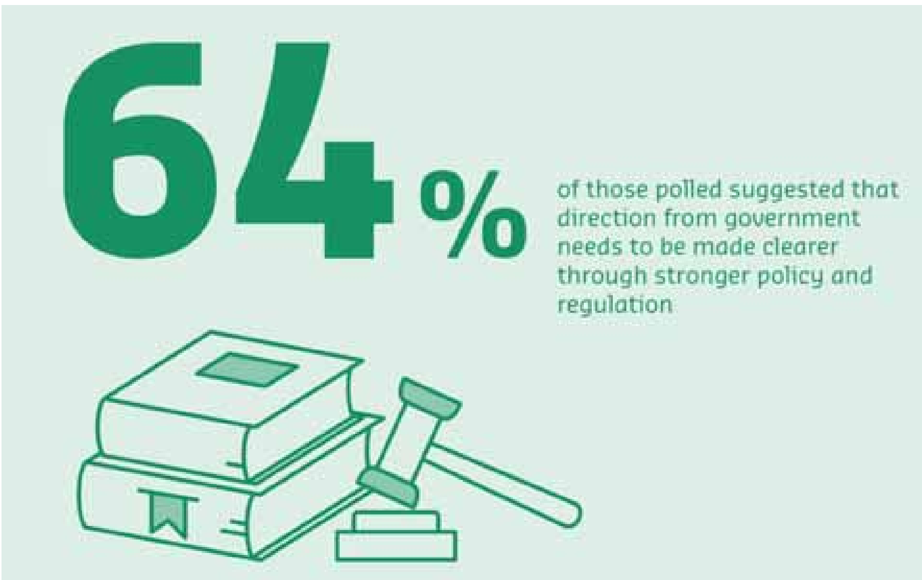
Appetite for Action campaign
Our food waste reduction campaign has been designed to not only tackle food waste in our business but to encourage collaboration with others to help raise awareness of the problem and encourage organisations and government to take action to tackle waste in the food services industry.

To kick off our campaign we commissioned research examining food buying trends with senior leaders from large private and public sector organisations with responsibility for food procurement. The aim of our research was to uncover how and if their organisations prioritise food waste.

The findings demonstrated there is a disconnect between the effects food waste has on the climate crisis and how reducing food waste can impact net zero goals.

Despite a number of organisations making commitments to reduce food waste, particularly aligning with the UN Sustainability Goals, there is no real measuring or monitoring to track against the target. Nearly three-quarters (74%) of those questioned are not currently tracking the amount of food their organisation wastes.

Almost two-thirds (64%) of respondents stated that direction from government on how industry should reduce food waste needs to be made clearer through stronger policy and regulation as the £120 billion sector seeks to reduce its environmental impact.



Interestingly, just 26% of food procurement professionals prioritise food waste as a means to achieving carbon reduction goals. And half as many (13%) believe their organisation's employees are aware that minimising food waste can help their company achieve net zero carbon emissions.

We took the results of this research and used it to inform the discussions at an industry roundtable we hosted with policymakers, industry stakeholders, chefs, academics and customers. These included representatives from WRAP, WWF, Defra, the Food APPG and CBI among others. The roundtable focused on three themes for discussion:

- How can rapid change in the food services sector be catalysed?
- How can government create the policy and regulatory framework to better support this change?
- How can government and industry better educate customers and consumers about the impact of food waste on the climate and their role in supporting the reduction of food waste – and therefore carbon emissions?

To consolidate the discussions, we have compiled a report entitled 'Appetite for Action' which takes the research and discussions from the roundtable and lays out recommendations for both organisations and government on what action needs to be taken to effect change and tackle the critical issue of food waste.

Recommendations for organisations

- All organisations should commit to a 50% reduction in food waste by 2030, at the latest. This should include a 50% reduction target of total food waste (including inedible parts and leftover waste from plates) once food produce has left the farm, and delivering reductions in food waste even before food produce has left the farm.

- Organisations must deploy technology to track and monitor food waste, which will support new mandatory reporting. This will empower staff with a greater understanding of food waste, and they will be better informed around the impact of their choices. Data analysis will also support decisions made around approaches to tackling food waste.

- Organisations can also support consumers in making the right environmental decision through positioning plant-based options first on the menu, carbon labelling on produce, and deliberate, obvious communication on where food has been sourced.

Recommendations for government

- Government should commission a dedicated strategy for tackling food waste, building on recommendations within the National Food Strategy. Mandatory food waste reporting should form part of this strategy.

- PPN 06/21 should be extended to require public sector suppliers to report on their food waste; the private sector should be encouraged to adopt this approach as well.

- Government has a responsibility to ensure the public understands the impact of food waste. This should start in schools, and government should ensure the impact of food waste is included in the curriculum. This will help to change consumer behaviours and ensure people have a better education on the impact of food waste on carbon emissions and what they can do to help tackle it.

We are doing what we can to tackle food waste and reduce its carbon emissions and through Appetite for Action we are hoping that others will join us and consider food and sustainable food systems when developing their net zero commitments.

Food poverty

When talking about food waste we need to also look at food poverty and insecurity.

Food waste produced in the UK could make a huge difference in fighting hunger. Sodexo is the founding partner of the Stop Hunger Foundation, with its global mission to eradicate food poverty through supporting charity partners through donations of volunteering time, skills and money to tackle hunger, support good nutrition and promote life skills in local communities since 2010.

Out of the 3.6 million tonnes of food wasted by the food services industry every year, two million tonnes of it each year is still edible – that's enough for 1.3 billion meals. Through Stop Hunger we are helping charities such as Fare Share and the Trussell Trust help those experiencing food poverty through the redistribution of surplus food and grants funding.

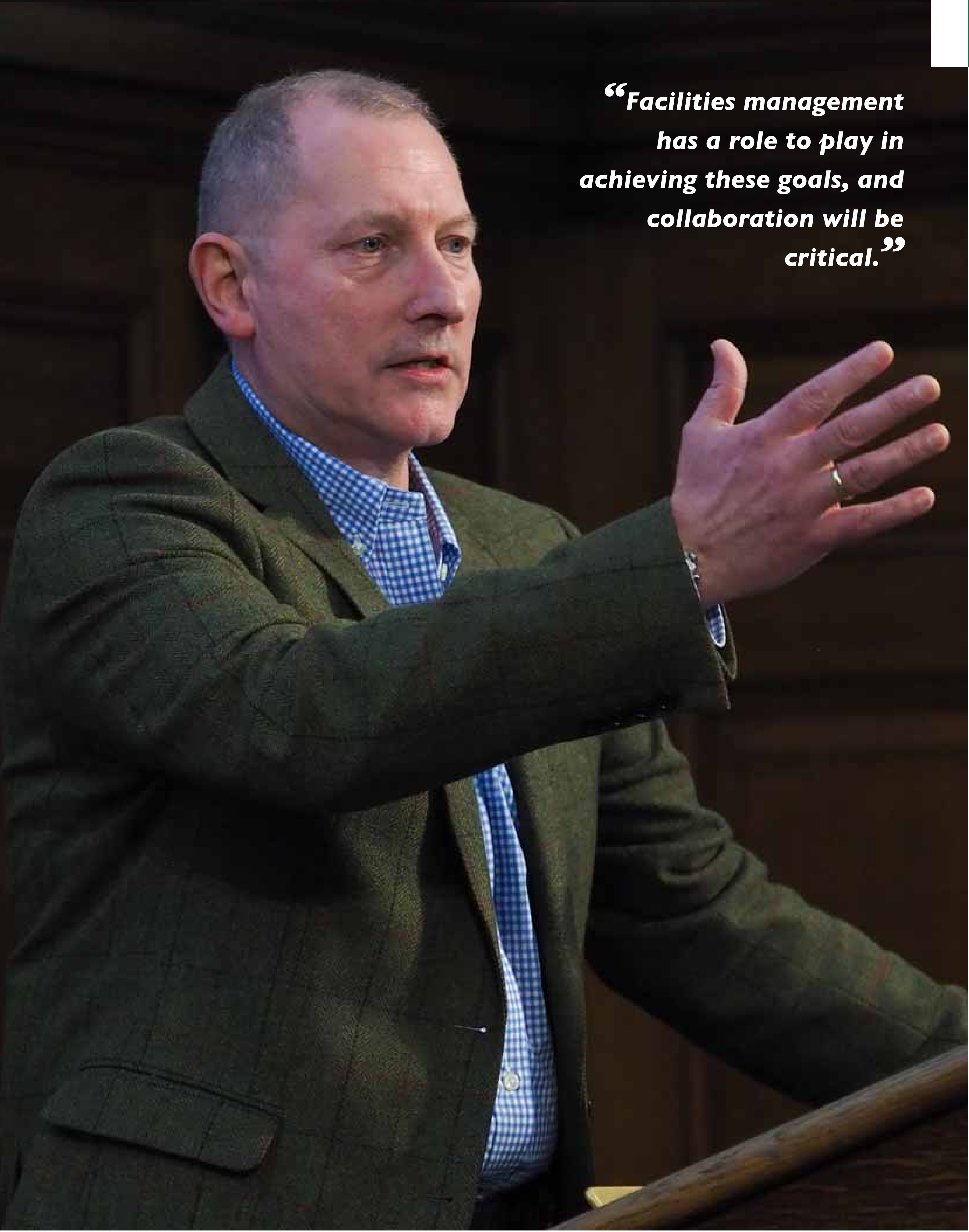
As i-FM recently wrote, everything is connected to everything else. COP26 demonstrated a fair transition was needed, and if we tackle these two issues collectively it creates a holistic approach and puts social impact at the heart of what we do.

It is clear, more urgent action is needed, and we are urging organisations and government to take action. Only together can we stop feeding the climate crisis.

WATCH IT ON YouTube

11 Collaboration for success: we are better together

Jeremy Campbell
Executive Director Marketing & Business Development,
EMCOR UK



> ***"Facilities management has a role to play in achieving these goals, and collaboration will be critical."***

We are potentially on the cusp of the greatest transformative change of humankind since the move from foraging to urbanisation thousands of years ago.

Sustainability is critical to protecting our future. Meeting net zero carbon targets is key to safeguarding our planet. However, we need to manage this transition in a just manner, ending poverty and ensuring everyone has access to clean water, basic sanitation, affordable housing and employment opportunities.

Facilities management has a role to play in achieving these goals, and collaboration will be critical. When we start to break down barriers between individuals, we start to achieve real, tangible results.

Collaboration is at the heart and soul of what I'll be exploring in this article – why it matters, and how working together can have a positive impact on our social, environmental and economic challenges if we get it right.

Structured collaboration
Achieving ISO 44001 certification is the hallmark of effective business-to-business collaboration. It specifies requirements for the effective identification, development and management of collaborative business relationships within or between organisations to achieve strategic goals.

Structured collaboration provides us with a framework to achieve goals and deliver real impact. It is holistic and takes a whole-life, strategic, long-term approach, focused on unlocking smarter ways of working and investment, co-creating value and driving win-win outcomes.

The ISO 44001 framework outlines eight component parts of best practice – the principles, systems, process, and behaviours required for successful B2B collaboration.

These are:
- Operational awareness
- Knowledge
- Internal assessment
- Partner selection
- Working together
- Value creation
- Staying together
- Exit Strategy and activation

In following this framework, companies can build trust through governance and insight, deliver sustainable outcomes and get the best out of each other while improving wellbeing, social value and environmental impact.

Disruptive synergy
If we want to collaborate, we've got to disrupt the way clients and outsourced service providers work together.

Disruptive thinking is about challenging the status quo to create synergy. In FM, we've been asking the same questions for more than 20 years: Which service models work best? What are the typical contract lengths? Which pricing models are preferable? Yet past models are not always capable of determining or delivering the complex outcomes we require today and into the future.

In not being fit for purpose, many buying programmes are open to failure. Process timelines and cost models are fundamentally flawed, while FM contracts often lack future vision, focusing on the how and not the what. Equally, there is a lack of industry focus on building the right behaviours and skills to achieve winning outcomes for mutual success

We need to consider how to deliver wellbeing as a service, net zero as a service, asset availability as a service, workplace experiences as a service to instil lasting, sustainable change. This requires disruption of old methods – to rethink what win-win looks like; build relationship bridges and change KPI optics to focus on people, wellbeing and real social value; address climate change, net zero targets and the broader sustainability agenda in line with the UN Sustainable Development Goals.

Building collaboration goals into contract terms builds business, stakeholder and investor confidence and, in turn, employee engagement and trust.

Hybrid FM models for win-win outcomes
The vested outsourcing model is one such way in which this disruption can be directed effectively.
Vested is a hybrid business model in which contracting parties create a

formal relational contract using shared values and goals and outcome-based economics to underpin a working relationship and an agreement that is mutually beneficial.

It is about working in a transparent, up-front manner to identify where money needs to go to deliver the best returns for all stakeholders, proportionate to their risk and investment.

At EMCOR, we are exploring and researching a hybrid model which blends the principles of vested economics with the benefits of structured B2B collaboration. This is fundamental to enabling FM to deliver sustainable change, turning contracts into hybrid win-win business models.

Vested promotes contracts that are written in plain English, spelling out exactly how to work together and exactly what will be achieved.

It is worlds apart from the three-year FM tender-award-termination merry-go-round that typifies our industry, shifting away from rigid approaches defined by outdated specifications, pricing models that don't focus on value or innovation, inflexible T&Cs, truncated processes and one-sided risk profiles.

Emotional and relational intelligence

Collaboration is a tricky balancing act, but there are some fundamental ingredients for success.

Collaborative experts at Warwick Business School argue that you need to have the right behaviours and competencies and build these into training platforms. For example, deep relational and emotional intelligence are required to understand reciprocity, build rapport, ensure active listening, develop trust and leverage diverse thinking to unlock greater creativity, problem-solving and innovation.

Putting people and culture first, ahead of driving results and performance, is the way forward to unlock value. With the right behaviours, a structured approach and active disruption, collaboration can achieve win-win impacts for not only businesses but for wider society and our planet.

This is not about maximising profit. It is about maximising our purpose to effect sustainable change to leave a real lasting legacy for future life on earth.

Together, we are better.

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12 Achieving and funding your net zero ambitions

> “Delivering net zero carbon is an expensive undertaking.”

Kirti Rudra
Energy and Carbon Solutions Director, EQUANS

How much will it cost the UK to reduce carbon emissions to net zero by 2050? The Climate Change Committee estimates the cumulative investment cost for the whole economy will be £1.4 trillion, at 2019 prices. This includes capital expenditure, plus the operating costs of emissions removals, between now and 2050. That equates to approximately £15,000 per person in the UK. This level of expenditure is needed to transform the UK’s service infrastructure, energy supply networks, roads, manufacturing and industrial processes.

These costs give some idea of the level of investment facing UK businesses over the next 30 years. It’s clear that delivering net zero carbon is an expensive undertaking. Of course, some of these costs will be offset by the savings delivered over the long term, but businesses still face a considerable financial burden in the short to medium term if they are to deliver on the government’s promise of a zero-carbon economy.

Breaking down the barriers

Businesses facing the prospect of decarbonising often feel overwhelmed at the scale of the challenge. There are always objections to every measure required, which need to be overcome. Think about the small changes we have to make in our own lives to become more sustainable and the difficulties we often face in committing to those actions.

To help businesses match their aspirations with actions, EQUANS has established a logical, structured process that breaks down the decarbonisation challenge into manageable, incremental stages. This approach is based on the well-established PAS 2060 methodology.

Step 1. Analyse

Start by carrying out an energy audit to assess energy use and carbon emissions, and calculate your carbon footprint. Scope 1 and 2 emissions are those within your control, while Scope 3 are associated with your supply chain. Now is a good time to engage supply chain partners to find out how they propose to reduce their own emissions.

At this stage you need to analyse all the options for reducing carbon emissions, including energy efficiency measures, heating and cooling system improvements, green power options and greening transport, as well as offsetting to tackle any residual emissions. Together, the shopping list of measures you select will form the basis of your net zero strategy or roadmap.

Step 2. Plan

The next step is to get fully costed investment-grade proposals for the projects in your roadmap. These plans need to set out the costs of implementing each measure, the payback period and the energy and carbon savings that will be achieved. It is important to consider the sequence of the projects you want to implement as well in order to meet the needs correctly. For example, there is no point in scoping out a new heat solution before you have implemented energy efficiency measures, as you may end up with a heating system that is bigger than you require.

At the planning stage also consider potential sources of grant funding, such as the Public Sector Decarbonisation Scheme (PSDS) or the Industrial Emissions Transformation Fund (IETF), as well as third-party funding from partners or suppliers.

Step 3. Act

This is where you begin to implement the measures and actions in your roadmap. The first steps do not need to involve significant investment. There are low or no cost quick wins to get your net zero journey off to a positive start, such as encouraging behavioural change, training employees and raising awareness of energy and carbon-saving activities. These behavioural change measures are vital to ensure you engage your stakeholders and gain their understanding and support for the changes ahead. There are also energy efficiency quick wins you can implement, such as altering operational processes or introducing energy-efficient lighting.

As new measures are introduced, you need to establish measurement and verification processes in line with industry standards to ensure energy and carbon savings remain on track to achieve your targets.

Facing up to the finances

Early in the implementation phase you will need to consider financing options for measures that require greater capital investment. The optimum financing solution for your business will depend on the level of ownership and control you wish to retain over your assets.

At one end of the scale, you may wish to retain full ownership and finance the capital expenditure from within the business or from available funding schemes. In this ‘retained control’ model, assets will appear on your balance sheet and the responsibility for asset maintenance and performance will be retained in-house.

At the other end of the scale is what we call a ‘trusted control’ model. This involves a service provider, such as EQUANS, owning and financing the assets in a 100% managed service arrangement, which includes all energy procurement, operation and maintenance of assets to agreed performance levels. This is essentially an ‘as-a-service’ model, which hands over control to a specialist provider who takes on the responsibility for delivering net zero carbon through the implementation, management and maintenance of relevant assets. There are a range of options along the scale between retained control and trusted control. These include a design, build and operate arrangement, where up-front capital is provided by the business, while asset performance and maintenance are the responsibility of a specialist supplier. Or an Energy Performance Contract, where the capital is provided by the supplier but repaid over time from savings generated by the new asset. In this model, ownership is retained by the business, while guaranteed asset performance and maintenance are the responsibility of the supplier.

Partners on the net zero journey

Choosing the right financing option to support your journey to net zero requires consideration of the risks and responsibilities you wish to retain, and the level of control you are willing to cede to a specialist supplier.

> ***“You need to establish measurement and verification processes in line with industry standards.”***

In any case, you will want a partner whose expertise and capabilities enable them to support your business from initial analysis and net zero planning through to delivery, implementation and financing of the measures required to reach net zero carbon.

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The need for long-termism in ESG

> “Now is the time to come together as an industry.”

WATCH IT ON YouTube

James Bradley
Chief Operating Officer, Churchill Group

Organisations are placing increasing importance on their environmental, social and governance (ESG) strategies. Workplace Futures was testament to this, as many of the talks revolved around this topic. There’s no doubt that our industry has a huge role to play and it’s great to see ESG taking centre stage.

FM covers so many services and sectors that we are in a unique position to have a genuine impact on businesses across the UK. We are currently experiencing a period of tremendous societal and environmental change that has resulted in a shift in attitudes towards ESG. Businesses are more invested in their environmental impacts, customers are more discerning about companies they buy from, and employees increasingly want to work for organisations that have a positive impact on society.

We can have an impact in so many ways, from ethical supply chains to reducing the operational carbon emissions from buildings.

However, we must embed long-term thinking into our strategies to be successful. We often work with clients on contracts that last for three, four or five years, and so tailor our work and goals to that timeframe. And while there’s nothing wrong with short-term wins, the most valuable outcomes will only be realised with long-term thinking. If we neglect that, we are doing a disservice to ourselves, our clients and everyone they work with.

Why we should focus on long-term results
Quick wins are great for generating positive press and reporting back to clients. And while there’s nothing wrong with them, real success must be measured in the long-term. We’re challenged by contract lengths that may well mean we are not able to see a 10 or 20-year goal all the way through. What we can do is start our clients on that path so that they can achieve long-term success, regardless of who is in charge of their FM. In fact, long-term visions may lead to long-term partnerships. If we can present strategies to potential clients to demonstrate the benefits of long-term ESG objectives and a roadmap of how we can get there together, clients may be more inclined to sign longer contracts. That, in turn, will help relationships develop further and go a long way to creating value partnerships.

As a sector, we must come together to create long-term targets and a roadmap of how to get there. Within our own companies, we can break this down by group and divisional objectives and set clear dates to check progress.

2030 is a common date for sustainability goals, but we need to be planning much further ahead to truly embed ESG strategies that will pay off.

The need for authenticity
Authenticity is absolutely critical in this. It’s all very well creating lofty ESG targets, but they must relate to who you are, what you do and who you serve. Companies should involve employees in their strategies – after all, they are the ones that will be delivering many of the activities. Rather than dictate, boards should facilitate and guide strategies. We need to be flexible in our approaches and set proactive targets, rather than waiting for government legislation.

ESG can’t be done out of a sense of duty – it must be a genuine part of a company. That authenticity will shine through and help create a business culture that engages employees and customers alike. We must celebrate all of our successes, whether that’s a short-term win or reaching a milestone for a long-term goal. And we must support each other across the sector with new ideas and innovations.

Creating a long-term strategy
At Churchill, we have created an ESG strategy that identifies core goals for each area, key activities, expected outputs and outcomes, and delivery dates. A top-level document like this is an essential starting point. When we consider the long-term, businesses must fully integrate ESG into all operations. This will of course take time, which is why there must be a commitment at board level to put ESG at the heart of decision-making.

Younger generations of the workforce are particularly placing a much higher importance on working for businesses with a strong social purpose. A strong ESG strategy will be a great tool for talent attraction and retention. Ideally, those staff will grow with the company and take increased responsibility for parts of the strategy. As time passes and the strategy starts to demonstrate results, a business will be well placed to attract the next generation of talent.

Industry-wide collaboration
Now is the time to come together as an industry. ESG is high on the agenda for organisations and their customers, and we must capitalise on this. FM has such a key role to play in ESG – done right, this could be the cornerstone issue on which our industry can take a leading role in collaborating and succeeding.

14 Acknowledgements

www.i-FM.net

Workplace Futures is organised each year by i-FM, the award-winning web-based news and information service catering to the needs of the facilities management community.

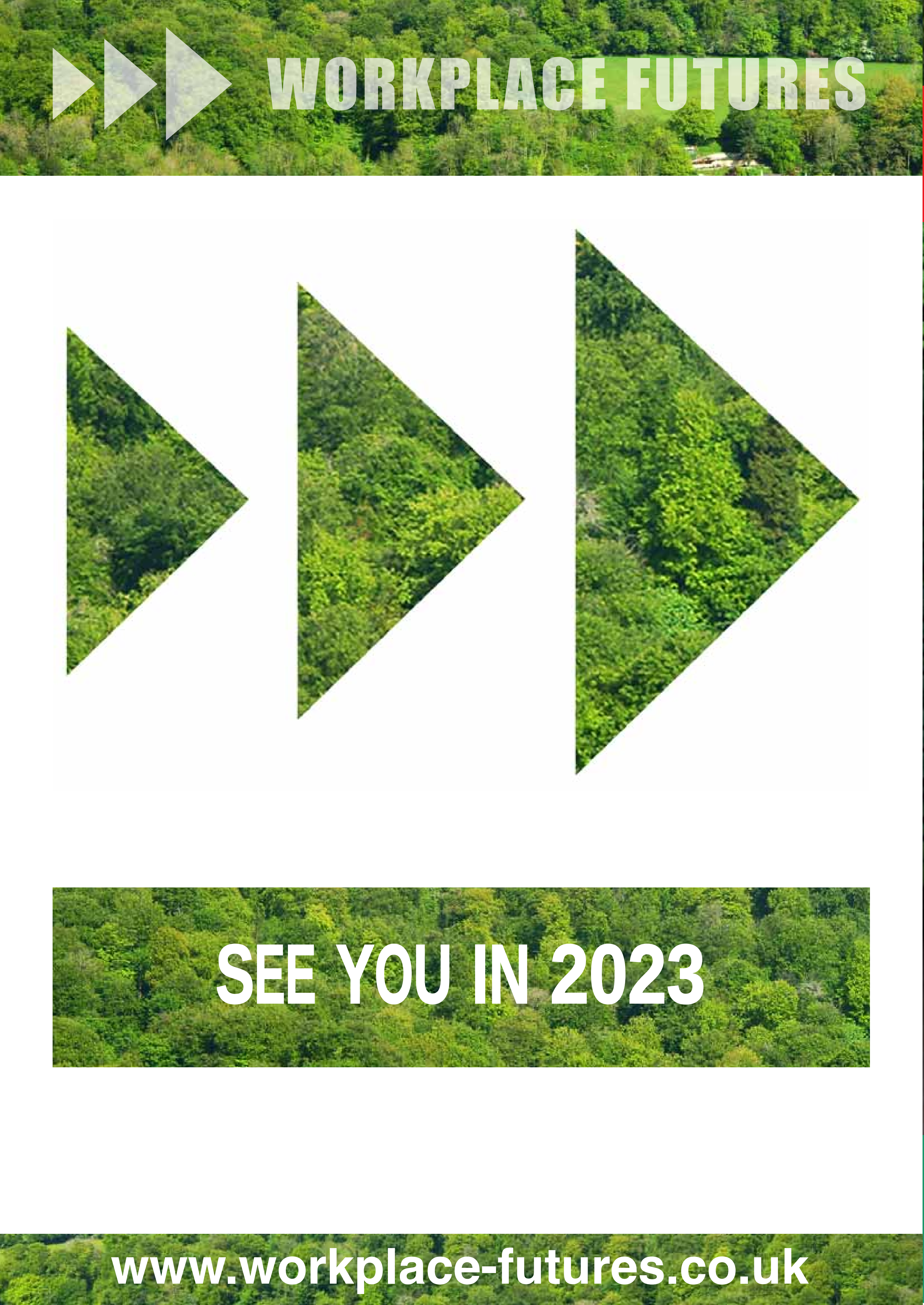
With a reputation for top-quality news, features, comment and research, we have grown and developed with the industry - always maintaining our distinctive focus on the FM marketplace. Updated every business day, the site delivers a unique service - easily accessible, fully searchable and highly topical.

The pioneer when it was established more than 20 years ago, i-FM is still the only online resource an FM needs.

www.workplace-futures.co.uk

Each Workplace Futures conference programme since the launch of the series in 2007 has tackled a different issue in the FM sector; but an underlying theme throughout has been the comparatively low 'name recognition' that continues to characterise facilities management, along with the associated tendency toward under-appreciation of the value it both represents and contributes to UK plc.

The goal of the conference series, and each post-event White Paper, is to address these challenges by fostering education, discussion and positive action that supports the growth and development of FM.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