



**ENVIRONMENT  
AGENCY**

# **Environmental Accounting in the UK and the Role of Government**

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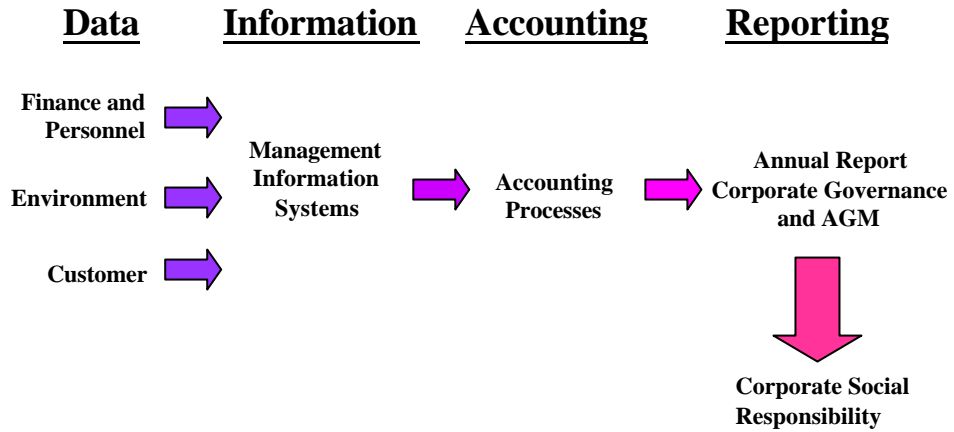
## **Today's Presentation**



**ENVIRONMENT  
AGENCY**

- 1 Government Initiatives
- 2 Environment Agency Initiatives
- 3 Large Company and SME Initiatives

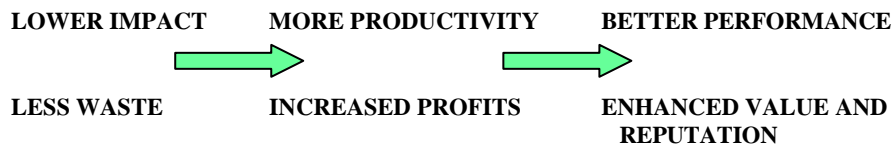
# Environmental Accounting Links



# Environmental Accounting and Business Performance Benefits



Environmental Accounting leads to



# 1. Government Initiatives ENVIRONMENT AGENCY

- **Adopting** environmental accounting techniques as part of
  - UK greening government initiative
  - UK approach to Sustainable Development
- **Promoting** environmental accounting to
  - Industry and farms as part of waste minimisation campaigns
  - FTSE 350 companies as part of corporate environmental reporting campaigns
- **Using** sectoral, regional and national environmental accounts for
  - formulating UK eco-environmental policy
  - informing UK input to EU policy development

## Examples



- Cabinet Office
- Department of Environment, Transport and Regions (DETR)
- Ministry of Agriculture, Food and Fisheries (MAFF)
- Department of Trade and Industry DTI



## Cabinet Office



- **Benchmarks the relative energy efficiency performance of 25 Government departments and agencies**
- **Costs (£s), consumption (kWh) and CO<sub>2</sub> emissions are 10-20% less than 1990 levels**



## Cabinet Office



- **Office of National Statistics**
- **Inter-departmental group on environmental accounting**
- **UK National Environmental Accounts**
- **Performance and Innovation Unit undertaken resource productivity initiative**



# DETR



- Guidelines on Company environmental performance indicators (CO<sub>2</sub>, waste, water) and company environmental reporting
- Environmental cost accounting used in annual survey of environmental protection expenditure by industry to comply with EU Business Statistics Directive



# MAFF



- Encouraging farmers to reduce waste and save money by environmental accounting as part of the production of farm management plans



# DTI and DETR



## Envirowise

- Free service to business - how to minimise waste and save money (1-5% of turnover) by environmental accounting



# DETR and DTI



## Finance Sector

- Guidance for Company Directors including support for environmental accounting
- Recommendations of how environment can be built into Annual Report and Accounts



## 2. Environment Agency Initiatives



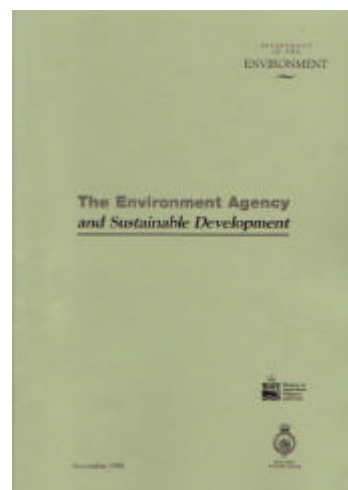
- Regulate utilities, chemical, mining, minerals, construction, waste, farming and other industries
- Manage water resources, flood defences, fisheries, conservation, navigation
- Contact with 50% of listed companies and 200,000 SME's
- Funded 25% Government, 35% LA's and 40% industry
- £650m budget, 230 offices, 10,500 staff
- Large organisation with significant environmental footprint

## Internal



### Section 4 Guidance

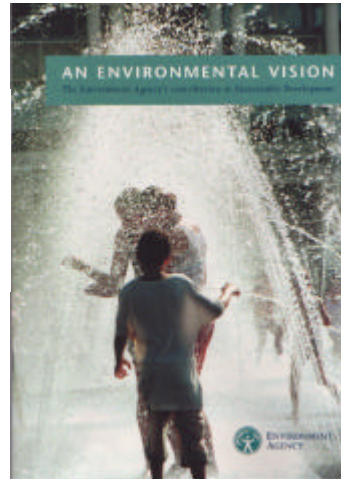
- **Duty to adopt best practice in environmental management in all our activities**
- **Adoption of ISO14001 for own activities**



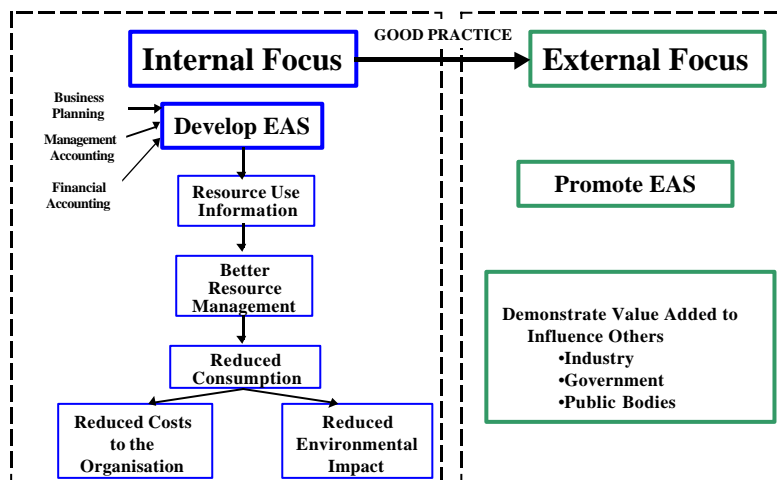
# External



- Duty to encourage organisations to conserve natural resources, minimise waste, reduce energy use and save money (by environmental accounting)
- Greening Business strategy

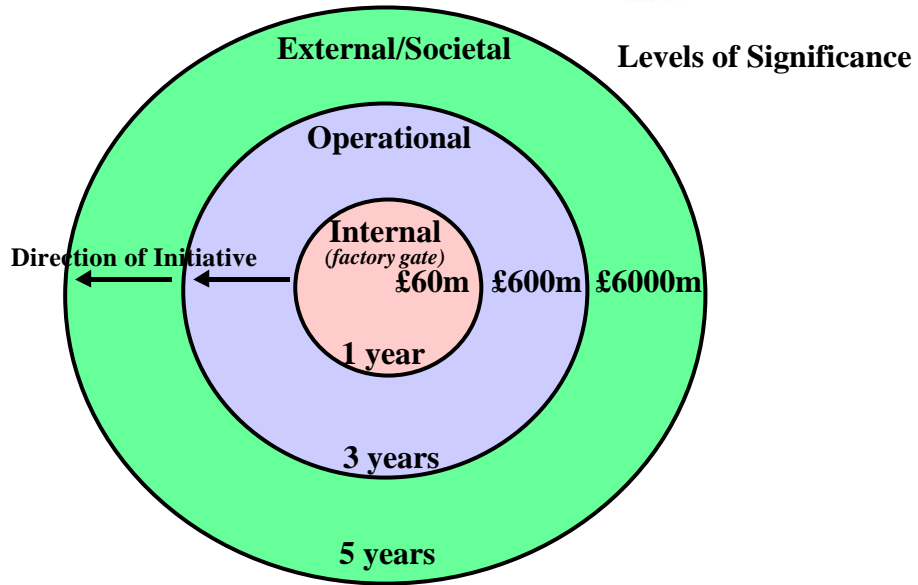


# Environmental Accounting Initiative





# Conceptual Model



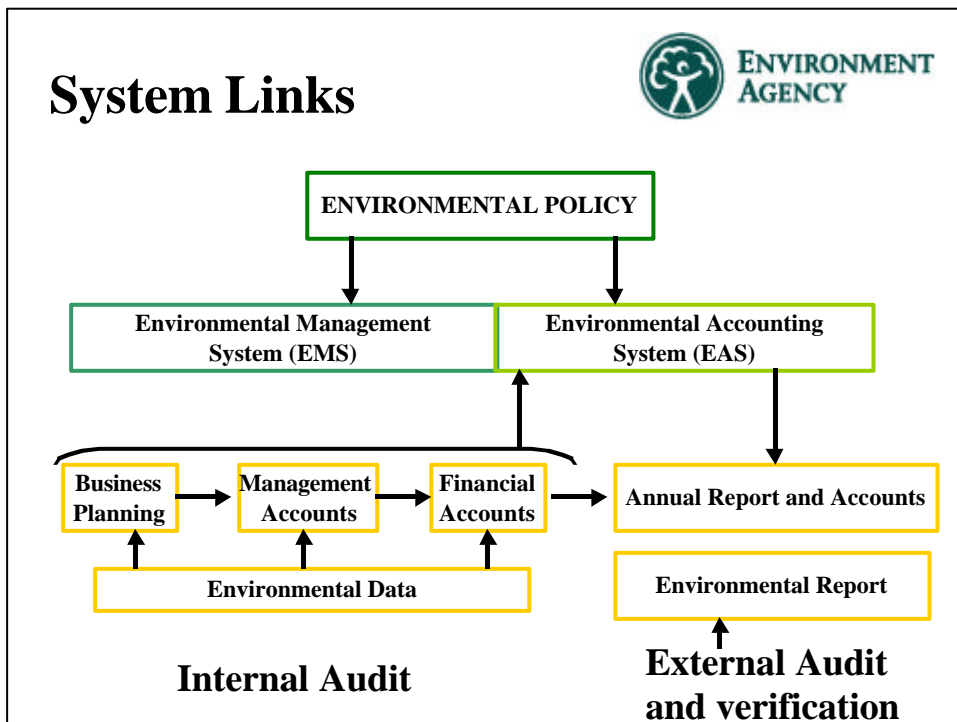
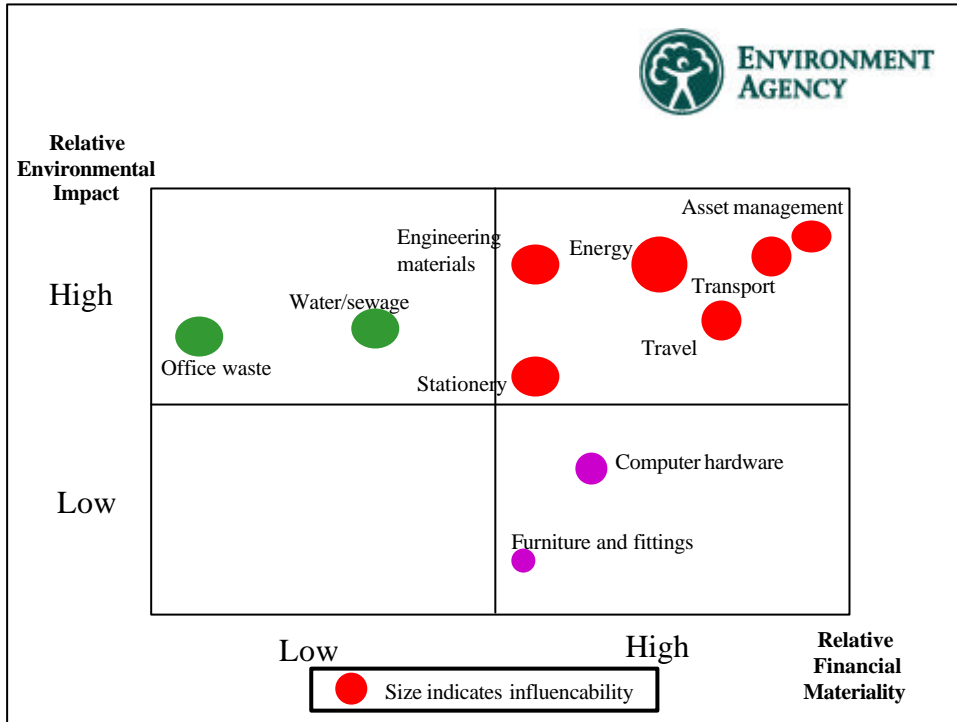
# Data Selection



Internal Environmental Impact  
(Aspects Register)

Cost

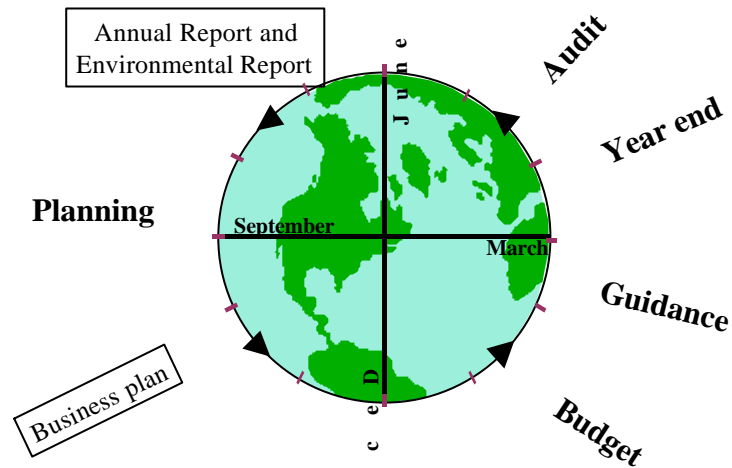
High	High	✓
	Medium	✓
	Low	✓
Medium	High	✓
	Medium	✓
	Low	X
Low	High	✓
	Medium	X
	Low	X



# Annual Cycle

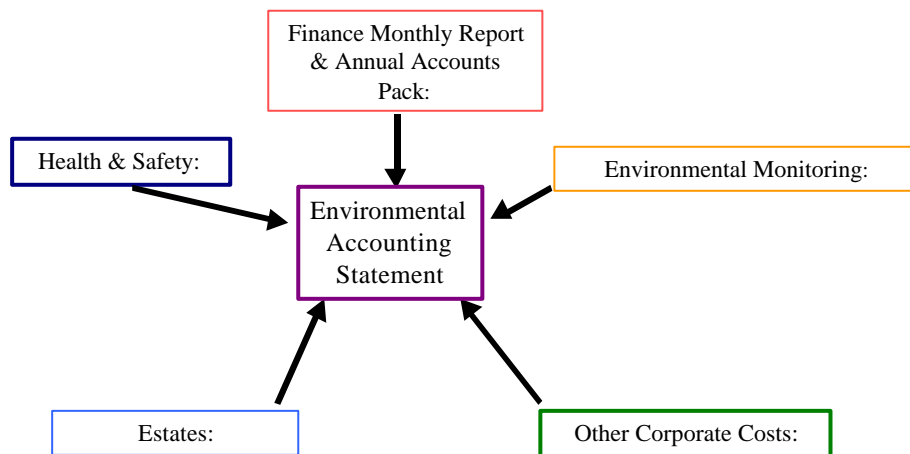


## Reports Produced Monthly



r  
e  
b  
m  
e  
c  
e

# How It Works



# Data Collection



- Finance Monthly Report & Annual Accounts Pack:**
- Resource use data
  - Significant expenditure

ENVIRONMENTAL EXPENDITURE 2000/01 - Extract								
January 2001								
	Revenue				Capital		Total	
	Operating		Non-operating		£k	quantity	£k	quantity
	£k	quantity	£k	quantity	£k	quantity	£k	quantity
<b>Utilities</b>								
Electricity								
Gas								
Fuel Oil								
Office waste								
...								
...								
<b>Travel costs</b>								
Travel - train								
Mileage - non lease								
Mileage - lease								
Travel - foreign + air (all)								
Travel - other								
<b>Total</b>								

# Business Benefits



## Example Savings against Budget (£'000)

	<u>1998/99</u>	<u>1999/00</u>	<u>2000/01</u>
<b>Utilities</b>	-94	-525	-831
<b>Stationery, printing</b>	686	-2127	-1451
<b>Video Conferencing</b>			-800 to date

## Business Benefits



### Example Environmental Improvements

	<u>1997/98</u>	<u>1998/99</u>	<u>1999/00</u>
CO2 (tonnes)	60,000	53,000	42,000
Mileage (m. miles)	55	52	50

## External Reporting



### Publish annually

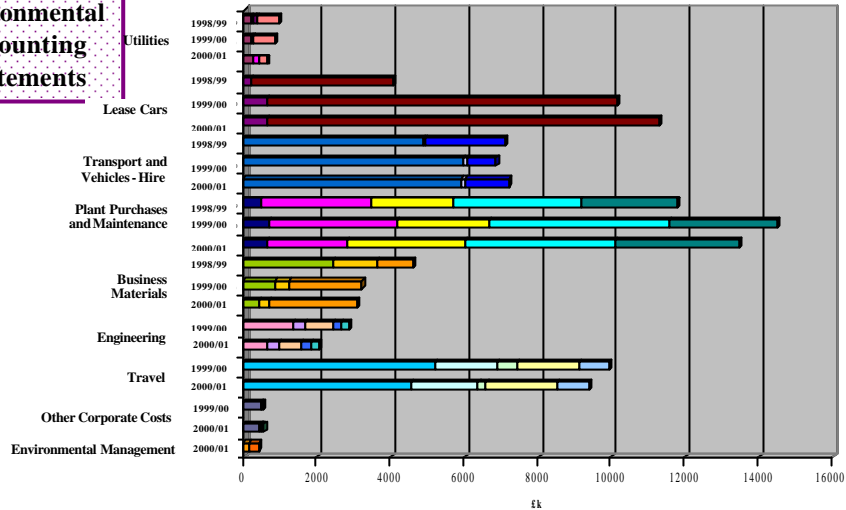
- Environmental accounting policy
- Financial statement in Annual Report and audited Accounts
- Environmental Report



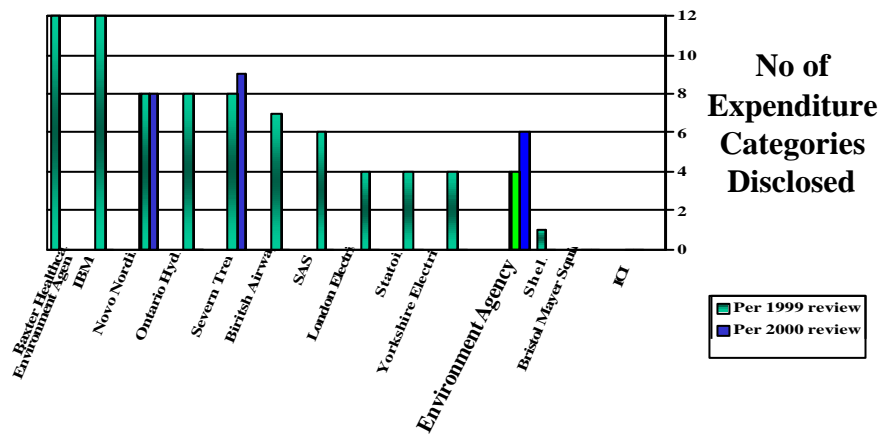
# Environmental Accounting Statement



Environmental Accounting Statements



# External Benchmarking



## Internal Developments



Up to 1999/2000	2000/01	2001/02
	Finance Monthly Report:	
	Other Corporate Costs:	
	Environmental Monitoring:	
	Health & Safety:	
	Property Review:	Assets and liabilities
		Environmental Accounting Statement ("Balance Sheet):

## Future developments



### Short-Medium Term

- 3rd Party spend
- Life Cycle Assessment (LCA) Costs
- Non-financial data quality

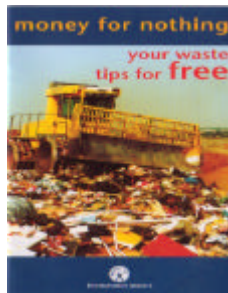
### Long Term

- Sustainability Accounts
- Carbon Accounts

## External Promotion



- Collaborative work with to private companies, local authorities and hospitals
- Environmental accounting can help them to reduce their impact and save money



## External Partnerships



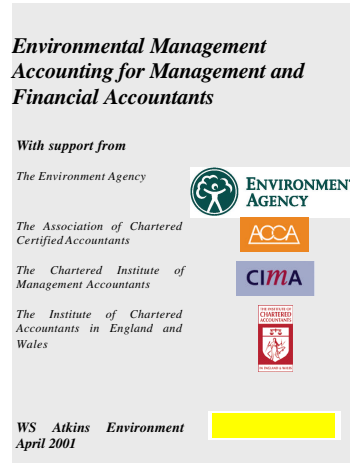
- Working with UK accounting bodies (ACCA, CIMA, ICAEW) and finance sector to promote environmental accounting to SMEs
- Recommending the benefits of adopting environmental accounting in future company law to Government



## External Communications



- Environmental Accounting web-site pages
- Envirowise course/best practice guide



## 3. Company and SME Initiatives



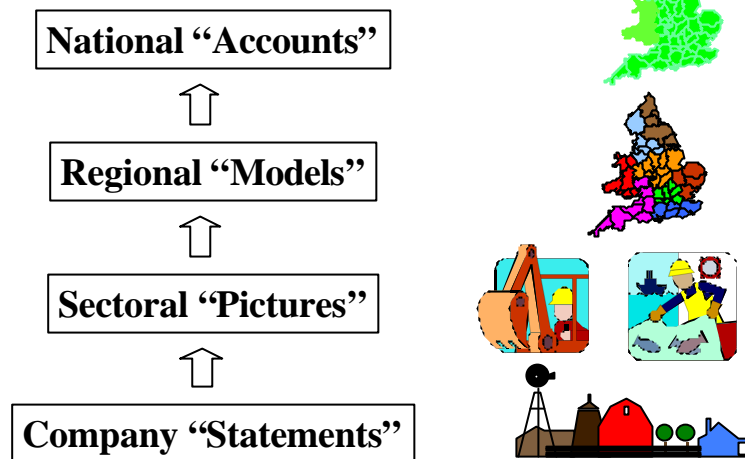
### Sector

### Companies

Waste	Biffa
Utilities	Anglian Water, Wessex Water
Petrochemicals	British Petroleum
Construction	Carillion
Food and Drink	HP Bulmer
Manufacturing	Interface Europe
Environment	Forum for the Future



## Environmental Accounting Levels



## Conclusions



- The UK is using, promoting and developing environmental accounting
- Useful tool to reduce environmental impact, save money and improve environmental reporting by public bodies and private companies
- Benefits to the environment, bottom line and reputation can give competitive advantage