

Carbon reporting

Carbon footprint assessment and reduction plan

Financial Year 2022/23

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Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting. Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by SQW’s Management Board.

Name: Joe Duggett

Role: Managing Partner, Performance and Projects

Signed: 

Date: 20 March 2024

1. Summary

Commitment to net zero and being carbon neutral

- 1.1 SQW is committed to being a net zero company by 2030**, which means that we will reduce our emissions as far as is practical and offset the remaining emissions. This report sets out an assessment of carbon emissions for 2022/23 (that is the period from April 2022 to March 2023, the last full year for which data is available) and the actions that we will implement going forward.
- 1.2 SQW was carbon neutral for 2022/23** by offsetting our carbon emissions. With a return to more normal working patterns in the 2022/23 period following the ending of restrictions associated with the COVID-19 pandemic, including a higher level of business travel and commuting, our emissions saw a modest increase from 2021/22. However, SQW remains a relatively low emissions consultancy business.

Baseline and latest emissions

- 1.3** Table 1-1 and Table 1-2 summarise our carbon emissions and carbon footprint for 2020/21 (baseline) and 2022/23 (latest) respectively. The baseline year was highly unusual owing to the effects of COVID-19.
- 1.4** This shows **total emissions in 2022/23 of 58.6 tCO₂e** (tonnes of carbon dioxide emissions) across SQW's operations, equating to 1.20 tCO₂e per employee. This represents an increase on our baseline from 2020/21, owing principally to an increase in the purchase of electricity and heating for offices and employee commuting, both associated with slightly higher levels of office working, and increased business travel.
- 1.5** We have paid to offset these emissions, and so **for 2022/23 we were carbon neutral**.

Table 1-1: Baseline SQW carbon emissions 2020/21 (i.e. April 2020 to March 2021)

Emissions categories and what is included	Emissions, tCO ₂ e												
Scope 1: <ul style="list-style-type: none"> We lease our office space and have no control of heating. We have no company cars. Therefore, there are no emissions associated with Scope 1 	0.0												
Scope 2: <ul style="list-style-type: none"> Purchase of electricity and heating for offices 	8.3												
Scope 3: <table border="1"> <tbody> <tr> <td>Purchases, incl. the upstream transportation and distribution</td> <td>2.8</td> </tr> <tr> <td>Transmission/distribution losses from purchase of electricity</td> <td>0.4</td> </tr> <tr> <td>Waste generated in operations</td> <td>0.0*</td> </tr> <tr> <td>Business travel (incl. hotel stays)</td> <td>0.1</td> </tr> <tr> <td>Employee commuting</td> <td>0.1</td> </tr> <tr> <td>Homeworking</td> <td>23.6</td> </tr> </tbody> </table>	Purchases, incl. the upstream transportation and distribution	2.8	Transmission/distribution losses from purchase of electricity	0.4	Waste generated in operations	0.0*	Business travel (incl. hotel stays)	0.1	Employee commuting	0.1	Homeworking	23.6	27.1
Purchases, incl. the upstream transportation and distribution	2.8												
Transmission/distribution losses from purchase of electricity	0.4												
Waste generated in operations	0.0*												
Business travel (incl. hotel stays)	0.1												
Employee commuting	0.1												
Homeworking	23.6												

Emissions categories and what is included		Emissions, tCO ₂ e
Downstream transportation and distribution	0.0**	
Total for 2020/21		35.4
Intensity ratio: carbon emissions per FTE		0.8

Source: SQW. Notes: *Very small levels of waste-related emissions mean that this is rounded to zero. **Given that we sell knowledge through consultancy services, rather than a physical product, there is no downstream transportation and distribution. Therefore, the emissions associated with this category of Scope 3 are zero. No. of FTEs uses the average across the year, which was 45.4.

Table 1-2: Latest SQW carbon emissions 2022/23 (i.e. April 2022 to March 2023)

Emissions categories and what is included		Emissions, tCO ₂ e
Scope 1:		0.0
<ul style="list-style-type: none"> We lease our office space and have no control of heating. We have no company cars. Therefore, there are no emissions associated with Scope 1 		
Scope 2:		17.1
<ul style="list-style-type: none"> Purchase of electricity and heating for offices 		
Scope 3:		41.5
Purchases, incl. the upstream transportation and distribution	5.1	
Transmission/distribution losses from purchase of electricity	0.6	
Waste generated in operations	1.0	
Business travel (incl. hotel stays)	8.4	
Employee commuting	7.0	
Homeworking	19.4	
Downstream transportation and distribution	0.0*	
Total for 2022/23		58.6
Intensity ratio: carbon emissions per FTE		1.20

Source: SQW. Notes: *Given that we sell knowledge through consultancy services, rather than a physical product, there is no downstream transportation and distribution. Therefore, the emissions associated with this category of Scope 3 are zero. No. of FTEs uses the average across the year, which was 49.0.

Emissions reductions targets

- 1.6** In setting emissions reductions targets we have been mindful of those areas where we have some degree of control and influence, and also where we have a clear current understanding of our emissions and options to reduce them. Targets also require a ‘steady state’ position to be meaningful, in the post-pandemic context.
- 1.7** At this stage we are not in a position to set targets for Scope 3 emissions in a sensible way. This reflects the uncertainty associated with Scope 3 emissions as new working patterns and client expectations for business travel have continued to evolve post-pandemic.
- 1.8** Specifically, as noted above 2022/23 saw a return to more normal working patterns, with an increased level of office working and increased business travel (e.g. for client meetings). This meant we saw an increase in emissions compared to both 2021/22 and the baseline (2020/21) which were both highly unusual years, given COVID-19 restrictions and very low levels of commuting and almost no business travel. Therefore, **while accurate, the increase**

between the baseline and 2021/22 and latest data for 2022/23 does not represent a material change in SQW's underlying emissions.

- 1.9** Further, although not directly impacted by pandemic restrictions, 2022/23 represented an early post-pandemic position, with modest levels of client meetings and some variation as the 'new normal' emerged in working patterns.
- 1.10** We anticipate that emissions may remain broadly consistent, or potentially increase slightly in 2023/24 (for example, owing to more business travel). The 2023/24 data will therefore represent a better indication of the new 'steady state' as working arrangements and client expectations on business travel have stabilised post-pandemic (with two years of broadly consistent data).
- 1.11** We therefore propose:
- to use 2023/24 (i.e. next years' data) as a new baseline position, to represent a more accurate baseline for our emissions post-pandemic
 - to include emissions reductions targets in next year's plan, consistent with our ambition to being a net zero company by 2030, and in a way that reflects our wider business objectives and priorities, including our commitments to meeting client needs, the well-being of our staff, and providing a positive and progressive approach to flexible and hybrid working.
- 1.12** The area where we can set emissions targets is in relation to Scope 2, the purchase of electricity and heating for our offices. One of our three offices (Manchester) uses renewable energy, and we have recently agreed a new year lease on this office. We intend to ensure that all of our offices use renewable energy by 2030, with the result that our Scope 1 and 2 emissions are zero. As an interim target, we have set a target¹ to reduce Scope 2 emissions by around 50% from the baseline level by 2027. This means that one further office will use renewable energy by 2027 (and that any additional offices also use renewable energy). This will be achieved through seeking to influence our landlords and/or in the role of energy sources in future office move/lease decisions – alongside other factors such as specific location, price, market availability etc.
- 1.13** If achieved, **this change to Scope 2 emissions will reduce our baseline position by around 12% by 2027 and by 23% by 2030.**

¹ Carbon footprint assessment and reduction plan, 2020/21

2. Assessment

Scope 2: heating and powering our offices

- 2.1** SQW has three physical offices, in Edinburgh, London and Manchester. Several employees are also based in the office of one of our sister divisions, in Oxford. The Edinburgh and Manchester offices have a mix of gas and electricity, and the London office has only electricity. We know from our landlord of our Manchester office that the electricity is from a 100% renewable energy tariff, and so the emissions from electricity usage are zero. We have been unable to ascertain from landlords in Edinburgh and London the electricity tariffs, and so we have drawn on emissions conversion factors provided in Government guidance² for the average of electricity generation. Emissions for the employees based in Oxford are attributable to our sister divisions and so are zero for the purposes of SQW's carbon reporting.
- 2.2** Table 2-1 summarises gas and electricity usage across the offices, together with the associated carbon emissions. This shows **total emissions of 17.068 kg CO₂e**.

Table 2-1: Usage and emissions associated with electricity and gas for SQW offices 2022/23 (i.e. April 2022 to March 2023)

	Avge FTEs for 2022/23	Gas usage (kWh)	Elec usage (kWh)	Emissions from gas (kg CO ₂ e)	Emissions from elec (kg CO ₂ e)	Total emissions (kg CO ₂ e)
Edinburgh	10.0	23,856	5,442	4,364	1,127	5,491
London	17.1	0	29,524	-	6,114	6,114
Manchester	19.4	29,864	12,548	5,463	-	5,463
Oxford	1.8	0	-	-	-	-
Total	48.3	53,720	47,515	9,827	7,241	17,068

Source: SQW analysis

Notes: Gas and electricity usage for Edinburgh and Manchester are estimated based on the costs due to us provided by property landlords. The London office usage is estimated based on breakdowns provided by the landlords that do not match to our own April-March reporting cycle. The Manchester office is on a 100% green tariff, and so emissions are zero. Oxford's emissions are excluded as the office is included within our sister divisions. Emissions are calculated based on usage and the emissions conversion factors provided in Government guidance (UK Government GHG Conversion Factors for Company Reporting, 2023) for natural gas (gross CV factor is 0.18 kgCO₂e per kWh) and electricity generated (factor is 0.21 kgCO₂e per kWh)

Scope 3

- 2.3** For Scope 3 we have identified the following sources of emissions as being the main ones associated with our operations and supplies:
- Purchases of ICT equipment & running of servers and other office purchases (including the upstream transportation and distribution)

² See <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>

- Transmission and distribution loss from the purchase of electricity for our offices
- Waste generated in operations
- Business travel, including hotel stays
- Employee commuting
- Homeworking (i.e. emissions associated with additional power and heating used by staff in the course of working from home).

2.4 Given that we sell knowledge through consultancy services, rather than a physical product, there is no downstream transportation and distribution. Therefore, the emissions associated with this category of Scope 3 are zero. Indeed, the transport/distribution component of consultancy is through business travel.

Purchases of ICT equipment & running of servers and other office purchases (including the upstream transportation and distribution)

2.5 The purchases of ICT equipment and the running of key hardware off site (i.e. our servers, which are based in specialist datacentres) are important sources of our carbon emissions.

2.6 We have four servers off site, and we share these with our sister divisions. Data from Dell indicates that the carbon emissions of the full lifecycle of these servers (including manufacture, transportation and distribution, operations and end of life) are 31,970 kg CO₂e. Based on an assumed lifespan of four years and the fact that 30% of the emissions are attributable to SQW (with the remaining 70% attributable to our sister divisions), **we estimate a single year of emissions for these servers to be 2,398 kg CO₂e.**

2.7 Our ICT purchases in 2022/23 were for 18 laptops, 32 other items (e.g. headsets, keyboards, webcams, docking stations). Based on the estimated weight of these items and conversion factors for the supply of ICT related equipment including transportation and distribution (24.865kg CO₂e per kg of ICT equipment³), **we estimate emissions for these ICT items to be 2,694 kg CO₂e.**

2.8 Other office purchases principally related to stationery suppliers. In 2022/23, these were modest, including 15 packs of paper purchase, providing **estimated emissions for stationery supplies of 34 kg CO₂e.**

2.9 **Therefore, the total emissions for purchases, including upstream transportation and distribution, are 5,126 kg CO₂e.**

³ Government emissions conversion factors indicate 24,865 kg CO₂e per tonne of ICT equipment.

Transmission and distribution loss from electricity

2.10 In purchasing electricity to power our offices, there are losses in its transmission and distribution – i.e. more electricity needs to be generated than we actually use. These losses are associated with further emissions.

2.11 Based on the electricity usage of our Edinburgh and London offices (Manchester is excluded given that it is on a 100% renewable tariff), **we estimate the carbon emissions associated with these losses to be 626 kg CO₂e** (0.02 kgCO₂e multiplied by 32,047 kWh electricity purchased⁴).

Waste generated in operations

2.12 Based on assumptions related to recycling and waste in our offices, **we estimate emissions from office waste to be 1,020 kg CO₂e⁵:**

- waste = 1,000 kgCO₂e
- recycling = 20 kgCO₂e.

Business travel

2.13 In 2022/23 levels of business travel increased compared to the previous two years. As a result, the associated carbon emissions were higher. Table 2-2 shows the mileage by mode of travel and the associated carbon emissions. This shows total **carbon emissions associated with business travel at 7,683 kg CO₂e**.

2.14 There were 67 hotel stays during the year. This provides **total carbon emission associated with hotel stays at 706 kg CO₂e**.

Table 2-2: Carbon emissions associated with business travel

Mode	Distance (km)	kg CO ₂ e per km	kg CO ₂ e
Rail - national	103,447	0.035	3,669
Tram	109	0.029	3
Tube	330	0.028	9
Taxis	766	0.149	114
Own car	5,080	0.170	863
Bus	419	0.102	43
Flights - domestic	4,765	0.273	1,299
Flights - international	9,208	0.183	1,684

⁴ The calculation uses the appropriate Government emissions conversion factors (2023)

⁵ The coefficients used below are from Government emissions conversion factors (2023) for general refuse and paper/cardboard recycling

Mode	Distance (km)	kg CO2e per km	kg CO2e
Total			7,683

Source: SQW analysis
Notes: The assumptions for emissions per mile have been derived from Government guidance (2023) using assumptions for different types of travel

Employee commuting

2.15 There was a modest level of office occupancy in 2022/23, and so commuting was low. However, office occupancy was slightly higher than the previous year, meaning an increase in commuting, and emissions from commuting. Based on the collection of data on office attendance, means of transport for commuting, and commuting distance for a "normal" week for each office member, we have estimated total **carbon emissions associated with employee commuting travel at 7,015kg CO2e.**

Table 2-3: Carbon emissions associated with commuting

	Distance (km)	kg CO2e per km	kg CO2e
Rail	79,421	0.035463	2816.5
Tube	15,772	0.027802	438.5
Bus	7,644	0.10215	780.9
Car	17,542	0.169826	2979.1
Total			7,015

Source: SQW analysis
Notes: The assumptions for emission per mile have been derived from Government guidance and conversion factors for GHG emissions from 2022

Homeworking

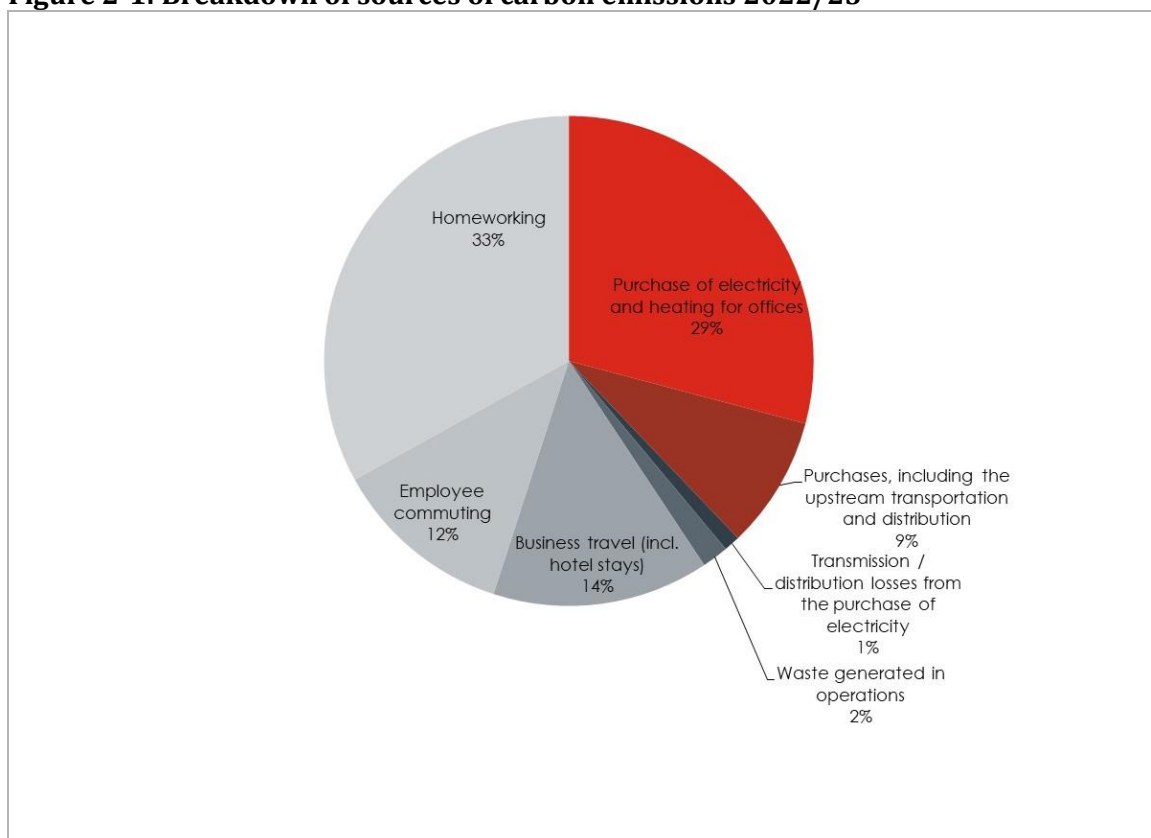
2.16 Homeworking remained common in 2022/23, with an estimated 65% of working days carried out at home. Based on the number of FTEs, working days and an assumption of eight hours per day, this results in approximately 58,000 working hours spent at home (49 FTEs for 228 working days * 65%).

2.17 Using Government guidance on the CO2e conversion factor for FTE working hour office and heating from home for 2023 (of 0.33 kg CO2e equivalent per hour), we have **estimated carbon emissions associated with homeworking of 19,373 kg CO2e.**

Breakdown of emissions sources

2.18 Figure 2-1 sets out the breakdown of carbon emissions by source. This shows that approximately a third (33%) of our emissions for 2022/23 were due to homeworking (compared to approximately half from the previous year). Heating and power for offices accounted for 29%. Business travel and employee commuting together accounted for over a quarter of emissions (compared to 8% the previous year). We expect that this breakdown may remain broadly similar in future years, although business travel may increase in relative terms, dependent on client expectations.

Figure 2-1: Breakdown of sources of carbon emissions 2022/23



Source: SQW analysis

3. Targets and actions

- 3.1 SQW is committed to being a net zero company by 2030.** This commitment is highlighted explicitly in our five-year strategy “*Towards SQW 2028*”, where advancing with purpose our commitment to Social Value, including Net Zero is identified as one of five ‘Strategic Ambitions’ which will frame our business activity and decision-making over 2023-2028.
- 3.2** We will continue to monitor our emissions closely. That said, if the emissions remain around the level seen in 2022/23 (or increase only modestly, for example owing to business travel), **we will continue to pay to offset our residual emissions in order to continue to be carbon neutral.** Achieving net zero, whereby we reduce our emissions as far as is practical, will need to take account of the following areas:
- reducing emissions associated with office heating and power
 - determining where we can reduce emissions associated with our purchases and running of ICT equipment
 - actions that we can implement that can minimise our indirect emissions through business travel, employee commuting and homeworking.
- 3.3** At this stage we have set a target to ensure that all of our offices use renewable energy by 2030, with the result that our Scope 1 and 2 emissions are zero. As an interim target, we intend to reduce Scope 2 emissions by around 50% from the baseline level by 2027. This means that one further office will use renewable energy by 2027 (and that any additional offices also use renewable energy). This will be achieved through seeking to influence our landlords and/or in the role of energy sources in future office move/lease decisions – alongside other factors such as specific location, price, market availability etc.
- 3.4** If achieved, **this change to Scope 2 emissions would reduce our baseline position by around 12% by 2027 and by 23% by 2030.**
- 3.5** If our emissions remain broadly similar in 2023/24 – with two years of data at that point suggesting working arrangements and client expectations on business travel have stabilised post-pandemic – targets in relation to Scope 3 emissions will be set in next year’s plan. The targets will be consistent with our ambition to being a net zero company by 2030, and reflect our wider business objectives and priorities, including our commitments to meeting client needs, the well-being of our staff, and providing a positive and progressive approach to flexible and hybrid working.

Key actions

- 3.6** The priority actions for us for the coming period are to:

- where practical and in line with business needs embed low emissions that have been achieved from reduced travel due to the pandemic through the use of online meetings
- build environmental impacts into office infrastructure decisions and discussions (including with landlords related to new or extended leases), in particular in relation to energy tariffs (with the ultimate objective that we have zero emissions associated with the electricity and heating of offices by 2030), and heating/lighting facilities
- review and seek to identify scope for proportionate and practical improvements in our approach to estimating Scope 3 emissions (e.g. on commuting and home-working data).
- discuss considerations of environmental impacts and potential improvements with landlords of our offices (e.g. as part of regular periodic reviews/meetings), particularly in relation to energy tariffs, heating/lighting, recycling and waste facilities, and provision for active travel.

Medium and longer-term actions and considerations

3.7 The assessment points to two further considerations:

- Our central servers and ICT equipment may be key sources of carbon emissions. This raises issues around the potential reductions that could be achieved through moving to cloud based ICT solutions, and potential more marginal savings from seeking to lengthen the life of ICT equipment (within business requirements).
- Hybrid working may have implications for our carbon footprint, and so better understanding of the sources of emissions will be useful in identifying further actions.

Ongoing actions

3.8 SQW has an Environment Policy, and this includes a series of ongoing actions that we take to minimise our impact on the environment. These are summarised as follows:

Minimise energy use and carbon impact

3.9 Within the practical constraints that our offices are in multi-tenant buildings managed by external parties, we will:

- use low power consumption electrical devices wherever feasible
- encourage all staff to take responsibility for switching off lighting, computers, screens and other electrical equipment when not in use
- ensure that all light bulbs that need replacing are replaced with energy-efficient bulbs wherever feasible so to do.

Commuting

3.10 The company is committed to reducing air pollution and energy use by minimising the need for car usage by its staff in commuting. We will:

- continue to use office locations that are very well served by public transport
- offer interest-free rail travel season ticket loans to all permanent employees
- encourage cycling to work where possible, through participation in the government's Cycle to Work scheme.
- allow members of staff to work from home, where this meets the firm's and individuals' needs, under our flexible working policy

Travel for project and corporate reasons

3.11 In relation to travel and meetings, for both clients and internally, we will:

- encourage clients to use online meetings rather than face to face meetings where appropriate, recognising that at times face to face meetings will be required
- encourage staff to walk, cycle or use public transport as far as practical when travel is required on a project (as opposed to travelling by car or aeroplane)
- pay a mileage allowance for business travel on bicycles (except commuting) and an enhanced car mileage allowance where two or more employees travel in a car on business (except commuting).

Reduce material waste and maximise recycling

3.12 We procure a range of goods and services for use in our business activities, particularly stationery and printing consumables. We will:

- encourage staff to recycle paper and cardboard waste through provision of recycling bins
- recycle 100% of our printer and photocopying toner cartridges
- ensure that all redundant furniture is re-used or recycled where possible, by selling it on, giving it away, or recycling it
- ensure that redundant ICT equipment has any data securely wiped, and is re-used where possible within the wider SQW Group, or otherwise disposed of in accordance with the Waste Electrical and Electronic Equipment Directive

- minimise use of paper by encouraging staff to move towards predominantly electronic file storage and use
- where paper is used, minimise printing requirements by encouraging double-sided and two-pages-per-sheet printing where appropriate, and the use of versions of our standard reporting templates with blank front/back covers, and continuing to move towards predominantly electronic file storage
- avoid using single use plastics as part of office supplies as far as possible (e.g. plastic drinks bottles; individually wrapped food products; and plastic straws and cutlery) by identifying these and making specific requests to suppliers or seeking alternative suppliers where this is practical
- aim to recycle a wider range of waste products from office life each year, as far as is practical (e.g. cans, plastic bottles, etc.) through local refuse collections.



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About us

SQW Group

SQW and Oxford Innovation are part of SQW Group.

www.sqwgroup.com

SQW

SQW is a leading provider of research, analysis and advice on sustainable economic and social development for public, private and voluntary sector organisations across the UK and internationally. Core services include appraisal, economic impact assessment, and evaluation; demand assessment, feasibility and business planning; economic, social and environmental research and analysis; organisation and partnership development; policy development, strategy, and action planning. In 2019, BBP Regeneration became part of SQW, bringing to the business a RICS-accredited land and property team.

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Oxford Innovation

Oxford Innovation is a leading operator of business and innovation centres that provide office and laboratory space to companies throughout the UK. The company also provides innovation services to entrepreneurs, including business planning advice, coaching and mentoring. Oxford Innovation also manages investment networks that link investors with entrepreneurs seeking funding from £20,000 to £2m.

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