

Responding to climate change*

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The challenge of capacity building for climate responses

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Exercise: how might climate affect ...

- 1) A construction company bidding for a Design, Build, Finance & Operate (DBFO) contract to replace /upgrade an LA's schools in the UK?
- 2) A care of the elderly strategy in a UK local authority?
- 3) Refurbishment of a chilled food factory in the UK?
- 4) A finance company that finances renewables project for 20 + years in Latin America?
- 5) Project planners for PUSH (Partnership for an Urban South Hampshire) – 80k homes, 40% greenfield sites, 60% in Southampton, Portsmouth, Eastleigh, etc?

The world of 2050 is being created in such decisions every day, often unwittingly

- How many organisations are currently taking these decisions well?

Risks: US hotel chain operating in UK



Risks: Australian construction company

- New UK theatre closed within weeks of opening
- Cause: torrential rain overwhelmed drains
- Cost to replace - £2m
- Cost to prevent during construction – trivial

Underlying reason: Awareness: risk assessment took historical perspective, not forward looking

Risks: UK construction company

- New hospital in NE
- Low energy cooling system was replaced by cheaper & less efficient air conditioning plant
- Incremental energy cost £1.5 million per annum

Underlying reason: operational management of M&E subcontractors did not link to architects' expertise

Risks: Global telecommunication company

- Won major UK prize for quality of CSR report
- Adopted & publicised aggressive carbon reduction commitment
- Change of strategy led to £50 million NPV increase in energy costs, consistent CO2 increases
- This was a complete surprise to top team

Underlying reason: lack of appropriate board level due diligence processes for major investments

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- How many organisations are currently taking these decisions well?

NOT MANY!

Some particular change challenges

- Need for great innovation – NOT business-as-usual!
- Low level of awareness of most people
- The emotional ‘chasm’
- Great level of complexity of the issue
- Inherent uncertainty over long time scales
- The low level of capacity of most organisations ...
- ... including most governing organisations
- ‘Lock-in’ or ‘path dependency’

Lock-in and path dependency

- Change is not always equally possible
 - E.g. the day after construction has finished
- Some possible changes (but not all) can be spotted years in advance
 - E.g. equipment cycles, capital plant, contracts
- Failing to take opportunities locks us into the status quo – and vice versa
 - E.g. steel industry, cement, housing stock
- Taking opportunities requires exciting and different approaches to management

PACT was developed to address questions like these:

- What differentiates high and low capacity?
- How can we diagnose organisations' current capacity?
- How can we identify where a difference can make a difference?
 - How can we cross the emotional chasm?
 - How can 'lock-in' be addressed?
- How can we accelerate progress?

How PACT was developed

- Followed successful ABL / Hampshire County Council collaboration in ESPACE project
- HCC / ABL collaboration continued on capacity building during ESPACE extension project
- Very significant support from SECCP / Climate South East, also from Environment Agency, Kent County Council, VROM, TRL and others
- Now used in many other contexts, including businesses and finance

Where has PACT been used successfully?

- 7 UK local authorities, both whole organisations & depts.
- A region of a major UK public body
- The Netherlands national adaptation programme
- A Regional Climate Change Partnership
- A large sustainable development consultancy
- A specialist NGO offering energy advice
- Two well-known UK businesses (water & construction)
- A small business supplying cosmetics to the Body Shop
- A Mexican bank providing finance to blue chip Latin American renewables projects.
- A new university of the environment in Mexico.