

Economists count true business costs of climate change

March 19 2015, by Andy Dunne



Researchers in our Department of Economics have been involved in a new project to map the true business costs of climate change, from flooding to heatwaves.

A new report, prepared with researchers in our Department of Economics for leading social housing provider Aster Group, urges businesses to consider the true financial costs of climate change in order to better plan for extreme weather events.

Main risk factors

From countering the effects of extreme winter weather to summer heat waves, the report highlights three main risk factors to address for the Aster Group. Focusing on flooding, subsidence, and the risk of overheating for elderly residents, the report pinpoints detailed cost implications for the organisation were no actions to be taken.

Projecting forward under different scenarios, their findings suggest that costs from [extreme weather events](#) could increase by a factor of 10 with climate change over the next 35 years. As such, they suggest targeted investments now would make significant financial savings in the future.

The report will be used to inform business planning for Aster, but has implications across other sectors too. As the researchers suggest, whereas some organisations have made provisions to adapt to climate change many others, including many smaller organisations, still have not.

Physical and reputational damage

This highlights both the economic costs to an organisation in repairing physical damage which may arise, but also some of the broader economic costs, including the impact of stress and mental health to occupants, as well as potential reputational damage.

Lead economist on the project Dr Alistair Hunt, explained: "Our study highlighted key climate change risk factors over the next 30-40 years for one specific organisation, but our findings and the underlying methodology used are applicable across the sector and for the wider business community.

"From current projections we know that [climate change](#) will pose a serious challenge by 2040 for many organisations. Putting a true economic cost on these risks can act as a catalyst to taking action today in order to help organisations better prepare for the future."

Academic - business partnership

The work is part of an Innovate UK project led by the Global Climate Adaptation Partnership (GCAP) with Daniel Black & Associates (db+a),

researchers both from our University and at The University of Manchester.

Adam Hackett, Aster Group head of sustainability and safety, said: "The study has helped us understand the potential impact on our properties as weather and climatic conditions in this country continue to evolve.

"It's vital that we're able to plan for those future changes so we can ensure we're in the best possible position to respond to any challenges we may face."

Dr Thomas E Downing, CEO at GCAP added: "We pioneered the application of process modelling to Aster Group's business functions and came up with practical strategies and measures. We look forward to continuing with Aster in putting innovative solutions in place across their strategic and operational teams."

Provided by University of Bath

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