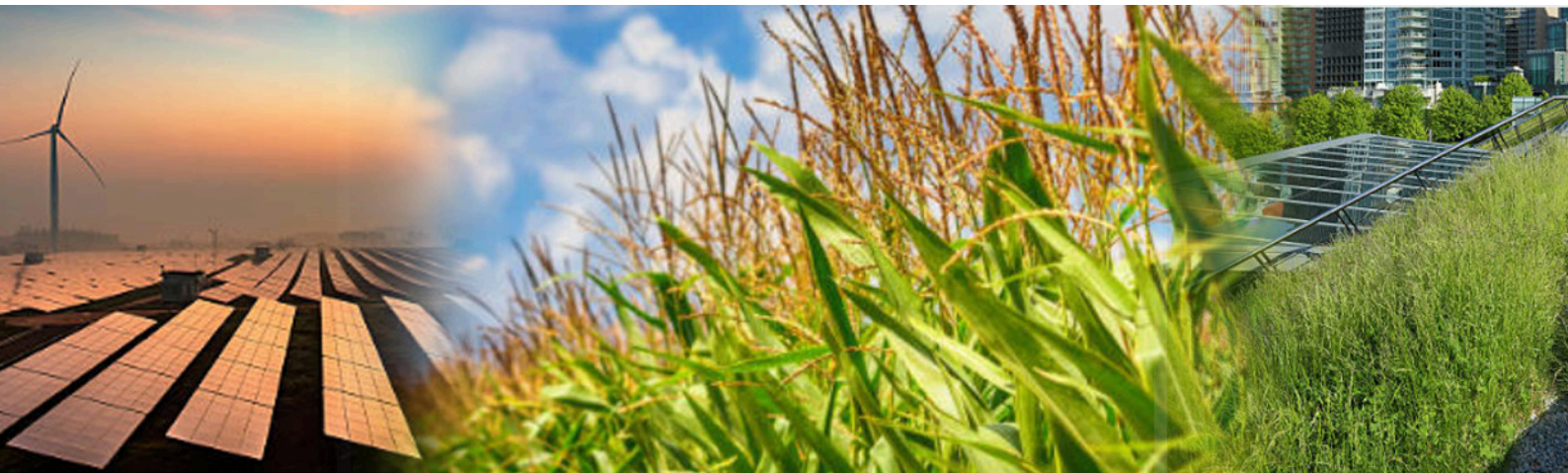# DOING THE RIGHT THING:
HOW THE CENTRAL SOUTH'S BUSINESSES SEE THEIR ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

SOUTHERN POLICY CENTRE AND TERENCE O'ROURKE

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Southern Policy | Centre

TERENCE O'ROURKE

"If we act now we can yet put it right."

David Attenborough

DOING THE RIGHT THING:
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PREFACE

The growing effects of climate change are having a profound effect on our natural environment and society. With a focus on a green economic recovery following the pandemic, there is a need to secure sustainable growth that will protect the important natural capital of the Central South and future-proof the prosperity of the region.

Businesses are key to delivering a green economic recovery. If we are to see a different sort of recovery, then we need to understand how local businesses see their environmental and social responsibilities, and whether they plan any changes in the light of their experiences over the last 18 months.

Terence O'Rourke (TOR) is a leading planning, design and environmental consultancy that has been helping clients to deliver new homes, jobs, university expansion, visitor destinations, hospitals and key infrastructure since 1985. As a business that puts environment and people at the centre of its strategy, TOR is keen to take a lead in tackling the challenge of climate change.

TOR sponsored this Southern Policy Centre research to better understand how the Central South's business community sees the notion of a green recovery, to enable discussion and to explore how they are acting upon these challenges. Businesses have a key role to play but there is a need for an informed and collaborative approach if we are to succeed.

We very much hope that the Study findings will generate further discussion and identify best practice and solutions for the many businesses that want to "do the right thing".

Tim Hancock
Chairman
Terence O'Rourke Ltd

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01 INTRODUCTION

This study, which has been sponsored by Terence O'Rourke, grew from a series of seminars the Southern Policy Centre (SPC) held in the summer of 2020. In the aftermath of what turned out to be just the first of several lockdowns to combat the Covid-19 pandemic we brought together an audience of businesses, local authorities, universities, local enterprise partnerships and other local leaders to explore what 'recovery' for the central South's economy might look like.

One key theme that emerged was the idea that in a post-pandemic world we might want to re-set our economy, to give greater weight to lessons learned from lockdown: the importance of nature and the natural environment to our mental and physical wellbeing; the contribution society and our social networks made to nursing people through difficult times. Many have suffered hardship over the last few months, whether losing their job, seeing their income reduced or as their mental health suffers. The pandemic has highlighted, and sometime accelerated, problems society was already struggling to deal with.[1]

Businesses have long recognised their responsibility to society, and many have a long history of 'corporate social responsibility'[2]: whether sponsoring community events, making a positive effort to employ and train disadvantaged individuals or encouraging their staff to volunteer with local organisations. There is a growing debate about the ethical responsibilities of business, which has been to the fore as we emerge from a series of lockdowns (see Chapter 3).

That discussion of a fresh approach to economic growth has been given even greater impetus by the news of our worsening environmental crisis, with the Sixth Assessment Report from the Intergovernmental Panel on Climate Change (IPCC) published in August 2021.[3] The IPPC concluded it was unequivocal that human activity was leading to unprecedented climate change, and that urgent action was needed to reduce emissions of CO_2 and other greenhouse gas emissions.

The Department for Business, Energy & Industrial Strategy (BEIS) estimated that in 2019 the business sector was responsible for 13% of the UK's greenhouse gas emissions, with transport and the energy sector, both key to our local economy, responsible for nearly 50%.[4] Whilst the picture on emissions is complex, it is clear that the business community have a major role to play in responding the climate emergency. And it's not just these raw statistics that capture the significance of what business do: they also have a key role in setting an example to society as a whole by changing behaviour and practices.

It was clear from our discussions last summer that many felt the business community have a part to play in evolving our economy to respond to a wide range of environmental and social challenges. However, no one has a clear picture of how businesses themselves across the central South see their role, or indeed what activity is already underway.

Terence O'Rourke approached SPC suggesting that they would sponsor a study exploring how businesses in our region saw their responsibilities, and how they could be assisted in taking an active role in responding to our environmental and social challenges. This report is the result of that initiative.

Our research focused on how businesses conduct themselves and the actions they take to improve their environmental and social impacts. It is not about the opportunities which the growing 'green economy' offers to develop new goods or services, although that's an equally significant issue for our economic recovery.

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[1] See, for example, State of the nation 2021: social mobility and the pandemic – Social Mobility Commission (July 2021) - State of the Nation 2020-21: Social Mobility in Great Britain (https://www.gov.uk/government/publications/state-of-the-nation-2021-social-mobility-and-the-pandemic)

[2] The Chartered Institute of Personnel & Development produce a useful factsheet outlining the concept for corporate social responsibility - Corporate Responsibility | Factsheets | CIPD

[3] Climate change 2021: the physical science basis – IPPC (August 2021) - Sixth Assessment Report (ipcc.ch)

[4] 2019 UK Greenhouse Gas Emissions -BEIS/ONS (June 2021) - 2019 UK greenhouse gas emissions: summary (publishing.service.gov.uk)

02 METHODOLOGY

This study focuses on businesses across the administrative areas of Bournemouth, Christchurch & Poole, Hampshire, Isle of Wight, Portsmouth and Southampton Councils. For the purposes of this study this is the area we term the 'central South'.

The views of businesses across the region were sought by means of a questionnaire asking how they saw their responsibilities towards the environment and society, how their perception was changing and what was driving that change. That survey was conducted on-line, with a link being distributed as part of a message explaining the aims of the study to businesses sent by SPC, Terence O'Rourke, several of our local authorities, LEPs and Business South. It was open between June and August 2021.

Chapter 4 summarises the results of our survey, all percentages quoted are rounded to the nearest whole number. Whilst the participation was not sufficiently high to allow detailed interpretation of the results, we are confident that we have captured a sense of how businesses see their role. It is likely, of course, that there is a degree of bias: a business owner or leader who feels strongly about environmental or social matters is more likely to respond than one who believes those responsibilities lie elsewhere. For that reason we have taken care not to over interpret the data, rather it has been used alongside evidence from elsewhere as we've considered our conclusions.

To complement the survey, we conducted three round table discussions, each involving 4-5 local businesses who were invited to attend by SPC. One round table focused on small businesses, the second medium and the third large. All took place in July 2021. Participants were drawn from across the study area and from various business sectors. Four one-to-one interviews were held with businesses who were unable to attend the round tables but wished to contribute to the study.

We also spoke to representatives of organisations who work closely with the business community to understand how they saw attitudes and actions changing across that community. Ten one-to-one interviews were conducted between May and July 2021 with local authorities, LEPs and the Hampshire Chamber of Commerce. The individuals we spoke to are acknowledged at the end of this report.

All text in bold type, italics and quotation marks is a direct quotation from one of our participants. However, we have not attributed any stances, comments or quotations to named individuals taking part in the round tables or interviews. The survey was conducted anonymously.

Our emerging conclusions were tested at a seminar held on 28 July 2021, which was attended by 24 individuals from local businesses and councils. Their observations have been incorporated into this final report, again anonymously.

The analysis and recommendations in chapters 7 and 8 of this report draw on all these sources of information from those who participated in whatever way.

During our research we found many examples of good, innovative practices from local businesses. We have included three case studies to illustrate what companies in the central South are doing to tackle environmental and social challenges. This study does not examine the perceptions of businesses by economic sector or regional geography. Our aim was simply to gain a baseline understanding of the way in which the central South's business community see their environmental and social responsibilities. There are opportunities to build on that baseline with more detailed research, for example by sector. But our immediate focus was to gain a greater understanding of the views of our businesses at this critical time as we emerge from the pandemic and into a realisation of the imminence of the climate crisis.

03 CHANGING PRIORITIES, CHANGING VALUES

In recent years we have seen public concerns about environmental issues grow: in May 2011 8% of people felt that environmental concerns was one of the most important issues facing the country, that figure had risen to 27% by May 2019.[5] More recently, there has been a twin focus on issues of biodiversity loss and climate change, with those topics coming to the forefront of public debate (see, for example, ref.[3] and ref.[6]).

Alongside these environmental concerns, the public are concerned about poverty and deprivation in society: whether that be poor housing, low income or unemployment. To take one example, the 2020 Social Mobility Barometer, an annual survey published by the Social Mobility Commission, reported that more than half of people feel that government does not give enough support to those who are struggling or to the least well off.[7] The Covid-19 pandemic has encouraged many people to focus on the importance of environmental and social issues. The 2021 Social Mobility Barometer, based on data collected in late 2020, found over half the public (56%) think the pandemic has increased social inequality.[8]

It seems that the public are demanding change on both environmental and social policy: a recent survey conducted by You Gov found that 82% of members of the public questioned wanted the Government to prioritise the health and wellbeing of citizens over economic growth as they shaped a recovery. In the same survey 61% of respondents wanted improved social and environmental outcomes to be the Government's priority.[9]

As a participant in one of our round tables put it, "*business is part of our society*", so it's no surprise that businesses across the spectrum have reflected these changing public attitudes over many years: the Prince of Wales established Business in the Community over 40 years ago to help promote and encourage 'responsible business practice'.[10] That was one of the earliest of many such initiatives and, as this study has found, today there is a wide variety of organisations helping business find opportunities in the 'green' market, or assisting them in improving their own environmental performance: from energy use to waste production. For many businesses, their 'green' or 'sustainable' credentials are a key part of their offer, albeit that these terms can mean many things.

In the eyes of some commentators, the complex and serious challenges our society faces are driving a change in society's values, and as a consequence in the values of business. As, post-pandemic, people are placing greater value on improved social and environmental outcomes so, Mark Carney argues, society is re-assessing our values. Carney, former Governor of the Bank of England and now the Prime Minister's finance advisor for the UK presidency of the COP26 Climate Change Conference, has argued that when it comes to how we see the economy then "*the values of economic dynamism and efficiency have been joined by those of solidarity, fairness, responsibility and compassion*".[11]

As a part of that changing society, many business owners and their employees will share that re-alignment of values. They will bring their personal values to their work. Moreover, they will face other drivers, as we outline in presenting our findings: businesses face growing expectations from clients, suppliers, customers, even their own staff to behave differently. That is a great incentive to change: as Mark Carney argues "*firms that align their business models with the transition to a net-zero carbon economy will be rewarded handsomely, those that fail to adapt will cease to exist*".[12] The same fate could await those not responding to other shifts in what we as a society value or regard as important.

This study was designed to explore how businesses across the central South see the changes in what society values, and indeed in what they see as driving their business. We also wanted to understand how they are reacting to these shifting paradigms, and what support is needed to help maintain business success and so economic prosperity in a changing world.

[5] YouGov Survey, The most pressing issues facing the nation – YouGov (June 2019) - Concern for the environment at record highs | YouGov

[3] Climate change 2021: the physical science basis – IPPC (August 2021) - Sixth Assessment Report (ipcc.ch)

[6] The global assessment report on biodiversity and ecosystem services: summary for policymakers – Unesco (2019) - ipbes_global_assessment_report_summary_for_policymakers_en.pdf

[7] Social mobility barometer: public attitudes to social mobility in the UK, 2019-20 – Social Mobility Commission (January 2020) - Social Mobility Barometer (publishing.service.gov.uk)

[8] Social mobility barometer: public attitude to social mobility in the UK, 2021 – Social Mobility Commission (March 2021) - Social Mobility Barometer 2021 - GOV.UK (www.gov.uk)

[9] Positive Money – (May 2020) - New polling: only 12% want UK to prioritise economic growth over wellbeing - Positive Money

[10] Business in the Community - Homepage - Business in the Community (bitc.org.uk)

[11] From Values(s): building a better world for all (p.6) – Mark Carney (2021, pub. William Collins)

[12] Carney loc.sit. (p.7)

04 BUSINESS SURVEY

4.1 RESPONSES

There were 53 responses to the survey. They came from businesses across the study area, identifying by 32 different Bournemouth, Portsmouth and Southampton postcodes. Around 42% of responses came from small businesses (0-9 FTE employees), 28% from medium sized businesses (10-149 FTEs) and 30% from larger businesses (150+ FTEs). Most responses came from well established businesses, 62% of those responding had been trading for more than ten years, only 15% had been established for less than two years.

Businesses responding to the survey represented a wide variety of economic sectors – with professional services (26%) and construction (11%) giving the largest number of responses. Around half felt they had struggled in the pandemic, experiencing a fall in turnover, although 28% said they had seen turnover increase. However, when asked about future priorities none felt in immediate jeopardy and expected to close, most spoke of recovery being an immediate priority, and 70% were optimistic about the potential for future growth. So our responses came from sound, well established enterprises which felt they had a future.

There was evidence of some hard thinking about that future: 49% spoke about wanting to give the business a new direction post-Covid, with 26% aiming to give greater priority to ethical considerations. One spoke of their desire to **"help fellow SMEs embrace social and environmental concerns"**, whilst another expected to **"focus on wellbeing, diversity and inclusion"**. The survey gave the clear impression that many of the participants are taking time to think about their future role and contribution.

Our survey specifically asked about how businesses saw their environmental and social responsibilities, and whether their perceptions of those responsibilities had changed over the past twelve months. The next two sections of this chapter report the responses. Where participants were given the opportunity to add a comment, for example when asked what they may change to improve their environmental impact, their response may also be reflected in analysis in chapters 5 & 6.

Not all respondents answered every question, the percentages below are a percentage of those responding to the relevant question.

4.2 ENVIRONMENT

How do you see your business's environmental responsibilities?

- 38% see environment responsibility as a very important driver of their business, whilst a further 53% see it as one factor which guides their thinking

- 91% felt their sense of responsibility influenced their product or service, 98% their working practices and 79% their employment practices

- Businesses are seeking to change:

  – Packaging, sourced to use more recyclable material

  – Energy use, to ensure greater efficiency and more use of renewables

  – Locally sourcing materials where they can

  – Use of low carbon materials/methods

  – Better management of waste, greater recycling

  – Reducing travel, promoting green travel and encouraging flexible and digital working

Has your perception of your business's environmental responsibilities changed?

- 42% felt their environmental responsibilities had become more or significantly more important in the last 12 months

- 30% described the company's leadership as being the principal driver of change, 10% employees and 10% customers, whilst 13% thought experience of the pandemic was driving change

- Most, 91%, expected to take further steps to improve their environmental impact

  – Conducting formal impact assessments

  – Reducing carbon footprint

  – Reducing unnecessary travel

  – Using hybrid/electric vehicles

- 51% felt there were barriers to change, citing the slow progress and lack of clarity on government policy, a lack of pressure from customers or clients, and financial costs

- 79% wanted more advice on how to change, 72% greater financial support and 45% more regulation (to set a consistent framework for all), although others argued against regulation

4.3 SOCIAL

How do you see your business's social responsibilities?

- 49% see social responsibility as a very important driver of their business, whilst a further 49% see it as one factor which guides their thinking

- 96% felt their sense of responsibility influenced their product or service, 94% their working practices and 87% their employment practices

- Businesses are seeking to change:

  – Sourcing materials and services through local suppliers

  – Actively supporting local community initiatives and projects

  – Offering more work experience and training opportunities for local people

  – Providing more flexible working arrangements

Has your perception of your business's social responsibilities changed?

- 42% felt their social responsibilities had become more or significantly more important in the last 12 months

- 29% described the company's leadership as being the principal driver of change, 22% fresh thinking following the pandemic and 16% employees

- 77% expected to take further steps to improve their social impact, addressing some major issues:

  – Trying to help alleviate food poverty

  – Lobbying to reduce workplace abuse

  – Supporting local programmes to develop business leaders

  – Helping tackle community inequalities

- 58% felt there were barriers to change, from the public's willingness to meet costs that might involve through to the sense that their actions would have minimal impact

- 89% wanted more advice on how to change, 64% sought greater financial support and 31% felt there was role for regulation, although again others felt that would slow down change. There was a suggestion that local 'best practice' examples should be highlighted to show what can be achieved

05 THE ENVIRONMENT: INTERVIEWS AND ROUND TABLES

In some respects it's surprising that we even ask whether the business community is concerned about the environment. As one participant put it, "*businesses are made up of people just like you and me, and share society's values*". So we would expect them to acknowledge their role in tackling our local, national and global environmental challenges.

The national conversation within the business community about the environment was reflected in the responses of many who took part in our study. Representatives of larger enterprises spoke of the 'triple bottom line': the obligation to report on *people* and *planet*, as well as *profit*. Larger companies adopt the ESG model for reporting, reflecting *Environmental, Social,* and *Governance* criteria, with a key element of that being how a company performs as a steward of nature.[13]

Smaller businesses did not use the language of triple bottom lines or ESG reporting, they spoke simply about wanting to "*do the right thing*". But they shared the recognition that business has a role to play. And the majority of those taking part told us that managing and improving environmental impact was rising up their business agenda: one participant suggested "*there's so much focus on the environment everywhere you look, we can't ignore the problems*".

We found several factors were driving this desire to act. Some were reactive: key factors included corporate customers' (the supply chain) expectations of a business's sustainability credentials, the scrutiny imposed by financial institutions who themselves faced pressures to lend responsibly or pressure from their own staff to take positive action. Staff views were often cited as a major factor, some larger businesses told us that their environmental credentials were now an important factor in recruiting and retaining staff: one participant working with a medium sized local company told us "*I would only want to work for a company with a genuine commitment to environmental measures*".

But many businesses are also proactive and motivated to act on the environment. For larger enterprises key members of the Board or senior managers often had a personal commitment to pushing the business in that direction. The owners of smaller businesses spoke of their own ethical commitment, indeed for some a prime motivation for establishing their company was to do something positive for the environment: an SME owner told us "*I want my business to reflect my own concerns* [about the environment]". Many businesses really do see themselves as part of the community and want to help make all aspects of their place better.

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[13] See Environmental, Social and Corporate Governance page on Wikipedia for a useful definition (accessed 23/08/21) - Environmental, social and corporate governance - Wikipedia

case study

Airbus

"Airbus is a major multi-national company with 130,00 employees across the world and a pre-pandemic turnover of 60bn. The aerospace industry is under pressure to address environmental issues, not least to tackle pollution and carbon emissions. As a company we are trying to find more sustainable approaches to aerospace, looking at alternative fuels, including Sustainable Aviation Fuel (SAF) and hydrogen powered aviation.

The Portsmouth site, like others across the globe, encourages staff to take their own initiatives to make the site more environmentally sustainable. The process is deliberately 'bottom-up', with a staff group proposing and driving the implementation of ideas to reduce energy or water use, ensure waste is minimised and where possible recycled. Airbus is keen to listen to staff's ideas, recognising the value of gaining staff confidence in their environmental record.

The company also has a global social programme, with a charitable foundation which supports disaster relief and educational initiatives in struggling countries. In the UK Airbus recognise the importance of encouraging young people to develop skills in STEM subjects, and locally we support University Technical College(UTC) Portsmouth. We also send 'ambassadors' to many local schools, trying to encourage a wider diversity of students to follow these subjects and provide mentoring through scheme's such as The Girls Network.

During the pandemic the company have sustained our business, encouraging flexible working where possible. We are committed to reviewing workforce policies as we return to normal, and expect to see more flexibility in practices. Airbus are also exploring further how we can support employee's mental wellbeing."

Roy Haworth
Engineering Manager

case study

TIPCIGROUP

TIPCIGROUP is our family run pallet company which has been operating for over 40 years.

We provide a comprehensive range of pallet services to a variety of high street retailers and online distributers, and whilst we continue to expand, our carbon footprint has always been a key consideration. Our commitment to sustainability is evidenced in that we are the only known U.K pallet company to manufacture 100% recycled treated blocks, and more recently, we have invested in a new fleet of low-emission lorries.

Through investing in innovative new machinery, we have reduced the amount of waste we send to landfill, by establishing a full 360 lifecycle, whereby a 'wood crusher' uses Phytosanitation to crush and heat waste wood to produce a new usable product.

We recognise that environmental adjustments are expensive, but for us, the environment is a priority that is ingrained in our company ethos and reflected in our actions and approach. Our ambition has always been to be the most sustainable pallet company, and a leader in the industry nation-wide.

Connor Hoare
Managing Director

TIPCIGROUP

It was notable that relatively few said that pressure from consumers was driving their decisions, at least not through their direct purchasing choices. They felt they had to strike a careful balance: they knew that consumers would take note of a company's environmental reputation but were concerned that the same people were reluctant to pay the additional costs, whether direct or indirect, that taking action usually entailed.

In some sectors, notably construction, the national regulatory regime drove environmental standards, and so actions. Businesses from these sectors were often content to be relatively reactive, rather than take a strong lead by going a step further. That was particularly true for smaller companies and the self-employed, where cost and capacity were significant considerations.

Our interviews painted a picture of a business community made up of environmental leaders and followers, together with a relatively small number of businesses who have not really engaged with the issue. The small group of leaders are proactive, assessing their environmental impacts and exploring ways of becoming more sustainable. They spoke about re-evaluating their business purpose and introducing new thinking. We saw these leaders across sectors and businesses of different sizes. But the majority are followers, recognising the issue but tending to be more reactive, ***"I'll do what's needed when I'm told to"*** was the comment of one SME owner. Most are guided regulations, others or will introduce some measures in a piecemeal way but without a comprehensive strategy for change.

Whilst we found a strong 'in-principle' commitment, the actions which had been taken were often more modest: moving to a renewable energy supplier, using recycling packaging or switching to electric vehicles, for example. Inevitably larger businesses were able to do more, and we were told of initiatives to recycle

production waste, re-assess energy usage or create green space on office or production sites. Some larger businesses encouraged staff to be proactive, identifying and implementing ideas to 'green' the company.

Of course no action, however modest, is to be decried, but for many smaller businesses resources were a constraint. They also felt they lacked expertise and staff capacity to drive change, some felt confused by jargon surrounding issues such as energy efficiency or net zero carbon. They did not know what sources of advice they could rely upon.

The Covid-19 pandemic has had contradictory effects. On the one hand, the disruption and the enforced changes in working practices have encouraged some to step back from the day-to-day and re-think their business strategy, taking into account the enhanced value society now places on the environment. But for many others it has meant their focus has narrowed, their attention is entirely devoted to survival and recovery and they simply do not have the time to think about other issues.

In summary, then, we found a business community which acknowledged they have a role in addressing environmental challenges, and many examples of action being taken. But whilst it's true that we do see momentum, there was a sense that the overall response from the community is a little unstructured and there is confusion as to what can be done and how best to act, one participant spoke of the need for "***clear leadership and a clear 'ask' of business***".

That is not true for all, there are shining examples of businesses across the central South who are doing imaginative things which are having a real impact (the case studies in this report give some examples). The challenge is to help the followers catch up with those leaders.

06 SOCIETY: INTERVIEWS AND ROUND TABLES

Once again, we should expect that many businesses are deeply rooted in communities and understand the challenges local people face. At the heart of the central South's economy are many small or medium enterprises, and they draw their staff from the local community, indeed the business owner is often a local. Larger businesses – particularly in the defence, maritime and aerospace sectors – are often well established in the region, and tend to draw heavily on a local population with specialist skills. A participant from a local authority recognised that "*business is part of our community and will step in when we feel threatened*"

Several participants spoke of the importance of their business "***putting something back***" into the local community. Actions varied from encouraging staff to volunteer, and providing paid time-off to do so, through to support for local community initiatives, from football teams to food banks. We were told of several examples of companies working with ex-offenders to bring them back into the workforce, including one which sponsors a barista school in Winchester Prison.

Larger businesses often had structured programmes which, for example, took staff into local schools to promote STEM subjects or gave work experience opportunities through local schools. Whilst those programmes may be shaped nationally from head office, we were told that there is much local autonomy in how these are run. Smaller companies tended to support charities or projects with strong local connections. For many action began with their workforce policies: supporting skills development, being open to offering more flexible working practices or paying greater attention to mental health. A business owner told us they owed it to their staff to "***be a good employer, and to support them through difficult times***".

As with their greater focus on environmental matters, so our participants felt that businesses were responding to the raised public profile of a variety of social challenges, from homelessness to food poverty or mental wellbeing. Business owners or senior managers were key drivers of change, as were staff. There was less of a sense that investors or financial institutions were scrutinising social policies and practices. Nor did participants see pressures emanating from regulatory regimes, save for national legislation on topics such as the minimum wage or health and safety.

Many participants recognised that a company's reputation on this aspect of its activity was growing in importance for consumers, as well as those they supplied or who supplied them. It was suggested that the well-established focus on product sourcing through "fair trade" initiatives was likely to grow to encompass other aspects of a business's social impact.

For many the pandemic created a sense that "***we're all in it together***" and encouraged them to think how they might help staff and the local community cope with difficult times. The past 18 months have created a willingness to explore how a business can have a wider impact in its community. This is perhaps best seen in the emphasis many are placing on wellbeing and mental health, but participants also spoke of their business re-assessing what it could do to support the community.

We also had several conversations about the importance of working with local suppliers and developing the skills of local people. For those participants the pandemic had encouraged them to look closer to home for what they can do. One person spoke of the opportunity to create stronger local business networks as has been done in Preston in Lancashire, where there has been an emphasis on the principles of community wealth building.[14]

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[14] See Preston City Council's What is Preston Model webpage (accessed 23/08/21) - What is Preston Model? - Preston City Council

However, as with their willingness to do more on the environment, taking a wider community role can only come once a business has got back on its feet post-Covid. And several expressed a note of caution, saying that whilst they were willing to do more their prime purpose was not to fill gaps left if central or local government withdrew from community support initiatives. As one participant said "***business can do a lot, but they cannot replace public services***".

In summary, we found the same willingness to be more proactive on social issues as we did on environmental. The business community's involvement with their local 'place' is long standing and a lot of initiatives to support local charities, facilities or societies are well established. This is perhaps an area where there are more leaders, and much more experience of how a business can make a real contribution. But we saw the same sense that businesses are re-assessing what they can do and where their actions will have most impact. There is growing interest in becoming involved in areas such as mental wellbeing, learning and skills or local sourcing.

case study

"Enhancing Social Value"

Buckland Development Ltd

Since 2018, Buckland Development Ltd (Buckland) has been actively working with local Winchester based charities who provide homes, new skills and employment for the vulnerable and those in need.

Working with Trinity (a local homelessness charity), we have funded the purchase of and project managed the refurbishment of a listed building in central Winchester to create eight self-contained flats. The house supports low-risk individuals leaving custody and looking to make a new start as well as individuals on the Winchester City Councils general housing waiting list. Residents are offered support in a managing a tenancy and training opportunities to help them back into employment and long-term housing. The facility continued to operate throughout Covid and approaches its second anniversary with close to 20 people housed and supported with training, work experience and further education.

Through this project we were given an insight into the factors affecting the rate of re-offending amongst ex-inmates. Two of the contributing factors are the lack of employment and lack of housing on release from prison. To help address the skills and employment provision, we have been working closely with HMP Winchester to support and help establish a Barista Academy at the prison. The Academy will provide much needed qualification and skills to selected inmates prior to them leaving the prison system. In addition, the project will provide improved conditions and facilities for prison staff. With Covid restrictions lifting we are looking forward to progress on the project in the coming months.

**Fiona Gray
Project Director**

Alleyne House project with Trinity Winchester Charity (Buckland Development Ltd)

07 EMERGING MESSAGES

It is inevitable that a study of this nature will get greater engagement from those who are positive about the environmental or social contribution they can make. However, taking that positivity bias into account, we consider our survey and discussions give a very clear message: many businesses accept they have a responsibility to contribute to actions which tackle the environmental and social challenges the central South and indeed the UK faces. Some, of course, are in a better position to act than others, but there are many fantastic examples of initiatives taken by businesses across the region.

Our study suggests some important messages. In terms of their readiness to accept a responsibility towards our environment and society, we found that:

- Businesses see themselves as part of communities across the central South and want to help and support those communities. Quite how deep that commitment is and what businesses are willing and able to do varies, but for most there is no lack of desire to do what they can

- Change is being driven by businesses themselves: the staff and the leaders of large, medium and small enterprises. That positive commitment sits alongside the pressure which is being applied from financial institutions and investors, and for some by those further up the supply chain. Few cited pressure from central Government as driving change

- In some sectors proactive action offers a competitive advantage. But there is a growing sense that *not* acting on environmental issues, and to a lesser extent social concerns, is a business risk: it may lead to a negative reaction from others in the supply chain or financial institutions, or harm the organisation's reputation with investors, staff (including those they want to recruit) and perhaps the public. Many anticipate there is tougher regulation on the horizon, and want to be ahead of the game

- There are businesses across the region who are very proactive in trying to change the agenda for business, and to explore new ways of helping address our environmental and social challenges. These are the 'leaders' at the forefront of re-shaping how businesses see their role

- The pandemic has shown that we can do things differently and given pause for thought to many businesses. Some are re-assessing their values and, in the words of one participant, *"re-evaluating our purpose"*

However, that enthusiasm and commitment is tempered by some real concerns:

- Commitment needs to translate to practical action, and in the immediate aftermath of the pandemic the priority for many is simply to re-establish their business. That is particularly true for SMEs, who simply don't have the capacity to do more than survive and recover at present: as one small business owner put it *"we don't have the thinking space when our priority right now is survival"*

- There is a fear that both central and local government will increasingly impose regulation to drive action by business. As one participant said, *"we don't need more punishing rules, we're more likely to act if there are incentives to get better"*. But many believe the 'stick' of regulation is wielded more than the 'carrot' of incentivisation and encouragement is offered. Carrots are perhaps more likely to stimulate those doing nothing at present to act

- Some are worried that, whilst they can and should make a contribution, the responsibility for change is being shifted to business, perhaps to compensate for cuts in public sector investment. They do not want shoulder the blame for inaction elsewhere

- There are many 'what?' and 'how?' questions businesses do not feel equipped to answer. They find it difficult to cut through often obscure language and competing claims to determine what contribution they can make and how best to invest to deliver change and improvement: in the words of a participant from the construction sector *"I hear too many different opinions on whether electric vehicles are a good or bad thing"*

- Whilst there is currently real momentum to do more on environmental and social issues as we emerge from the pandemic, that enthusiasm may be diluted and even lost as our collective focus moves on to other issues. That is a particular concern for those businesses built on firm environmental and social values

There are also risks which may hold some back from a more proactive approach:

- Businesses need advice to help them make the right investment choices (whether that be cash or other resources) so their support can make a difference. They do not want to be misled into accepting 'greenwash' (or indeed the social equivalent)

- Taking actions often requires some investment. However, that may be difficult to recoup if consumers are unwilling to pay a premium price where the additional cost of environmental or social initiatives must necessarily be passed on: in the words on one retail business *"I don't think people appreciate that it costs us more to provide sustainable products"*

- Whilst many are open to sharing ideas with fellow businesses, some are nervous that they may lose a competitive edge by doing so

08 MAINTAINING MOMENTUM, DRIVING CHANGE

Our research paints a picture of the business sector being at something of a tipping point. The case for change is becoming clearer, whether that be our ever-growing understanding of the impacts of ecosystem changes or the higher visibility of the housing, health and skills inequalities we face. Our recent experience of Covid-19 has, for many, crystallised their thinking and hardened their determination to "*do the right thing*". It is to all our benefit that we capture that enthusiasm and maintain the momentum for change.

The examples we have heard of from businesses across the central South show that the business community recognises it has a role to play, they do not need cajoling into doing more, rather they need supporting in their efforts. We make eight recommendations falling under six broad headings to help maintain progress:

1. **Setting clear expectations** – business responds to a clear vision and sense of direction. We were told that one notable barrier to investment and action is a constantly changing policy environment. We heard criticism of central Government for changing policies (for example on building standards or energy efficiency), of inconsistencies in local policies across the region, and of contradictory actions by local regulators and those advocating change. None of this builds confidence in businesses that they are indeed doing the right thing.

Whilst we are not able to exert much control over the vagaries of national policy, political leaders across the central South can help businesses by setting a clear and consistent framework for the region within businesses can work. Much is already being done to provide this consistency, for example through the Partnership for South Hampshire's work on a green recovery[15] or the vision being shaped by Hampshire's 2050 Commission and Partnership,[16] and these initiatives share many themes.

Our study suggests the region would benefit by developing a clear and consistent narrative on matters such as energy efficiency, waste management or skills development in order to give local businesses a base on which to build their contribution. That could take the form of a menu of clear 'asks' of the sector, highlighting where and how a business wanting to act can make a contribution.

Clearly there should be room to meet varying local circumstances, but that need not preclude a consistent approach. Nor should it stymie innovation when a business has its own ideas. But for the majority some certainty that their efforts will add value, that they are doing the right thing, will encourage investment.

Local authorities and other major local institutions can also make clear what they believe would help the community through their own approach to procurement. Whilst procurement legislation is complex, and can stymie local initiative, councils could, for example, learn from Government initiatives to reflect "social value" in their contracts.[17]

Recommendation 1.1: local authorities in the central South should work together, and with business representatives, to articulate clearly how they believe business can contribute to improving the region's environmental and social performance.

Recommendation 1.2: local authorities should explore how they can make use of existing public value legislation to nurture and support best practice in local businesses.

2. **Helping business find answers** – environmental or social policy is complex territory, filled with its own language and jargon. We heard that this complexity clouds understanding of the problems and hampers responses. Technical language can make it harder to make the case for action, and it's essential that we in some way demystify that language. Otherwise there is a risk businesses are uncertain what they should do and may be deterred from acting.

There is no shortage of committees, forums or organisations which consider the business sector's role in securing environmental or social sustainability, and which can help navigate a way through these complexities. However, that rich network can, for many, add to the confusion: which body to turn to, whose advice to trust? We consider more could be achieved if businesses had more straightforward access to clear, jargon-free advice they could trust through a single, trusted source.

That doesn't demand a wholesale re-arrangement of the many groups which consider and advise what business can do. But it does suggest there should be a simpler way of accessing this advice, with a clear starting point which can guide business, particularly SMEs, through the complexity of advice, regulation and options. The Growth Hubs co-ordinated by our LEPs fulfil just such a role in providing generic business advice and offer one model.

It seems clear from our study that the business community itself should lead in providing that straightforward access. We found that businesses value and trust advice, experience and opinion of their peers. Those companies who already have taken fresh, imaginative approaches to environmental or social action– those we have called 'leaders' - can help inspire others to action. They should have a role in advising the wider business community.

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[15] Greenprint for South Hampshire – PfSH (accessed 24/08/21) - Greenprint for South Hampshire (local. gov.uk)

[16] Hampshire 2050 – Hampshire County Council (accessed 24/08/21) - Vision for Hampshire 2050 | About the Council | Hampshire County Council (hants.gov.uk)

[17] The Public Services (Social Value) Act 2013 requires those who commission public services how they can secure wider economic, social and environmental benefits - Social Value Act: information and resources - GOV.UK (www.gov.uk)

That first-hand experience is complemented by initiatives which can help businesses in shaping their response. The B Corp certification scheme,[18] which offers a verification of a business's standards of environmental and social performance, was launched in Hampshire on 7 September 2021. Sparsholt College in Winchester is launching an initiative to encourage carbon literacy in businesses, and Winchester City Council has developed a carbon literacy programme aimed at its Members and Officers, but which could have wider application. These and other initiatives can help raise a business's understanding of sometimes complex issues, and so help them determine how they can contribute.

We also heard from many participants their concerns about the cost of taking action. There are sources of financial support, although they can be hard to find and access. Some local authorities and LEPs offer grants, often through one-off programmes. However, there is evidence that more readily available funding, often at a quite modest level, could stimulate more activity.

Recommendation 2.1: the business community should explore how best to provide a simplified way for businesses to access clear, jargon-free advice and support on improving their environmental and social contribution. We suggest this be led by the Chamber of Commerce, working with Business South, the region's three LEPs and local authority economic development teams.

Recommendation 2.2: business representatives should explore with local authorities and LEPs how best to provide financial support to stimulate improved environmental performance, including how best that support can be accessed and how it may be targeted for maximum impact.

3. **Giving business the capacity and skills they need** – notwithstanding the very real commitment of most businesses to making a positive contribution, only the very largest have the staff capacity and necessary skills to take action themselves. Many can only maximise their impact by drawing on resources from elsewhere to implement ideas.

At present the opportunity to do so is limited: LEPs, Councils or organisations such as the Chamber of Commerce may have some capacity to co-ordinate and guide activity, but they themselves have limited resources.

As noted above, businesses across the central South who have taken a lead in responding to environmental and social challenges could play a role in supporting and mentoring others who are beginning this journey.

Recommendation 3: the business community, alongside public sector partners, should explore how organisations with experience of improving their environmental and social contribution can support others looking to improve, including by helping secure access to the skills and capacity they need.

4. **Encouraging business support for the local community** – several participants have drawn attention to the opportunity to encourage business and create positive social impacts through community wealth building. Mention has been made of Preston's model, under which anchor institutions across the City commit to supporting local business, creating a positive impact in the local community.

This model may work well in the central South's close and inter-dependent economy. It could be driven by the anchor institutions at the heart of our cities: councils, universities, the health sector and large public organisations or private businesses. The approach may assist in building the employment opportunities and skills we sometimes struggle with, and can also help with the sustainability of businesses by promoting local procurement and investment.

Recommendation 4: local authorities in the central South should lead a conversation about how anchor institutions can work together to shape a model for community wealth building to encourage local, sustainable procurement, skills development and resource management

5. **Building consumer confidence and understanding** – whilst many participants told us of the pressures within their supply chain (ie. from those buying goods or services from them) it was notable how few businesses felt that the general public as customers were driving decisions, particularly on 'going green'.

A number did speak of concerns that those customers would be reluctant to accept higher costs, or perhaps lower materials specifications, and that any investment they made could be difficult to recoup. That seems to suggest that, notwithstanding the rising public awareness of environmental and social issues, the implications of action by business and costs and other factors needs to be discussed more widely.

Recommendation 5: business representatives should explore with local authorities how best to facilitate a public debate to understand the consequences of businesses taking active steps to improve environmental and social outcomes and gain public support for their actions.

6. **Contributing business experience to policy formation** – there is no doubt that business has an important contribution to make to shaping a more sustainable future for the central South. They are already doing much to help protect our environment and support communities but can achieve much more if that contribution is recognised and the business community has an active role in planning and decision-making.

Not withstanding the major contribution our LEPs make to debate and decision-making, there was a perception that businesses are not always heard at a local level, and that their opinion is given little weight by comparison with lobby groups or other interests.

Recommendation 6: local authorities and the business community in the central South should ensure that a clear and powerful business voice is given weight in policy and decision making.

[18] See About B Corps (accessed 24/08/21) - About B Corps | Certified B Corporation

CONCLUSION

This study has shown the level of commitment amongst businesses across the central South to playing their part in tackling the region's environmental and social challenges. Armed with that understanding of the sector's positive approach to some of our major challenges, policy makers can think further about how best that commitment can be harnessed, and about how some of the practical barriers identified by businesses can be addressed.

We have also made some specific recommendations about how those businesses can be supported so they can contribute without undue cost and risk. We are at a point in time where there is a real appetite for change, and every chance that there will soon be legislation to compel change to meet global challenges such as climate change.

The central South can seize the opportunity this moment offers to nurture a fresh perspective in our business community and involve them fully in shaping our future.

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