



Green Business Transition Policy Briefing.

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ACHIEVING A ZERO CARBON FUTURE

Aims of this policy briefing

The global scientific consensus is clear: we are in the midst of a climate crisis.

The local implications of climate change are becoming increasingly evident, with more frequent extreme weather events – floods, droughts, and storms – affecting all corners of the UK. The Government's target of reaching Net Zero by 2050 will require businesses and organisations of all sizes to make changes: this presents risks and opportunities.

This policy briefing is aimed at local authority and business support organisations, as well as other businesses and intermediaries engaged in the sustainability agenda, to inspire action towards the green transition opportunity across Hampshire, Surrey, and the wider Southeast. With changes to the economic development landscape in the coming months, it also aims to encourage discussion within the wider ecosystem for growth, to mobilise leadership and resources to mainstream the green transition within economic development policy and practices.

This policy briefing will:

- Set out the context for the green transition.
- Identify megatrends driving and influencing the transition.
- Articulate the needs and opportunities for the green transition to meet multiple outcomes across the policy spectrum.
- Illustrate a vision for the green transition through several case studies.
- Showcase existing support mechanisms for the green transition.
- Define key catalysts for the green transition for partners to rally behind.

Context of the green transition

Over the past few years, the green transition has shifted from a 'nice-to-have' to a 'must-have'. The importance of the transition is apparent as businesses – regardless of size or sector – are finding themselves at a crossroads where sustainability is not just a choice but an essential strategy for economic recovery, resilience and growth.

For businesses across Hampshire and Surrey, embracing this global shift is not only about aligning with emerging risks, compliance with regulatory requirements and a worldwide movement; it also presents a unique opportunity to redefine their role in a region¹ that currently boasts a thriving £69 billion plus economy. In a region with such high levels of innovation and a strong knowledge economy, the green transition can be a catalyst for creating and participating in new markets, driving innovation, giving back to communities and creating a collective impact that resonates both locally and far beyond their immediate geography.

The current EM3 LEP region is characterised by its network of county towns, proximity to London, numerous transport links, areas of natural beauty, and the adjacent coastal economy around South Hampshire and the Solent.

This is a region that surpasses the national average in productivity, job growth, and skilled workers.² Furthermore, in terms of industrial innovation in the green economy, the region is the home of the jet zero industrial cluster at Farnborough Airport and Surrey University's Centre for Environment and Sustainability. As well as jet zero, key innovation sectors for the region include space and satellite, creative industries, life sciences and animal health. Surrey's largest business sectors overall are professional/scientific/technical, construction and information and communication.³ In Hampshire IT services, construction and wholesale trade are adding most GVA to the county.⁴





Megatrends influencing the green transition.

There are a number of global mega trends that will influence the green business transition. They are set out below, with the risks and opportunities described.

Enterprise M3 LEP, Hampshire and Surrey County Councils are committed to achieving the Government's ambition of achieving net zero carbon by 2050. It is critical to recognise that all businesses in the region, across all sectors, need to decarbonise in support of this. SMEs make up 99% of the UK's businesses and create approximately one third of the UK's carbon footprint.⁵ SME's can draw on their ability to be flexible, nimble and innovative to embrace the green transition but can sometimes lack the resources and knowledge required to change. Beyond decarbonisation, for all businesses, there is the opportunity to embrace the regenerative business agenda, developing into climate-resilient, nature-positive, circular businesses for the future.

A consistent methodology to robustly measure the green economy, or net zero economy, over time is still in development. This policy briefing presents the most recent data that is available at a county level and therefore most useful in providing context to the discussion. Other methodologies evidence a much larger green economy than is outlined below, and as such the data below can be viewed as conservative.

In 2023, the Energy & Climate Intelligence Unit (in partnership with Data City and CBI Economics) published a report detailing the scale of the net zero economy in the UK.⁶ The report states that the net zero economy contributes £71 billion (3.7%) in GVA to the UK economy, this is more than twice the contribution of the energy sector. The net zero economy also supports

840,000 FTE jobs. The energy and construction sectors within the net zero economy created the most economic growth, while the labour-intensive sectors supported the most jobs (professional activities, wholesale and retail trade, and construction).

The same report states that Hampshire and Surrey have 4.2% of their areas GVA as a result of the net zero economy, that being £1,706,000 and £864,000 respectively. 3.5% of jobs in Surrey are in the net zero economy and 3.4% of jobs in Hampshire.

A Local Skills Improvement Plan (LSIP) was developed by Surrey Chamber of Commerce and published in 2023, supported by the Hampshire Chamber of Commerce and Hampshire and Surrey County Councils.⁷ The plan covers Surrey and North/Mid Hampshire. The LSIP identifies the green economy as a priority sector in the region. Research commissioned by the LSIP project suggests that there are around 35,000 green jobs in the LSIP area, which represents 3.8% of total employees (23% higher than the UK as a whole). This is forecast to grow 6% per year to 57,000 up to 2030 (which would outstrip the growth of the digital sector between 2009-2019- around 4%).⁸

The EM3 LEP annual review 22/23 sets out the work the region has been undertaking in promoting green innovation with high growth companies and developing green skills.⁹



Cost of living

Risk: Higher operating costs and reduction in cash flow on an ongoing basis threatens businesses.

Opportunity: reduce outgoing costs by identifying energy efficiency and other cost saving activities associated with green transition.



Extreme weather events

Risk: Warmer, wetter winters, hotter and drier summers and more frequent and intense weather extremes, creating risks for business in relation to built assets, supply chains and business continuity.

Opportunity: Demand for green, low-carbon, resilient buildings and infrastructure.



Digital tools inc AI

Risk: Disruption of the workplace and automation.

Opportunity: New opportunities to collect data, measure, drive initiatives and changes to business models critical to the green transition.



Innovation

Risk: Disruption of the workplace, change to business models.

Opportunity: Disrupt market norms and compete effectively. Also, the development of new products and services that meet the green transition need.



Supply chain

Risk: Supply chain vulnerabilities due to climate and other local/global issues cause business disruption e.g. through breakdown of transport links and non operation of manufacturing sites.

Opportunity: Strengthen supply chain through diversification, using local suppliers where possible and increase collaboration.



Green finance

Risk: Traditional grant funding is not sufficient to catalyse change.

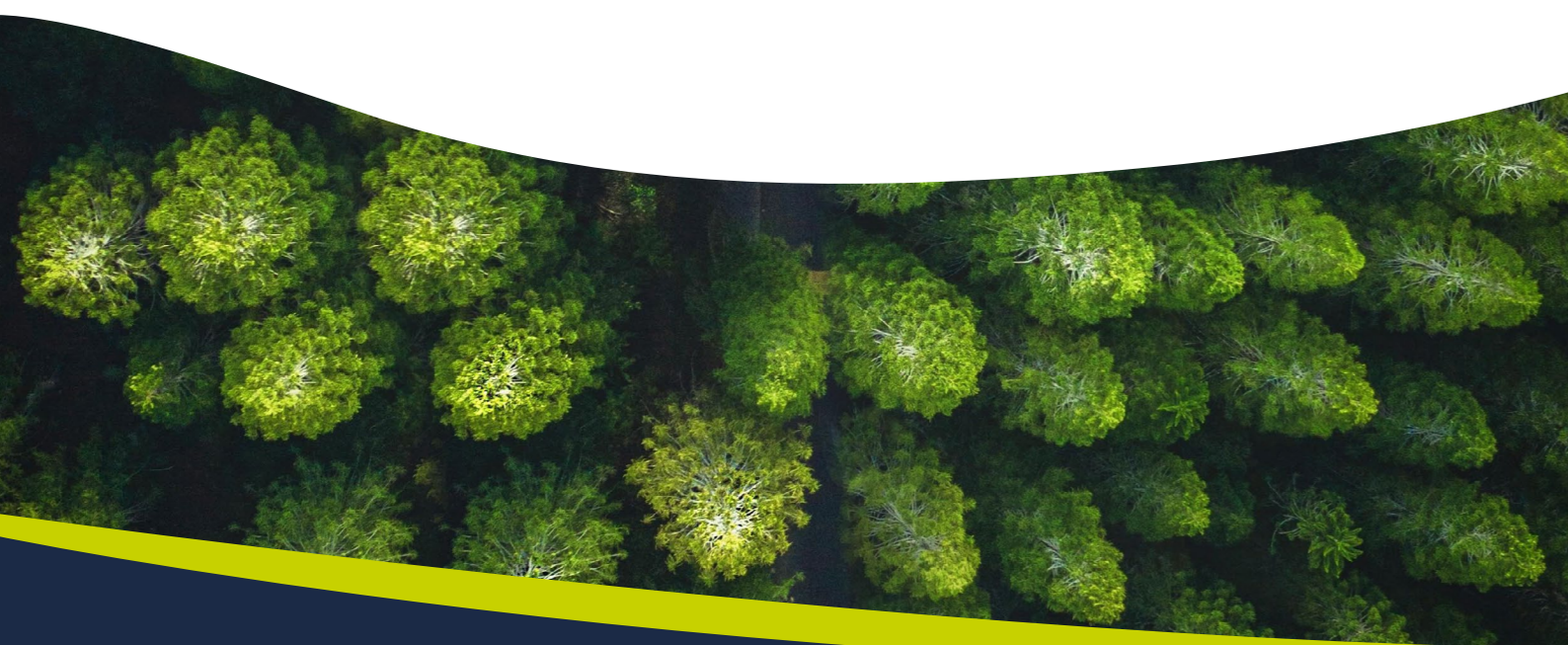
Opportunity: Leverage private sector funding to blend with traditional funding sources to create new markets in the sustainability ecosystem.



Environmental regulation

Risk: Increasing environmental regulation requires further business data collection and reporting.

Opportunity: Having robust data on business environmental impact means that companies can communicate transparently with customers and remain competitive.



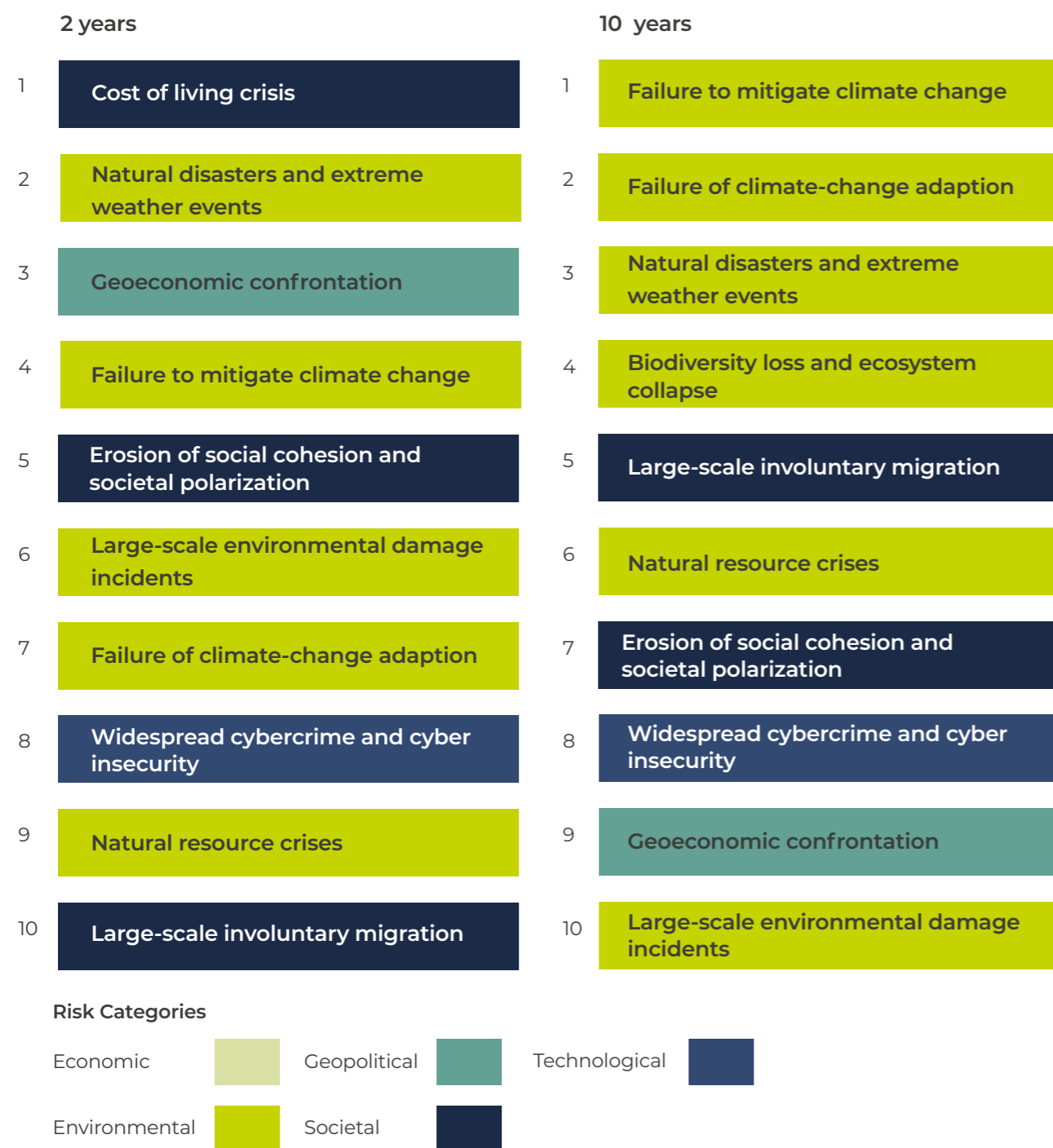


Examining the World Economic Forum's Global Risks Perception Survey (GRPS), which gathers insights from over 1,200 experts in various sectors and 12,000 business leaders across 121 economies, reveals a striking trend: the most critical risks projected for the next decade

are all environmental.¹⁰ Notably, 'Biodiversity loss and ecosystem collapse' rank fourth for the ten-year horizon, despite not appearing in the two-year outlook.

Top 10 Risks

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period"



Source: World Economic Forum, Global Risks Perception Survey 2022-2023

Why is the green transition a priority for businesses?

This section explores why embarking on the green transition brings a host of benefits to businesses while also supporting global change.

01 Cutting Costs through Synergies

Businesses across Hampshire and Surrey – counties which includes many towns, world-class universities, and thousands of businesses from multiple high-value sectors – have a unique opportunity to leverage their proximity for mutual benefit.

Businesses can cut costs by increasing their resource efficiency. Research by EST shows that businesses can reduce their energy bills by 18-25% through simple energy efficiency activities.¹¹

Additionally, by collaborating on initiatives to reduce energy, and transport costs, companies can achieve economies of scale that individual efforts might not realise. Collaboration on sustainability-related initiatives represents a new way of doing business – one that makes economic and environmental sense.

02 Enhancing Business and Investor Value

Businesses taking the lead on sustainability find themselves more attractive to investors who are increasingly prioritising net zero commitments. This relates to investors of all types, from board members and shareholders to banks, venture capitalists and angel investors.

Increasingly, the journey to net zero will positively impact the value of a business. A report by Accenture in 2021, stated that companies that build sustainability into their business have operating margins on average 3.7 times higher than those that haven't, as well as annual returns 2.6 times higher.¹²

By adopting and embedding green practices like energy-efficient operations, sustainable sourcing, and low-carbon logistics, businesses do more than contribute to a healthier planet; they build a resilient, standout brand in competitive marketplaces.



The value that the transition to net zero can add to SMEs' business models should be considered alongside the costs generated by the decarbonisation of their businesses.

Birmingham Business School blog*

03 Customer engagement and retention

Consumers are increasingly voting with their wallets for businesses that align with their environmental values.

A survey by Boston Consulting Group in 2022 saw 57% of consumers reporting that their perception of a brand is influenced by its sustainability practices.¹³ Companies in Surrey and Hampshire that embrace sustainable practices are not only meeting this demand but are also forging stronger connections with their communities. Moreover, by collaborating with local suppliers and partners in the green transition, businesses can create a more resilient and responsive supply chain. Where possible, this local focus not only secures the supply chain against global disruptions but also resonates with customers who value community and sustainability.

* [COP 28: Why understanding how SMEs transition to net zero is pivotal for a faster transition – Birmingham Business School Blog \(bham.ac.uk\)](https://www.bham.ac.uk/business-school/blog/2022/04/28/cop28-why-understanding-how-smes-transition-to-net-zero-is-pivotal-for-a-faster-transition/)



What does the green transition look like for businesses?

In the evolving landscape of the green transition, the journey for all businesses extends beyond the pursuit of net zero. It requires a multifaceted approach, embracing not just carbon neutrality but also the principles of regenerative business, which looks to create positive impacts on the environment, society, and the economy.¹⁹ Within that regenerative approach, businesses can also explore the materiality of more specific approaches, including climate resilience, circular economy, and nature positivity. These changes will take time and businesses have the opportunity to prioritise the approach that fits best for their business strategy and values.

A recent World Economic Forum report ‘*The future of growth report 2024*’, includes a framework that expands the evaluation of growth from a single number, to consider four pillars that assess the quality of growth: innovativeness, inclusiveness, sustainability, and resilience.²⁰

Public sector customers are increasingly asking for more information about businesses’ net zero journey. Businesses that are bidding for larger UK government contracts (worth over £5 million a year) may be asked to provide a carbon reduction plan. Smaller businesses feeding into these larger contracts will increasingly be asked how they can contribute to these plans.¹⁴

04 Attracting and Retaining Talent

In today’s competitive job market, especially in high performing local and regional economies, a company’s environmental stance is an ever-increasing deciding factor for potential employees.

Businesses that actively engage in sustainable practices – particularly pioneering ones that go well beyond compliance – are seen as more appealing workplaces, attracting a workforce that is not only skilled but also shares a commitment to sustainability. For example, a report from Deloitte stated ‘younger generations of workers are actively seeking roles which incorporate green skills’¹⁵ and WorldSkillsUK found that ‘61% of young people want to work in a role committed to tackling climate change’.¹⁶ This alignment of values not only helps in attracting talent but also fosters a sense of purpose and loyalty among employees, crucial for long-term retention.

05 Staying Ahead of Environmental Regulations

Adopting sustainable practices is not just about staying compliant; it’s about future-proofing your business, being a step ahead and looking beyond sustainability towards regeneration.

Businesses that proactively embrace sustainable and regenerative practices are better positioned to adapt to future regulatory changes, avoiding the stress that comes with last-minute compliance efforts. For example, it is already a legal requirement for larger businesses to report on their carbon emissions and energy use through the Energy Savings Opportunity Scheme (ESOS)¹⁷ and Streamlined Energy and Carbon Reporting (SECR).¹⁸ Whilst not mandatory currently, SMEs may take a future-proofing approach to understanding their own impact in this space.

A proactive approach to sustainability not only saves potential costs and disruptions but also positions these businesses as leaders in the green transition, setting a benchmark for others – not only across Hampshire and Surrey, but throughout the UK and globally.

Regenerative business

Regenerative business is about adopting practices that not only minimise harm, but actively contribute to environmental and social regeneration.

This approach involves sustainable resource management, such as using renewable materials and energy, and extends to enhancing the local ecosystem — be it through supporting biodiversity or community initiatives.

Social regeneration is equally crucial. It entails engaging in practices that foster community development, create equitable opportunities, and enhance local livelihoods. Businesses across Hampshire and Surrey can play a pivotal role here, from offering fair employment practices to supporting local social projects. A report by the Federation of Small Businesses (FSB), ‘Small Business, Big Heart: Bringing communities together’ quantifies the contribution of SMEs to local communities, acknowledging them as agents of social change.²¹

80% of FSB members had volunteered and/or contributed to a local community organisation or charitable cause in the last three years.

27% of FSB small businesses hold a position within their local community.

41% of small business employers offer work experience either as part of the recruitment process or through their community outreach.

The Better Business Network is a network for purpose-driven business owners and leaders.²² This ‘better business’ approach challenges businesses to think beyond mere profit and loss, envisioning a role where businesses are key drivers in shaping a sustainable and equitable future.



Climate resilient business

Climate resilience is not just about risk mitigation; it's about seizing opportunities to adapt and grow in a rapidly changing world.

Diversifying Supply Chains: Building climate resilience could start with reinforcing supply chains. By examining supply chain vulnerabilities and diversifying, this will create stronger, more responsive supply networks. Where possible, this diversification could have a focus on local suppliers bringing further benefits to local and pan-regional economies and reducing the carbon footprint associated with long-distance transportation.

Investing in Resilient Infrastructure: Another opportunity is investment in infrastructure that can withstand climate-related stresses, such as the landslips that occurred at Hook on the South Western

Railway network in January 2023 that create disruption for staff travel and business logistics. Work in this space would include upgrading facilities and equipment to be more energy-efficient and resilient to extreme weather.

Embracing Innovation: Innovation in climate-resilient products or services such as flood prevention technologies and water level monitoring, could turn the challenge of climate change into a business opportunity.

Embracing the Circular Economy

The shift towards a circular economy provides an opportunity to both cut costs and reduce environmental impact.

Innovative Business Models: Businesses can explore models like product-as-a-service, where products are leased or borrowed rather than sold – this is known as the sharing economy – encouraging longer product lifespans and reducing waste. This shift can also tap into new customer segments and revenue streams. For example, Stannah based in Andover, offer new and reconditioned products to their clients.²³

Reducing Waste: By rethinking waste as a resource, businesses can significantly cut costs and create new value. This can involve innovative approaches to recycling, repurposing, and reusing materials within the business operations. For example, manufacturing SMEs could adopt closed-loop systems where waste from one process becomes the input for another.

Promoting Resource Efficiency: Embracing resource efficiency is about more than just reducing consumption; it's about smarter use of resources for example, finding creative ways to reduce material use in products and services.

Collaborative Partnerships: Businesses can form partnerships with other local entities to create robust networks that support circular economy practices. These collaborative efforts could range from shared resource pools to joint waste management strategies, aiming to collectively reduce cost and environmental footprint and enhance regional sustainability. For example, a number of communities around the UK are going to be heated from waste heat created by data centres.²⁴

Aiming for Nature Positivity

Businesses are fundamentally interlinked with the natural world, relying on its diverse resources for everything from raw materials to the regulation of climate.

\$44 trillion of the global economy – over half of the global GDP – directly depends on nature and its services and is therefore exposed to nature loss.²⁵

Recognising these physical dependencies is critical for long-term viability. Aiming for nature positivity goes beyond reducing impacts – it's about regenerating the ecosystems we depend on. By aligning commercial success with the flourishing of natural ecosystems, businesses can create a regenerative cycle that supports both good and sustainable growth.

Nature Positivity and Business Interdependence
Nature's well-being is a linchpin for the prosperity of businesses. Companies across sectors must evaluate their dependence on natural capital and strive to reinforce the health of these assets. It's not just an environmental imperative; it's a strategic business move.

Mitigating Impacts and Embracing Restoration
Every commercial activity leaves an imprint on nature. The objective here is twofold: minimise these footprints and engage in restoration efforts. From reducing pollution to actively participating in habitat conservation, businesses must turn into stewards of the environment.

The Risks of Neglect
Ignoring our symbiotic relationship with nature isn't just an ethical oversight; it's a business risk. Degradation of ecosystems can disrupt supply chains, alter operational viability, and lead to financial losses. Conversely, nurturing nature can mitigate these risks, ensuring a more resilient and adaptive business model.





CIRCULAR ECONOMY

The move to a circular economy is gaining momentum, supported politically by initiatives like the EU's plan for a cleaner, competitive Europe. Additionally, societal pressure favors climate neutrality over past transitions.

Five key circular business models:

- ✓ Circular inputs
- ✓ Sharing economy concept
- ✓ Product as a service
- ✓ Product use extension
- ✓ Resource recovery

More info here: <https://rb.gy/cpx7xx>

ASK? Could we think about providing circular solutions and contribute to the circular economy?

ASK? Before purchasing, consider if the business truly requires the item. Could we opt for a second-hand purchase instead?

IDEA You could volunteer for a local charity as a team. A direct impact for your local community and a fun day out together team building!

REDUCE

Once you know, you can make a plan for how to reduce them. Challenge accepted.

EMMISSIONS REDUCTION IS CRITICAL

Every business must play its part in the rapid reduction of global greenhouse gas (GHG) emissions. We need this in order to lessen the impact of climate change. Governments and world leaders repeatedly let us down. Businesses can lead the charge!

DIGITAL SUSTAINABILITY

Many companies may have gone paperless now, but your digital activity can still have a huge footprint – from the energy required for your web servers, to the negative impact of a Google search.

DID YOU KNOW?

A typical search uses 0.2g CO₂, which may not sound like much but when 3.8 million Google searches happen every 60 seconds, it starts to mount up. Internet services account for 2% of global greenhouse gas emissions (the same as the aviation industry).

CLIMATE RESILIENCE

INVESTING IN RESILIENT INFRASTRUCTURE This is crucial, including upgrading facilities and equipment for energy efficiency and weather resilience, as seen with the landslips at Hook on the South Western Railway network in January 2023.

EMBRACING INNOVATION Innovating in areas like climate-resilient products or services, flood prevention technologies and water level monitoring, can transform the climate change challenge into a business opportunity.

IDEA

Have policies and screening procedures in place to ensure you and your supply chain remain compliant on:

- ✓ Human rights
- ✓ Labour standards
- ✓ Illegal child labour
- ✓ Modern slavery
- ✓ A fair salary and benefits

START HERE

Calculating your business' Scope 1, 2 and 3 emissions is essential to understanding what your impact is and where your emissions come from.

ENVIRONMENTAL

OFFSET

When you have reduced your emissions as much as possible, you can 'offset' your remaining unavoidable emissions.

CARBON NEUTRAL VS NET ZERO

Carbon neutral is about balancing your CO₂ emissions with offsets that effectively neutralise your negative impact. It doesn't tend to refer to other greenhouse gases like methane.

NET ZERO

Net Zero is considered the gold standard for corporate climate action, it means eliminating absolute emissions across your whole supply chain including all greenhouse gases.

COLLABORATION

Discover the initiatives your local council has implemented to facilitate the transition toward green and regenerative businesses. They may offer assistance, grants, and policies tailored to support ventures in this field.

NETWORKING

Engage both in-person and online to glean insights from successful businesses in the regenerative and sustainability sectors. Reach out to your local Chamber of Commerce to explore available opportunities in your area and sector.

EVENTS

Check out The Sustainability Events Calendar (link below) for a comprehensive calendar of events from around the UK. Some of our favourites include:

- People Planet Pint
- The Better Business Summit

sustainabilityevents.co.uk

LOOK AT:

- ✓ Benefits like parental leave, or mental health support
- ✓ Supporting work-life balance with flexible or remote working
- ✓ Improving your culture with team building and good internal communication
- ✓ How you interact with your community and Local Authority
- ✓ Screening and managing your supply chain
- ✓ Supporting career development and training

FOCUS ON YOUR STAKEHOLDERS

Shareholders are those individuals with a financial interest in your company. A stakeholder is anyone who is influenced by or interacts with your company, and could include: employees, board members, suppliers, customers, partners, the community, the environment.

EDUCATION, INSPIRATION & COLLABORATION

DO YOUR RESEARCH One of the best things you can do is to learn as much about climate change and sustainability as possible – read books, watch documentaries, join networks, and follow influential people.

CARBON LITERACY TRAINING The Carbon Literacy Project provides carbon literacy training for teams and individuals, giving them an awareness of climate change, and the climate impacts of mankind's everyday actions. carbonliteracy.com

The Better Business Network helps you grow your impact while advocating for systemic change. They believe all businesses should contribute to a better world. thebetterbusiness.network

CAMPAGNS Supporting others fighting the good fight can be a great way to make a difference.

ISVC website with free Green Skills training, including Carbon Literacy em3.isvc.co.uk

1% For The Planet

SME REGENERATIVE BUSINESS MIND MAP

GOVERNANCE

BRAND STRATEGY

SUSTAINABLE MARKETING

IMPACT REPORTING

7 PILLARS

LOCAL SUPPLIERS

DID YOU KNOW?

PUT YOUR MONEY WHERE YOUR MOUTH IS

ASK?

- Ability & disability
- Culture
- Gender
- Religion
- Race & ethnicity
- Personal identity
- Class
- Age
- Sexual orientation

Do you have recruitment and HR policies in place to ensure all stakeholders and applicants are treated equally, irrespective of these characteristics?

Are we an inclusive company?

Are we a business which improves society and treats our employees well?

Stakeholder management

Fairness

Leadership

Accountability

Transparency

Integrity

Risk management

Transparency is key to building trust with stakeholders. Transparency over where money is spent, over decision making and strategic priorities, and over hiring and promotions, will ensure you stay compliant and keep striving to do better.

When did you last work on your brand strategy? Brand strategy is crucial as it defines how a company presents itself to the world. It shapes perceptions, builds trust, and differentiates from competitors, ultimately driving customer loyalty and business success.

Sustainable marketing is about showcasing products or services in a way that emphasises their positive impact on the environment and society. It's about meeting current needs without harming the ability of future generations to meet their own.

Defining your purpose clarifies your business's reason for existence, guiding decisions, inspiring stakeholders, and driving long-term success.

Why do we exist beyond making a profit? What is our purpose?

Read the book 'Sustainable Marketing' by Michelle Carvill, Gemma Butler, Geraint Evans.

Read this blog post, 'The Ultimate Guide to Sustainable Marketing.'

bit.ly/AveryBrownSustainableMarketing

Any business stands a better chance of long-term success if it has a strong brand strategy at its foundation. Any good brand strategy will include:

Customer research

Brand auditing

PURPOSE

Vision

Tone of voice

Positioning

Value proposition

Visual identity

Values

Mission

Greenwashing is when a brand makes false or misleading claims about the environmental or sustainability credentials of its product or service. While it is possible to greenwash by accident or through naivety, some brands do it deliberately to build a false reputation for sustainability, desperate to capitalise on the rise in conscious consumerism. Clue yourself up on greenwash and try to avoid it at all costs. The Green Claims Code is now cracking down on greenwash, so consider yourself warned!

ASK?

How sustainable or regenerative are our suppliers? From accountants to caterers, do they align with our company values?

SUPPLY CHAIN

By examining supply chain vulnerabilities and diversifying, this will create stronger, more responsive supply networks.

LOCAL SUPPLIERS Where feasible, diversifying supply chains could prioritise local suppliers which would support the regional economy and decrease the carbon emissions from long-distance transport.

DID YOU KNOW? Having a green pension fund could be 21x more effective at cutting carbon than not flying, going vegetarian and switching to renewable energy ...combined!

PUT YOUR MONEY WHERE YOUR MOUTH IS Choosing where you put your money is really important. Use tools like bank.green and Make My Money Matter and do these things:

- ✓ Investigate your pension
- ✓ Switch to sustainable banking
- ✓ Invest company finances wisely
- ✓ Investigate your insurance
- ✓ Pay suppliers on time
- ✓ Donate to charity

Creating an Impact Report is a great way to demonstrate your commitment to the 7 pillars, as well as communicate all your hard work to your stakeholders. Talk to us if you want more advice!

bit.ly/AveryBrownImpactReporting



Case studies from the EM3 region

Kebur Garden Materials

Kebur Garden Materials is a SME based in Farnborough. They are a face to face and online retail business for all types of paving, fencing, aggregates, decorative stone and bark, soil and compost.

Kebur have received support through the EM3 Clean Growth Programme to start their net zero journey as they knew it was something they wanted to do but weren't sure where to start. Kebur have started measuring their carbon footprint, so they understand their baseline position. They've

also put together a sustainability framework that sets out the work to date and future plans. They use 100% renewable energy across the business, have introduced a cycle to work scheme, started to transition their fleet to electric vehicles and this year have diverted 11 tonnes of unsaleable product to community projects. Kebur are also working to make their product range more environmentally friendly, now only stocking peat free compost and switching to lower carbon alternatives, such as their slotted concrete fence post range which has up to 35% less embodied carbon than previously.

Mesh Energy

Mesh Energy is an independent provider of net zero carbon building performance and engineering services, based in Farnham, Surrey. Mesh work with architects, developers, and homeowners to conceive and design energy efficient, low-carbon buildings that meet the highest standards of sustainable design.

As the company grows, so too has their positive environmental impact. In 2023, they estimated that the total CO₂ saved through their recommendations equalled 37,596 tonnes over a 60-year building lifetime - an increase of over 4,000tCO₂e on the previous year! Through 2024, Mesh's intention is to push their clients towards more holistic and ambitious sustainability targets, using their innovative Mesh Zero consultancy framework.

Mesh became a certified B Corp in November 2021 with an overall score of 98.7, (the min score level being 80) and the business was placed in the Best in the World B Corp category for workers, thanks to its generous annual leave and private healthcare policies.

This was followed in May 2023, by their inclusion in the Sunday Times' 'Best Places to Work in 2023' list. The team's rapid expansion in the past few years has made it more essential to maintain the close-knit culture of their early years, which they see as essential to their success. From an organic, agile approach to a more mature, process-driven strategy, team culture and professional development at Mesh remain a top priority for them.

MRT Castings

MRT Castings is a family run aluminium die casting foundry business based in Andover, manufacturing components for the medical, lighting and aerospace sectors amongst others.

The business has been collecting energy, material and waste data for some time. Energy monitoring enabled MRT Castings to identify easy win opportunities (including turning off machinery fully at nighttime) that saved them 28% on their energy bills over two years mostly through behavioural changes of the team.

The business has invested in a new foundry building which has been built to the latest standards and created the opportunity to optimise and improve current practices through lighting, heat recovery, automation, refurbishment of machinery and design for minimal waste. The business reports annually to its board on electricity, gas, water and packaging consumption and the business is developing its first carbon footprint.





Lionel Hitchen

Lionel Hitchen is a medium sized family-owned business, that manufactures and supplies natural flavours and flavour ingredients to the food and beverage industry. The business has manufacturing and warehousing sites in Barton Stacey and Andover.

In 2021, Lionel Hitchen published their first sustainability report, in conjunction with the Southampton Business School (SBS) covering human rights and employees, environment, community, sustainability in the supply chain and business ethics. The business uses the Ecovadis Sustainability Audit tool to validate their work in this space, achieving their first silver medal in 2021.

Lionel Hitchen see employee engagement as critical and have sustainability as an agenda item at all Director meetings and in employee team meetings and have gathered over 100 ideas for energy saving, acting on many of them. The business also has an employee run 'Green Dream Team' that holds regular meetings to discuss activities the company can initiate to improve sustainability.

Lionel Hitchen has a roadmap for continuous improvement for all aspects of sustainability. Currently, their biggest project is the installation of solar panels through a power purchase agreement. It is estimated it will provide over 40% of the electricity demand at the Andover site.



Barriers and enablers for the green business transition

The most common perceived barriers to the green transition identified by SMEs are cost and feasibility, as reported in a survey run by the British Business Bank in 2021.²⁶ Costs were the most significant barrier referenced by respondents (35%), with upfront costs being the most cited component of this at 21%.

Feasibility (32%) was almost as commonly mentioned by respondents. Lack of control over actions was a key driver of feasibility concerns. This included limitations due to tenancy arrangements or supply chain partners.

Skills to facilitate the green transition is also a clear barrier. The Green Alliance paper on 'Closing the UK's green skills gap' finds that every major business sector in the UK needs to close a significant skills gap to enable them to reach net zero with the most pressing gaps in housing and transport.²⁷ Research published by Surrey County Council and Surrey Chamber of Commerce on green skills demand in 2023, concludes that a highly advanced green economy in the area will require education and skills providers to increase the number and uptake of specialist green courses, and pivot towards relevant skills and knowledge. This includes professional roles such as finance managers, accountants and business managers as well as more targeted 'green' occupations such as engineers.²⁸

Research by the Enterprise Research Centre (ERC), published in July 2023, found that organisations with higher digital intensity, self-efficacy (individuals' belief in their capacity to act in the ways necessary to reach specific goals), formal knowledge sources, and an emphasis on innovation are more likely to engage in net zero activities.²⁹

Access to finance was identified in the British Business Bank survey as a key enabler. 11% of UK smaller businesses have already accessed external finance to support net zero actions. Twenty-two per cent say they

are prepared to do so in the next five years, which, in context, is roughly half the share of firms that say they would be happy to borrow in order to grow (37%).

This suggests that more businesses are ready to act if they can find the right product and action to take.

Alongside this research on demand for finance, the British Business Bank's UK Network undertook separate qualitative research with business finance intermediaries in June and July 2021. Respondents wanted to help their clients with net zero projects, but six in ten felt that the current ecosystem does not assist SMEs in identifying and understanding net zero projects. Significantly, 39% of intermediaries also believed that there is an inadequate supply of finance dedicated to net zero in their region or nation.



Current work in the region to support the green transition for business.

Across Hampshire and Surrey, numerous initiatives are making significant strides in providing green transition support for businesses. This section of the briefing gives some examples of the work currently being undertaken.

Leadership/convening

Business/industry and the green economy are key areas of Hampshire and Surrey County Council's climate change strategies respectively.^{30,31}

Surrey County Council supports the convening of over 200 businesses in the county through the Sustainable Business Network, alongside the University of Surrey, to understand how they can work better together and the supportive role of the County Council within that. Capturing the potential of the green economy is one of the Council's four strategic priorities.

Hampshire County Council convenes a Hampshire 2050 Vision Partnership, bringing together a consortium of organisations to understand the drivers and recommendations for the future, including under the topics of changing climate, changing environment, and changing economy. In November 2023, the Hampshire 2050 Partnership was relaunched at a 2050 Summit.³²

Enterprise M3 LEP has facilitated key stakeholders (representatives from aerospace businesses, trade bodies, local authorities, and universities) to form a Jet Zero Cluster to identify and build on regional strengths for greener aviation. Sustainable aviation fuel (SAF), advanced materials and airport operations, including hydrogen fuel storage, are crucial in meeting the

Government's Jet Zero Strategy – a UK-wide plan for achieving net zero aviation by 2050.³³

Hampshire Chamber of Commerce organised an 'Unlocking Hampshire's Green Potential' event in November 2023 that brought together a range of businesses and business support organisations to discuss practical green transition actions. The Chamber also runs a Green Innovation Steering Group.

Surrey Chambers of Commerce utilise the expertise within their membership and strategic partners to share opportunities and incentives that will encourage businesses to become cleaner, greener and more sustainable. They have a Climate Hub, support sustainable business projects, hold events addressing key issues around People, Planet and Purpose and help identify and resolve the challenges businesses face through tailored support. They are also preparing for BCorp accreditation.

Winchester City Council holds a quarterly sustainable business network attended by Winchester University, Business Improvement Districts, and a variety of businesses from Winchester and beyond.

Waverley Borough Council has put the sustainability principles of Doughnut Economics at the heart of their draft Economic Strategy.

Business support and grant funding

The EM3 Growth Hub launched its Clean Growth Programme in 2022. As part of that, the Growth Hub has offered 1-2-1 net zero business support for SMEs. This has evolved through EM3 LEP's 'Green is good' programme, which includes:

- net zero opportunity webinars for SMEs
- a sustainability masterclass for businesses hosted by the University of Surrey
- a mini-documentary, '[The Path to Sustainability](#)' featuring a select number of businesses across Hampshire and Surrey, shown on SKY TV

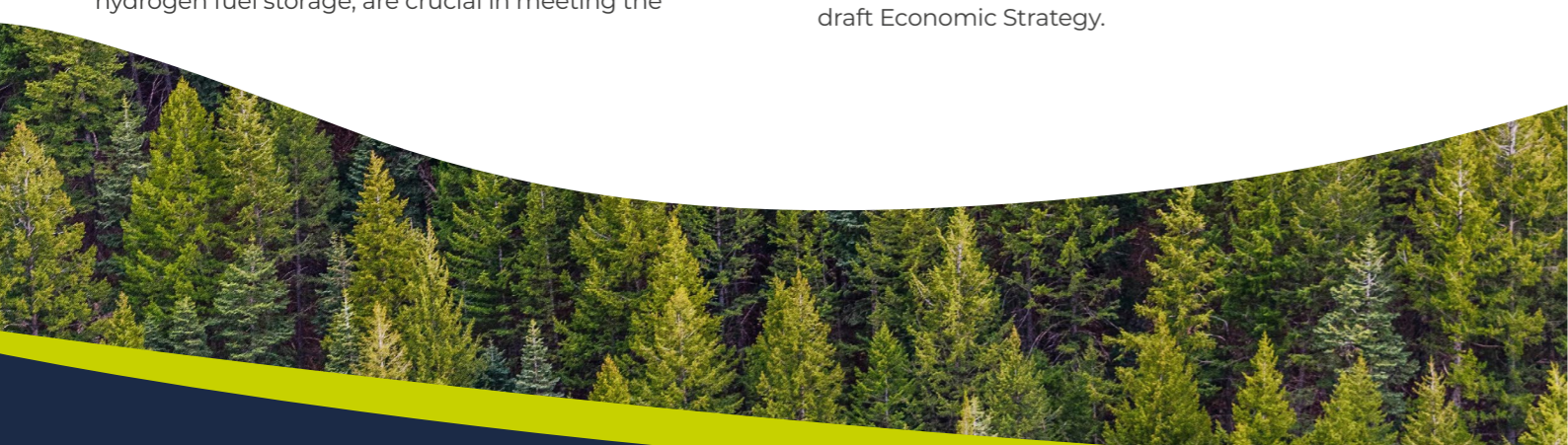
Surrey County Council supported 100 SMEs last year to explore what net zero means to them, what their biggest sources of emissions are, and what actions they might take towards decarbonisation. Surrey County Council achieved great grant making success through the Low Carbon across the South East (LOCASE) programme, which aimed to support businesses decarbonise. It is currently administering grants for electric vehicles for businesses using the A3, as part of the £11m Electric Towns and Cities Initiative.³⁴ The Council is also developing a funding strategy to support the investment required for businesses to achieve net zero, including piloting Authority Based Insetting, as well as a pilot loan fund for commercial landlords to decarbonise. Surrey County Council – working with partners in East Sussex and Brighton & Hove – has adopted an Environmentally Sustainable Procurement Policy³⁵ to address the "scope 3" emissions which make up more than 90% of total carbon footprint.

Hampshire County Council works through sector-based business clusters – having conversations with those clusters around holistic issues including net zero, mobility, well-being, wider environment, community engagement, skills, labour supply etc. These clusters tend to be run by a business or university partner.

Test Valley Borough Council are currently delivering a UK Shared Prosperity Fund funded project to offer net zero business support to SMEs in the rural parts of their district. This comprises both business advice and capital grants. TVDC is also planning a green innovation group to support green tech businesses to understand what their common needs are and what they need to grow.

Winchester City Council are funding carbon audits in businesses that follow the five pathways in their carbon neutrality action plan. The audits cover quick wins as well as longer term actions and are supported by grants of between £5-10k with 50% match funding from the business. Winchester City Council have also piloted a peer-to-peer business mentoring scheme. There has been positive feedback, particularly about the longer-term nature of some of the link ups. The Council aims to launch a full project in 2024.

The three-year **Emphasis3 CO₂** reductions project concluded in 2023, providing a total of £1.8m in funding to SMEs. As a result, 45 businesses installed energy saving technology and 14 benefitted from R&D grants towards developing and commercialising low carbon innovations. Overall, LOCASE supported 215 SMEs in the EM3 region with more than £1.9m in grants for energy efficiency and low-carbon product and service development.³⁶





Green skills

The Government's **Strategic Development Fund** project provided £2.6 million investment in green and digital technologies, supporting staff recruitment and retention along with curriculum innovation designed with input from employers. The project helped to provide equipment and skills training needed for future jobs related to carbon reduction along with supporting small business growth. The project was led by Sparsholt College near Winchester and supported by Surrey and Hampshire Chambers of Commerce, the Federation of Small Businesses, Gatwick Diamond Business and Business South. The project focussed on green land-based skills, green construction skills (retrofit) and green transport skills.

A **Local Skills Improvement Fund**, approximately £6m until March 2025, will see Sparsholt College lead a consortium of colleges across Hampshire and Surrey to address skills priorities identified in the Local Skills Improvement Plan. Examples of projects include green skills in construction from Brooklands College.

Hampshire County Council is working with experts Parity Projects to develop a long-term, partnership-based retrofit scheme that will lower residential emissions and energy bills.³⁷

Surrey County Council has developed a green skills plan, and a retrofit skills roadmap – each setting out the actions required to increase the training provision for green skills. £1.2m in green skills funding has been

secured to deliver approximately 700 places through a combination of Department for Education Skills Bootcamps and Department for Energy Security and Net Zero Retrofit Skills Pilot funds.

Research and innovation

Across Hampshire and Surrey, there is a rich tapestry of Further and Higher Education institutions that are leading on the sustainability agenda, whether through subject matter expertise, corporate stewardship, and thought leadership, to research, innovation, and specialist facilities/assets. The opportunity to strengthen collaboration across these anchor institutions are immense and require further exploration.

Enterprise M3 LEP

has previously collaborated with regional colleges and universities to create the Innovation South Virtual Campus, ISVC. This online skills platform offers a growing range of bite-sized programmes, designed to upskill and re-skill employees in businesses big and small - all without a cost to them or their employees. In 2023, thanks to additional funding from the Department for Education, the portfolio was expanded to include 'Green skills' learning programmes, including courses in Carbon Literacy, Domestic Retrofit, Water Conservation Technologies, Sustainable Resource Management and Tree Planting and Climate Change. These courses have been hugely welcomed by the business community which increasingly recognise their roles and responsibilities in the collective journey to net zero targets.

Maximising the green transition opportunity

The green transition opportunity, whilst clear, will take time and require the support of multiple organisations. Set out below, are six catalysts for the Hampshire and Surrey business support ecosystem, to expedite the green business transition.

Clear policy direction

Clear policy direction is essential to foster a future where businesses are empowered to thrive through the green transition. This entails integrating sustainability and Net Zero principles into broader strategic frameworks, including economic development, transportation, and local planning policies. Local authorities could be game changers in shaping a place-based transition to a green economy, setting a bold course for sustainability even when national guidance may be unclear. Additionally, subtle yet consistent 'nudges' in various strategic policies can reinforce the shift towards a green economy. Ensuring alignment across all policy areas, particularly in public procurement and planning through embedding social value, is vital for a consistent approach to achieving a sound economy that is flourishing environmentally too.

Mobilise private/institutional capital

Mobilising private and institutional capital is key for accelerating the green transition. Actively pursuing blended finance opportunities can leverage the strengths of both private and institutional investments. The 2023 Green Finance Strategy underscores the pivotal role of private finance in achieving net zero, enhancing climate resilience, and aiding the recovery of natural ecosystems.³⁸ To meet the UK's net zero targets during the late 2020s and 2030s, an estimated annual increase of £50-60 billion in capital investment is essential. Innovative financial models are already emerging in sectors such as retrofitting, where a mix of secured loans, demand aggregation finance, green savings schemes like energy-saving ISAs and 'pay-as-you-save' plans are evolving

rapidly. The role of [place-based impact investment](#) is also [progressing](#), with the UK Government's 'Levelling Up the United Kingdom' stating that they will 'work with Local Government Pension Funds to publish plans for increasing local investment, including setting an ambition of up to 5% of assets invested in projects which support local areas.'³⁹

Coherent green transition support

Establishing a coherent framework for green transition support is crucial for businesses, with clear communication being key to its effectiveness. Where feasible, a combination of audits, personalised advice, and financial assistance should be offered. Each business will transition at its own pace and support will be required at different steps of their journey. The region would benefit from leveraging the UK Business Climate Hub, a comprehensive online resource created through collaboration between the Department for Energy Security and Net Zero (DESNZ), the SME Climate Hub, major business associations, energy networks, leading banks, and professional bodies, all managed by the Broadway Initiative. The Hub provides an excellent platform for incorporating local insights, particularly in terms of events and the availability of funding.



Collaboration

There is already evidence across the region that supports the effectiveness of sectoral clusters, for example Jet Zero. The opportunity now is to work with identified sectors/value chains more effectively to:

- Enhance the efficiency of clusters by wider communication of themes, events and meetings, capturing and sharing cluster learning. Take the opportunity to tap into relevant resources and support from sector based industry bodies that provide tools, frameworks and knowledge transfer opportunities.
- Identify organisations to lead on addressing specific green transition challenges and share the results widely.

Large businesses can play a key role by supporting their SME supply chain in the green transition. Knowledge sharing can also be supported through peer to peer collaborations, with businesses sharing their experiences directly with each other.

Working on the green transition through place based clusters should also be explored further to scope community needs. The aim here is to:

- Create opportunities for businesses and residents to drive the change together, which could feed into the place-based impact investment process referenced previously.



Education/skills

Prepare residents to take the opportunities that the green transition offers (for example, as outlined in the LSIP), as well as support those looking to make a career change into a 'green job'. Key to this is:

- Identifying sectors and roles which are projected to have the greatest 'green' growth, and supporting universities, colleges, and training providers to ensure they have suitable courses in place i.e. courses that are meeting market/employer demand with the requisite skills embedded within them. Innovation South Virtual⁴⁰ Campus and the Department for Education funded Skills Bootcamps are some of the examples currently live.
- Ensuring schools, colleges, universities, third sector organisations and Job Centres – have the knowledge and resources to support residents to understand the green jobs available to them.
- Scoping how 'green skills' can be embedded within, and supported through, the national curriculum as the Design & Technology Association⁴¹ have advocated for through their 'Reimagining D&T'⁴² vision document to mainstream design and technology to better prepare young people for the future world of work.

Given the inevitable transition to a green economy, it is imperative that the national curriculum is calibrated to better align to a new industrial age shaped by sustainability, increased automation and digitisation and an increasingly fluid labour market.

- Expanding the range of apprenticeship and other vocational pathways to attract, develop, and retain talent in this growing sector as well as raise awareness on the depth and breadth of opportunities available.
- Adopting digital badges to improve both labour market mobility and social mobility; thereby ensuring a healthy talent pipeline to help make the green transition happen. Examples such as Navigatr⁴³ show the potential that digital badges can bring.

Innovation for a green transition

Ensure that businesses understand that innovation is critical to the green transition. Innovation can lead to new services and products but also a more effective transition because of the opportunities it provides for rethinking business models, processes, and systems and how to expand and/or evolve into existing and new markets. Research shows that business that do well in developing their innovation offering find it easier to make the green transition. For example, a 2023 report by the United Nations Conference on Trade and Development examines 17 'frontier technologies' – from

artificial intelligence (AI) to green hydrogen. These technologies have experienced tremendous growth in the last two decades: in 2020 the total market value was \$1.5 trillion and by 2030 could reach \$9.5 trillion.⁴⁴ Beyond this, there is a need to back the innovation taking place – whether existing businesses making the green transition, or start-ups and scale-ups in the realm of sustainability; all of which requires the finance, skills, coaching and appropriate operational support to make a success of it.

Making it happen

The green business transition is critical to creating the best economic, social and environmental outcomes for Hampshire and Surrey over the coming decade. With a strong low carbon sector showing real potential for growth, this is an opportunity for the region to become a trail blazer in this space. With upper tier local authorities taking on the responsibility for economic

development from Local Enterprise Partnerships such as EM3, this is an important 'pinch point' for organisations across Hampshire, Surrey and the greater South East to collaborate with purpose and agility against agreed priorities that will deliver the best outcomes for businesses, communities and the planet.



Endnotes

- 1 [The Enterprise M3 \(EM3\) LEP region currently covers central and north Hampshire and West Surrey. From 1 April 2024 the function and responsibilities for economic development will transition from EM3 LEP to Hampshire County Council and Surrey County Council.](#)
- 2 [EM3 website](#)
- 3 [Local Businesses and Enterprises in Surrey, including survival | Surrey-i \(surreyi.gov.uk\)](#)
- 4 [hampshire-economic-strategy.pdf \(hants.gov.uk\)](#)
- 5 https://www.british-business-bank.co.uk/wpcontent/uploads/2021/10/J0026_Net_Zero_Report_AW.pdf
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- 12 [Business Futures 2021: Signals of Change Summary | Accenture](#)
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- 15 [Deloitte: A Blueprint for a Green Workforce Transition](#)
- 16 [WorldSkillsUK: Skills for a Net Zero Economy](#)
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- 22 <https://thebetterbusiness.network/>
- 23 [Reconditioned stairlifts, Stannah](#)
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- 30 [Hampshire-Climate-Change-strategy-2020-2025.pdf \(hants.gov.uk\)](#)
- 31 [Surrey's Climate Change Strategy 2020 - Surrey County Council \(surreycc.gov.uk\)](#)
- 32 [Vision for Hampshire 2050 | About the Council | Hampshire County Council \(hants.gov.uk\)](#)
- 33 <https://www.gov.uk/government/publications/jet-zero-strategy-delivering-net-zero-aviation-by-2050>
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Glossary

Sustainability

Sustainability means meeting the needs of the present without compromising the ability of future generations to meet their own environmental, social and economic needs.

Net Zero

Net Zero is where all related Greenhouse Gas (GHG) emissions have been reduced in line with a science-based target which aligns with what has been determined to be necessary to stand a reasonable chance of limiting the global temperature increase to 1.5 °C above preindustrial levels as a minimum. These residual emissions are subsequently responsibly offset to achieve a sum total of zero emissions.

Nature positive

Nature positive is a global societal goal to ensure more nature in the world in 2030 than in 2020 and continued recovery after that. Delivering the Nature Positive goal requires measurable net-positive biodiversity outcomes through the improvement in the abundance, diversity, integrity and resilience of species, ecosystems and natural processes.

Circular economy

A circular economy means moving away from the world's current economic model of 'take, make, throw away', in which resources are extracted, turned into products and disposed of. It suggests an economic system based on the reuse of materials and products as a means of continuing production in an environmentally sustainable way.

Climate resilience

Climate resilience is the ability to prepare for, anticipate and respond to dangerous events or disturbances related to the effects of climate change. E.g., resilient buildings built to withstand floods.

Regenerative business

Regenerative business involves a strategy that promotes the restoration and regeneration of natural resources and social systems. It goes beyond sustainability and seeks to create positive impacts on the environment, society and economy.

Further information about the authors

Accelar is a strategy and sustainability consultancy and our purpose is to accelerate the green transition. We help companies, public and third sector clients to grasp the opportunities associated with net zero, green finance and infrastructure & the built environment to create a green, fair and prosperous world. For further information please visit www.accelar.co.uk.



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