

# Closing the gap from the top down: the role of businesses

## Introduction

### Box. 1 Key facts on businesses in Islington

- Islington is home to over 10,000 businesses of all types and sizes which collectively employ over 176,000 people.
- Nearly 9 out of 10 businesses in Islington are small businesses and employ 20 staff or fewer
- Nearly 2 out of 3 businesses in Islington are micro businesses and employ between 1 and 5 people.
- 215 large businesses in Islington (only 2% of all businesses in Islington) collectively provide half of all the jobs in the borough.
- Most businesses in Islington are located in the south of the borough with a significant number of large firms located south of Pentonville and City Roads.
- Commuting data shows that approximately 30% of jobs in the borough are held by Islington residents, which has increased from 23% in 2001

1. Islington's vibrant and diverse economy provides a vital function within and beyond the borough. Businesses (and other economic entities such as public bodies, charities and voluntary/ community groups) provide goods and services, employment and trade and form an inherent part of the character of Islington. Through the employment policies they choose, procurement choices they make and other policy choices, businesses can make a significant contribution to local communities and are a key player in work to address fairness in Islington. This paper is intended to help the Fairness Commission in its deliberations on improving fairness and equality in Islington. It sets out some of the key ways in which businesses are already contributing to fairness in Islington and identifies potential roles for business in the future.

## Background

2. Islington is home to over 10,000 businesses of all types and sizes which collectively employ over 176,000 people; although nearly 9 out of 10 businesses in Islington are small businesses and employ 20 staff or fewer. As is the case with business elsewhere, the primary driver for businesses in Islington is to make a profit. The extent to which this is possible depends on a range of factors such as the trading environment and competition from other businesses that provide similar goods or services. These factors

influence how the business operates and how far it can offer something back to the local community, particularly;

- how many people it can afford to employ and what the working conditions are for staff;
  - the goods and services that it chooses to buy for itself and who it chooses to buy them from; and,
  - other choices around how it interacts with the local community that it is part of.
3. None of these choices are cost free to the business - although there may not always be cash costs, there can be other costs e.g. in terms of use of staff time, use of stock or facilities - so most businesses will seek to cover additional costs from trading income. Businesses will be reluctant to take on responsibilities which force them to raise prices for customers (which can of itself have knock on impacts for fairness) and potentially make them uncompetitive (which can mean they have to cut jobs). The actions businesses take in tackling fairness and the extent to which they are involved are influenced by these complex considerations.
  4. Throughout the recession we have seen some businesses in Islington fail - with the human cost of redundancies and people losing their livelihoods - however new businesses have started up or moved into the borough. Whilst Islington retains a broadly healthy economy, some sectors have struggled in the recent trading climate and are still operating on marginal profitability. Many small and medium sized enterprises, in particular, have faced particular challenges and there is anecdotal evidence that many Islington business owners live a hand-to-mouth existence or bear significant personal risk by taking out personal loans and credit card debts to avoid making their staff redundant.
  5. Islington Council has worked closely with local enterprise agencies to provide advice and information to struggling businesses during the recession as well as providing a range of support such as business rates advice. However, the future for small business support in London remains unclear, even after the recent spending review. There are indications that government funded advice for start-up and micro (1-5 employees) businesses will not be available from April 2011 and that government support for people who are unemployed and want to start a business or become self employed will not be available to London residents.
  6. Against this backdrop there is still significant evidence that businesses in Islington often factor fairness (or Corporate Social Responsibility, CSR, as its often termed in this context) into the way they operate. There is a strong business case for doing so. Businesses can generate good publicity, improve the environment around their business premises, keep staff motivated and ultimately attract new customers. Of course, many businesses also view themselves as a vital part of the community and want actively want to support fairness in Islington.

### **Key ways in which businesses drive fairness in Islington**

#### **Employment choices**

7. Many businesses in Islington contribute to fairness in the borough through their employment policies both in terms of who they employ and how they treat their staff, often going far beyond what they are legally required to do. One key way in which

business plays its part is through equipping people to have the skills they need to be employable, including for example:

- Since April 2009 45 apprenticeships have been created by Islington businesses which help Islington residents to get work and on the job training that leads to nationally recognised qualifications. The apprenticeships are mainly in business administration, construction, creative sectors and customer service sectors.
  - Each academic year, pupils in year 10 can take up a work placement opportunity with businesses in Islington to give them experience of the world of work. Each year, placements for around 1500 pupils are sought and in 2009-10 1302 placements were secured. This financial year around 400 pupils have also benefited from employer involvement in initiatives such as 'Presenting Yourself Days' and industry visits enabling pupils and schools to link with businesses and business volunteers. In 2009-10 3,817 pupils benefitted from these initiatives.
  - Since October 2005, over 260 opportunities with local businesses and contractors have been offered to young people in Islington who are leaving local authority care to access work or training. The young people are given an insight into different working environments and business sectors as well as things like help with writing a CV, how to make a job application and practice interviews.
8. The way in which businesses recruit their staff and how they treat them once employed can also have a significant impact on fairness. For example, offering flexible working practices and supporting employees with childcare and other caring responsibilities can have a significant impact on ensuring that everyone is able to participate in the job market. Some employers have worked closely with Islington Working and other agencies to design jobs to meet the needs of residents who might otherwise be excluded from the job market. For example, specifically designing certain jobs to enable people with learning disabilities to work.
9. The campaign to encourage employers to pay employees a London Living Wage continues to sign up more employers from the public, private and third sectors. According to a recent GLA report, 15 private and third sector organisations that have signed up to the mayor's pledge have their head office based in Islington.
10. Despite the commitment and creativity in implementing fair employment policies, it is clear from the data that some groups still have difficulty getting employment which has a significant impact on their overall life chances and outcomes. In designing their employment policies business could be encouraged to consider what their role might be in helping to tackle these issues and support groups who experience the greatest levels of challenge, for example:
- Working age residents without qualifications who are four times more likely to be workless than those with a degree level qualification.
  - Unemployment among Islington's BME residents is twice the unemployment rate among white residents.
  - Two fifths of all Job Seekers Allowance (JSA) claimants are under 30.
  - Four hundred 16-18 year olds are not in education, employment or training (NEET) but disabled young people are nearly three times as likely to be NEET.

## **Procurement choices**

11. The goods and services that businesses choose to buy can also be a powerful lever for driving fairness. Businesses can ensure they trade with suppliers that themselves have solid policies to promote fairness in terms of the employment policies previously described. They can also aim to work with those that do not pollute the environment and cut back on energy use, transport and waste. Over 150 Islington organisations including large and small businesses have committed to reduce their carbon emissions via the Islington Climate Change Partnership. Given the confidential nature of many contracting negotiations, it is difficult to say how many large companies implement such an approach with their suppliers, although many Islington businesses Corporate Social Responsibility policies suggest that they do take these factors into consideration.
12. In addition, companies can choose to source local suppliers where practical and so support local communities and cut down on unnecessary transport. Larger businesses that have contracts of considerable value can work with contractors to ensure similar principles are implemented down the supply chain. Large businesses wield considerable purchasing power which, if carefully deployed, can secure benefits for suppliers and/or the local economy. Research by the Corporation of London in 2008 indicated that City of London firms spend £13.3bn on goods and services per year and that only 4-5% of this procurement is with suppliers based in the city or city fringes. The research also showed that city businesses are an important client for city fringe businesses. Even by increasing the level of local procurement by one or two percent could have a considerable impact on local companies. Although the research only considered the procurement habits of city based companies, there are likely to be benefits from large Islington based businesses prioritising local procurement.

## Other Policy Choices

### Box 2. Case Study - Slaughter and May

Many large companies already have a well developed CSR programme in place. For example, Slaughter and May have a community affairs strategy, committee and manager and undertake an impressive range of activity. For example in September 2010, 18 volunteers visited Central Foundation Boys School to start the 2010 UCAS project with year 13 pupils. In this project volunteers work one-to-one with students for four weeks, helping them to write their personal statements and confirm their university and course choices. More than 15% of the company's employees volunteer regularly, primarily on ongoing projects. The company also carried out pro bono legal advice to charities and individuals and on a weekly basis company volunteers staff two of London's law centres.

13. Many Islington businesses put into practice other policies to help ensure fairness such as encouraging staff to volunteer and ensuring they have adequate time to get involved (e.g. through special leave arrangements or flexible working). For example, in 2009-10, 150 business volunteers from 13 companies supported 150 learners from 4 Islington schools, and 250 business volunteers supported 10 Islington primary schools with reading mentoring. And there are many more examples of businesses partnering with the voluntary sector to help develop their capacity to tackle fairness issues in Islington. The recent launch of Islington Giving provides another route for businesses to give back to the borough either through financial contributions or by enabling employees to volunteer.
14. Many businesses fund local initiatives to address specific issues around where they operate and are located, such as reducing experiences of crime and antisocial behaviour in Islington. Recent examples include improving pedestrian lighting to improve safety at night around the Nag's Head and the introduction of dedicated police patrols in Angel.

15. Many businesses also work to ensure fairness by ensuring that their goods and services are accessible to the whole community. For businesses where customers visit premises various measures can be put in place to overcome any physical barriers to disabled people accessing the premises. This can take the form of physical adaptations, e.g. replacing steps with ramps or providing assistance when required, e.g. major supermarkets allocate a staff member to assist customers who request help with their shopping. For businesses without premises they can ensure that they offer accessible ways for customers to contact them, such as offering textphone or minicom and ensuring websites have accessibility options, e.g. large text.

### **Box 3. Organisations helping business to tackle fairness**

There are a number of organisations that help businesses to manage and develop their fairness (or CSR) programmes. Some of these organisations are listed below. Many Islington businesses will already be involved with these organisations.

- The Corporation of London fund the **Heart of the City**, a registered charity that supports businesses to explore their CSR ambitions. Heart of the city does not source CSR opportunities for businesses, but after working with businesses to identify what they want to achieve they can refer them onto brokerage organisations to source suitable opportunities. The service is free to businesses in the city and city fringes (which includes Islington) and the Heart of the City team has experience of advising over 300 businesses.
- The Corporation of London also run **City Action** which is a free volunteer matching service for city based companies and community organisations in the city and city fringe boroughs (including Islington). City Action's services are free to community organisations in their area and the team will work with organisations to identify their support needs. The team can then offer a range of services, such as a bespoke volunteer matching service as well as support to establish longer-term partnerships between businesses and community organisations.
- **Business in the Community (BitC)** is a business led charity that has UK coverage. It has 830 business members and works with these members to improve their performance and benefit society in four areas: community, environment, workplace and marketplace. The London branch of BitC has a number of programmes such as team challenges, job coaching unemployed people and an annual give and gain day. BitC helps businesses to identify their own CSR beneficiaries as well as developing BitC specific programmes for businesses to engage with.
- The **Midtown Business Club** is a business-led membership organisation that represents Midtown Businesses. The Club has recently launched a CSR programme for their member businesses to support businesses to start or expand their CSR programme.

### **Driving fairness in future – what else can be done?**

16. The information above is just a snapshot of where local businesses are already involved in helping to improve the borough. There is other excellent work that businesses are involved in which is not captured in this paper as they are private arrangements between businesses and their staff or local communities.

17. As set out earlier in this paper the primary purpose of any business is to make profit and the choices which businesses make to tackle fairness will have cost implications for them. However, it is also evident that businesses in Islington make a valuable contribution to fairness in Islington, are passionate and enthusiastic about the activities that they are involved in, and are willing to bear those costs to contribute to fairness in

Islington. A key question for businesses might be whether they can focus or tailor their activities to address the greatest issues of unfairness in Islington. For example, previous meetings of the Fairness Commission have identified the unfairness of issues such as child poverty and the particular difficulties experienced by residents in getting employment, e.g. NEETS, people with disabilities etc.

18. There is also a role for the public sector in Islington to articulate what some of the issues around fairness are, promoting the good work that is being done so that organisations can learn from each other. Similarly, businesses that already have a well developed community programme can act as 'champions' and encourage other businesses to follow their example. There can be real value too in developing a "menu" of opportunities and offering specific brokering so that businesses can get advice, information and matching to potential opportunities that align with the issues of highest priority in Islington.

#### **Box 4 – Case Study – Guardian News & Media**

Guardian News & Media has been located in Islington for several years and recently moved to new premises on York Way. For the past nine years the group has supported staff to participate in a mentoring programme with Elizabeth Garrett Anderson School creating benefits for both pupils and Guardian staff. Around a fifth of Guardian staff participated in volunteering in the last year and the company has a policy that entitles staff to work two days a year on charitable projects. Over the last year the group has shared its approach and experience with other organisations and large companies, encouraging other employers to follow their good example.