

RESPONSIBLE BUSINESS THROUGH A RURAL LENS





CLARENCE HOUSE

In 2001, when I started my Rural Action Programme at Business in the Community, it was hard to persuade anyone that companies might have a role to play in supporting rural Britain. It was further proof to me how deep the divide between town and country had become. Nevertheless, a combination of the horrors of Foot and Mouth in 2001, which brought into everyone's living room the reality of rural hardship, and some very special and thoughtful business leaders who recognized the connection between their business and the health of the countryside, made all the difference. Over the last decade, we have seen some real and important engagement which has helped to tackle the underlying issues of decline in rural areas.

Working with a wide range of businesses on initiatives to regenerate market towns, develop farmer cooperatives, promote local sourcing, encourage the building of more affordable housing in rural areas – and much more besides – some good work has been done, and more attention is now paid to rural communities. Nevertheless, significant challenges remain. Lack of broadband and transport infrastructure stifling enterprise and business growth, high numbers of second or commuter homes pricing locals out of the market, or the barriers facing young people in rural communities – these are just some of the issues hampering rural regeneration. This is to say nothing of the particular difficulties facing smaller family farms, especially those in our upland areas. Indeed, that is why I started The Prince's Countryside Fund in July 2010, so that we could begin to address some of these issues directly. Once again, it was a group of business leaders who had real insight into the importance of a healthy farming and rural economy who were the initial founders, and I owe them a huge debt of gratitude.

The point that many people still overlook is that our countryside is a uniquely precious and valuable resource, not only as a place of leisure, but also in terms of our future prosperity in a fast changing world. It is a source of food, water and energy, and plays a crucial role in flood management, carbon storage and biodiversity. The trouble is that time is not on our side. At the moment, we are witnessing the erosion of the thriving, diverse rural communities and the farmers on whose skills, expertise and entrepreneurship we depend. Each week, nine dairy farmers in Britain are forced to sell up and, despite being 74 per cent self sufficient in the food we can grow here, we are the largest importer of food and drink in the whole of the European Union. The sobering fact is that once we have lost the knowledge, wisdom and skills built up over generations in these communities we will not be able to recreate them.

And that is why I am so indebted to the work of my Leadership Team of senior business leaders for all they do to help tackle these issues, and for putting together this publication which demonstrates how companies can make a real, tangible difference in the way they behave, whilst also driving business performance. I only hope that companies find this a valuable tool to guide them in their corporate responsibility activity and, in doing so, help to secure as durable a future as possible for the rural areas of the U.K. and the nation as a whole.



In these challenging times it is important that we all review how we do business and consider carefully whether we could do more to support our suppliers and the communities in which we trade.

Business and community and urban and rural are all interdependent. We rely on a thriving rural economy for the most essential things - from the food we eat to the open spaces where many of us enjoy our spare time. These things should matter to any business that is serious in taking the long term view.

The rural economy is hugely important to the UK, turning over £300bn, employing 5.5m people and offering an estimated untapped potential to generate another £236bn to £347bn per year.

Nonetheless, some unsettling trends are apparent in rural Britain. Village schools and pubs are closing, public transport is limited, house prices remain an issue for many local people and the farming sector that underpins much of the rural economy continues to face serious challenges.

Adding to this is the demographic shift that is happening in many areas as young people leave to seek a future in town only to be replaced by commuters, retirees or second home owners. Although new blood should be welcomed, the

danger is that villages lose vibrancy and culture as community cohesion and services begin to decay.

The Prince's Rural Action Programme, which I have chaired for the last two years - a role I am now passing on to Mark Allen, Chief Executive, Dairy Crest - is engaging businesses to help address these issues. We are determined to make a positive difference to rural communities through initiatives aimed at bolstering rural sustainability. At Waitrose we passionately believe that thriving rural communities are integral to our success and the other business leaders that comprise the Rural Action Leadership Team share this view. Taking action is not a sentimental act - we all believe there is a clear moral and business imperative.

This publication has been written to reflect the feedback we received following a series of workshops run by BITC across the country, during which we consulted with large and small businesses, community groups and public sector organisations on how business could contribute to

improved rural sustainability at the grassroots level.

It highlights those businesses that are aware of their 'rural footprint' through their supply chains, employees and customers and are excelling in supporting the communities in which they trade. It looks at responsible business through a rural focused lens and considers how priorities and methods of business engagement differ in a rural setting. The 'How to Guide' at the back of the document sets out clearly how businesses of any size can minimise negative and maximise positive impacts on rural areas.

I encourage you to read this booklet, take inspiration from the companies featured and, most importantly, think about how you and your business can take action. As participants in the rural workshops told us, the simplest of steps can make a massive difference to our communities and to your businesses.

Mark Price, Managing Director, Waitrose and Chairman, BITC

RURAL ACTION LEADERSHIP TEAM

About BITC

Business in the Community stands for responsible business.

We are a business-led charity with a growing membership of 850 companies, from large multinational household names to small local businesses and public sector organisations.

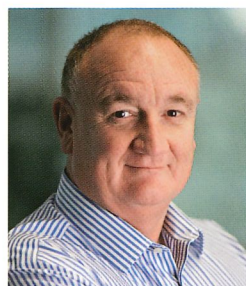
We advise, support and challenge our members to create a sustainable future for

people and the planet and to improve business performance. Our members work with us to define what responsibility looks like in the workplace, marketplace, environment, and the community - and we share what we learn about driving performance through responsible business practice.

Business in the Community is one of The Prince's Charities, a group of not-for-profit

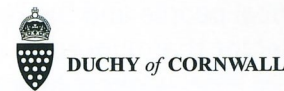
organisations of which The Prince of Wales is President. We work locally, nationally and internationally through a network of partners world-wide and have 28 years' experience of working with communities in greatest need.

The Prince's Rural Action Programme was set up in 2001 to apply BITC's approach to the specific challenges facing rural areas of the UK.



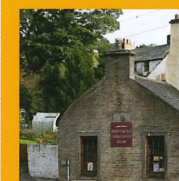
"I am delighted to be taking on the role of chairman of The Prince's Rural Action Programme from Mark Price. I am a passionate believer in the importance of rural communities and the British countryside. As the largest purchaser of milk in the UK, I believe Dairy Crest has a vital role to play in helping to address some of the issues faced. That is why we signed up as one of the founding companies of The Prince's Countryside Fund with one of our key brands, Country Life, earlier this year. I am really excited to be taking on this leadership role and working with the companies below, who share our passion and commitment to this agenda. With the help of this document, I look forward to engaging more businesses in addressing the challenges facing rural areas and, most importantly, building on Mark's work to achieve even greater impact where it is needed most."

Mark Allen, Chief Executive, Dairy Crest and Chairman, The Prince's Rural Action Programme



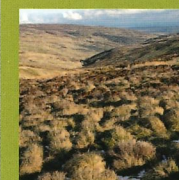
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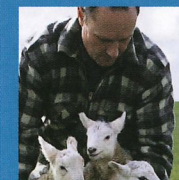
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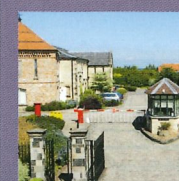
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"Without the support of business advice from consultants at The Co-operative's Enterprise Hub and local business funding, we would not have been able to save our greengrocers. The enterprise has helped us pull together to keep our village thriving through increased customer footfall"

Graham Mitchell, Chair of the Board of Directors, The Green Valley Grocers, West Yorkshire



"Through sourcing locally, supporting community activities with both resources and staff involvement and providing real career and training opportunities for local people, Ginsters has improved the standards and competitiveness of local suppliers, acted as an economic engine for the local area and improved the image of Cornwall as a place to live, work and invest."

Mark Duddridge, Managing Director, Ginsters

Why rural communities matter

Thriving rural communities are not only vital to the sustainability of our countryside but they also support our urban areas by providing us with fresh food, water, energy and a beautiful location to escape to. However they have come under pressure in recent years. Over the last decade rural communities have experienced a decline in the network of services, such as Post Offices, public transport, shops and community halls and have also fallen behind in

some new developments such as access to broadband. As these services provide hubs for community interaction and access to work, training and recreation opportunities, their loss has a significant impact on the viability of rural communities.

The resulting impact on the affordability of living in rural areas and a perceived lack of career opportunities has seen a trend in young people leaving rural areas coupled with a rise in older incomers. The rural population has grown by more than 800,000 people in the past decade;

twice the rate of urban areas. The result has been to price many families out of the communities in which they work and in which they were often brought up, a higher age profile, and hidden pockets of deprivation.

Collectively these issues challenge the sustainability of rural communities and the rural economy, but in many cases new enterprise and the actions of communities to take matters into their own hands are providing innovative solutions, most successfully where they have benefited from business support.

19.3% of the population live in rural areas

John Longden, Chief Executive, Pub is the Hub:

"Rural pubs are often at the heart of their communities, and Pub is the Hub's experienced advisors help pubs stay that way, by encouraging and supporting the provision of essential local services supported by good licensees, which would otherwise be lost. Pub is the Hub has helped improve the sustainability of many rural and community run pubs but would not have been able to do so without the valuable support of many businesses and trade associations. Advice and guidance given on strategy, as well as funding, has also helped Pub is the Hub to become the success it is."

800 village shops are closing each year

Investing in your community

The greatest impact businesses have in communities is through employment and wealth creation, provided they do this in a socially inclusive way. Lone-parents, ex-offenders, people with disabilities and young people not in education/employment/training are examples of those who may find it more difficult to find sustained employment. Business can help people overcome social barriers such as these in order to build successful working lives. Embedding community investment into core business operations can deliver both sustainable impact on society while providing significant business benefits.

Well thought out community investment can provide valuable development opportunities for staff, improving employee commitment and motivation, as well as providing access to new markets and enhancing the reputation of your brand.

For many companies, the rural communities and economies in which they work will face the kinds of challenges outlined above. There is of course a clear business imperative for contributing to the long-term economic and social wellbeing of the local economy and community in which companies operate, from which they source and in which their customers and employees live. Business therefore has an excellent opportunity to help tackle these various challenges by supporting rural communities and offering innovative solutions.

There are a range of different ways in which business can support communities. Provision of skills, time, space, materials or money toward improving community amenities and initiatives can all make a huge difference to the quality of life of people who live in the area and their future prosperity. Often in a rural context, simply sharing a bit of expertise with fledgling initiatives can have a considerable impact on rural sustainability.

Consider:

- Inspiring, training and employing local people and providing advice and guidance to entrepreneurs (this can include providing work experience, mentoring, work placements, apprenticeships, role models or job coaches)
- Partnering with community leaders, local organisations and social enterprises to offer business skills, advice and other support on a pro bono basis
- Mobilising volunteers from employees and customers
- Helping with fundraising or providing funding and donating unused resources or materials
- Supporting local economies by purchasing locally

63% of business leaders see factoring social and environmental issues into their commercial business model as a critical ingredient to responsible business

13% of houses in rural areas are affordable homes compared with 21% in urban areas

CASE STUDY

Northern Rail - Supporting rural regeneration through community rail partnerships

Northern Rail is the largest train operator in the UK operating local and regional train services across the North serving hundreds of rural communities as well as major conurbations. It has a network of 18 'community rail partnerships' that bring together local businesses, the community/voluntary sector and local authorities with the shared aim of providing better rail services, promoting sustainable access into rural areas and assisting in regeneration.

Impact

- By marketing their rural services to urban areas they have increased the number of visitors into rural areas, increasing spend in the rural economy.
- Community partnerships have resulted in increased revenue by promoting sustainable access into rural areas and assisting in rural regeneration.
- The partnerships have led to healthy increases in passengers using rural routes and improved facilities at stations, very often by attracting external funding.
- By offering unused station premises to SMEs and social enterprises at less than commercial rents Northern Rail are making a real contribution to encouraging local enterprise.

893 pubs closed last year following the recession and increased taxes

Sue Huggins, OBE, General Manager Network, Service & Transformation, Post Office Ltd:

"As a business, we believe we are in a unique position to make a positive impact on communities across the country - especially rural communities. We actively encourage colleagues to take up the opportunity to get involved in volunteering, from small local projects to national organised events. It could be anything from decorating a local playschool, creating a sensory garden, or taking children on a day trip. We know that colleagues that are actively involved in community investment activities feel more fulfilled and find their work more interesting."

Principles of community investment

Community investment is an opportunity for businesses to achieve competitive advantage by understanding that a 'win' for community also means a 'win' for business. It offers companies the opportunity to demonstrate their brand values publicly to build greater consumer confidence and trust and improve reputation.

The CommunityMark is the UK's only national standard that publicly recognises excellence in community investment and enables businesses to quantify and qualify the business benefits of their community strategies. Its five principles can help guide businesses on their journey to maximise their positive and minimise their negative impact on rural communities.



CommunityMark

developed by Business in the Community

■ Identify the social issues that are most relevant to your business and most pressing to the communities you work with.

Consult and engage with your staff and stakeholders in rural areas to ensure you focus your efforts where there is a clear synergy with the business. Routes into rural communities include parish councils, Local Action Groups, Rural Community Councils, Local Strategic Partnerships, Local Enterprise Partnerships and other community groups.

■ Work in partnership with your communities, leveraging your combined expertise for mutual benefit

It is essential to work with communities and partners to identify what their needs are and what the solutions might be. Local knowledge is invaluable in making sure that any activity complements what already exists. Think about how the range of skills and expertise in your organisation can add value for example through pro bono assistance where it is really needed.



CASE STUDY

The Midcounties Co-operative (CommunityMark holders)

In consultation with stakeholders, the Midcounties Co-operative identified tackling rural exclusion as one of the most pressing issues to their communities. As a result, they successfully integrated community investment throughout the business by helping communities to create community owned shops. They provided the most comprehensive support programme of any UK retailer to enable communities to do this and take control of their own services.

Impact

- Of the 150 stores in the UK at the time of the initiative, over 20% received support from The Midcounties Co-operative or the business advice it funds.
- 94% of customers believe the changes and developments to be beneficial, leading to higher customer satisfaction.
- Decrease in staff turnover through staff actively participating in community activity.

■ Plan and manage your community investment using the most appropriate resources to deliver against the targets you set yourselves

A planned, well thought through approach supported by sufficient resource and a set timeline will have the greatest chance of success.

■ Inspire and engage your employees, customers and suppliers to support your community programmes

Be creative and pro-active about getting people to know about and help get behind your initiatives. Take the time to communicate and celebrate the work your staff are doing in the community and find activities that really resonate with them, such as supporting them to volunteer in their own community, to really engage them.

■ Measure and evaluate the difference that your investment has in the community and on your business. Strive for continual improvement

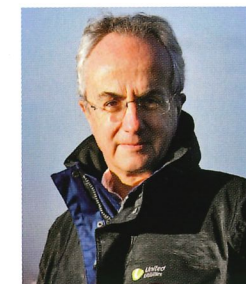
Ensure that you review progress against the objectives put in place at the beginning of your project so that you can evaluate your impact and identify areas for improvement. Without measurement you won't be able to tell your customers and employees about your achievements or improve the effectiveness of your investment.

See the 'How to Guide' at the back of this booklet for more information on the steps to take.

Graham Wilkinson, Manager, Hudson House, North Yorkshire:

"Hudson House is an enterprise and resource centre offering a wide range of services and facilities for the two dales of Swaledale and Arkengarthdale. It provides accommodation for some public bodies and a number of smaller, voluntary-led organisations in a former Barclays Bank. When a group of local people proposed the purchase of the redundant bank building to house the project, Barclays offered to sell the property at a price well below market value. This help was invaluable in getting the initiative to improve services in the area off the ground and acting as a driver for regeneration in the area."

One in four households in sparse rural areas are in income poverty (income less than 60% of the England median) before housing costs have been accounted for



"At United Utilities we strongly believe that having a positive impact on the environment is critical to business success. Our Sustainable Catchment Management Programme operating on our landholdings in the North West is a great example. By working with our tenant farmers we have achieved improvements in water quality while restoring habitat quality and carbon storage potential - reducing treatment costs for the business and our customers, while having a real impact on the quality of the environment. As a water company, we may be closer than some to the coalface but, as Chairman of the Mayday Network, I know that all businesses have much to benefit from, both in the short and long term, by taking action to mitigate their impact on climate change, resource use and biodiversity."

Philip Green, Chief Executive, United Utilities and Chairman of The Prince's Mayday Leadership Team

"Thanks to the provision of skills, advice and seed funding from business, our village has been able to accelerate a 23% reduction in carbon emissions and rally the community around other projects, like saving our village shop. My own employers have supported by allowing me to contribute my time and skills to the project."

Garry Charnock, Project Coordinator, Ashton Hayes, Cheshire

Securing environmental services

Never before has the environment been under so much pressure and subject to such significant change as it is today. Rising populations and climate change mean that the natural environment is an even more essential, but increasingly threatened resource. The range of goods and services the environment provides, from food and

water, to flood defences and carbon storage, underpin the way in which we live, work, and prosper. Securing the sustainability of our natural resources for the future is critical for business and society in the long term.

More efficient resource management including reducing the energy and water consumption of your business, can lead to instant savings and reduce your impact on

the environment. Businesses are also uniquely placed to tackle climate change, resource depletion and declining biodiversity through inspiring and mobilising action both within their own businesses and through their supply chains and customer reach. This can result in a significantly amplified effect that stretches much further than a business' own operations.

The opportunity for rural business

Businesses with rural landholdings, or whose supply chains reach into rural areas, can have a significant impact on the environment through the way that land is managed and resources are used. For example, encouraging practical adaptations to land management practices in favour of reduced carbon emissions and wildlife conservation can have a big impact. Responsible supply chain management can also achieve significant efficiencies in the way waste, water and fuel are used, while improving the resilience of the businesses in your supply chain into the future.

In many cases, businesses operating in rural areas have better opportunities to manage their resource efficiency. Developing renewable energy, harvesting rainwater and encouraging biodiversity are all possible at a range of scales and help reduce reliance on fossil fuels.

The UK's upland areas provide 70% of its drinking water

Sustainable working

Operating in a rural area can also present challenges in terms of energy use, with travel distances being longer and more car dependent than in an urban setting. Either working independently or collaborating with other local businesses, it is possible for businesses to reduce these impacts whilst enhancing their offer to employees. Setting up car sharing schemes with associated benefits of priority parking, emergency ride home and reduced travel costs to encourage employees to travel together; provision of storage and shower facilities for

cyclists and runners; working with local or private bus operators to enhance existing services or provide company buses can all help to reduce car use, improve employee well being and help your employees become more conscious of the environment. In addition, offering flexible working policies and equipment to enable home and remote working on an occasional, part time or full time basis can help reduce commuting impacts while delivering a number of added benefits outlined in the Workplace section of this document.



CASE STUDY

Adnams - Carbon neutral beer

In the market town of Southwold, medium-sized brewer Adnams has transformed itself into a low carbon business, setting industry standards for energy efficiency, water usage, effluent control and recycling of materials by both engaging its employees and installing progressive eco-efficient production.

Adnams' eco-efficient brewery recovers 100% of the heat from each brew to reheat the next; a process that reduces the amount of the gas needed during the brewing process and can also brew larger batches in less time. Their distribution centre was built using a combination of hemcrete walls, a green roof, rainwater catchments and glulam wood beams. Thanks to this design, the centre does not require any mechanical cooling or ventilating systems.

Impact

- Greater brand reputation and employee engagement.
- New distribution centre saves £49,000 per annum, using 58% less gas per square metre and 67% less electricity per square metre compared to the old warehouse.
- Use of lime and hemp instead of concrete saved 600 tonnes of CO₂ from being emitted.
- Lightweight bottle reduces glass use by 624 tonnes per annum and CO₂ by 415 tonnes per annum.
- Achieved the maximum 80% tax rebate on Climate Change Levy.

Phil Pearson, Chairman, APS Salads, Cheshire:

"At APS Salads we have put a strong focus on innovation to improve our environmental impact. For example through developing a bespoke anaerobic digestion facility to deal with tomato waste at a small scale, we have reduced our requirement to landfill organic waste from 2500 to 200 tonnes a year while also producing a considerable amount of electricity, heat, carbon dioxide and fertiliser to use in the growing process, saving both money and carbon."



More carbon is stored in Britain's soils than in the forests of France and Germany combined



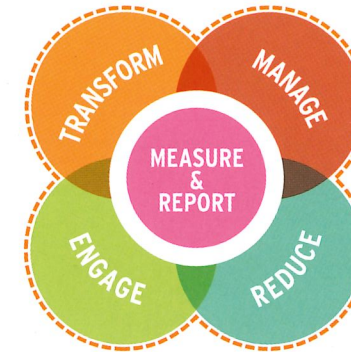
CASE STUDY

PepsiCo, Walkers Crisps - Creating sustainable farms that are fit for the future

PepsiCo identified that growing potatoes and sunflowers - the raw ingredients of Walkers crisps - accounts for 34% of the carbon footprint in each bag. They recognised that in order to meet their corporate carbon and water reduction targets to reduce both footprints by 50% in 5 years and ensure a sustainable future for farming they would need to work closely with their 350 farmer suppliers. Their Sustainable Agriculture Strategy includes a comprehensive package of support to help farmers achieve these goals which has been developed in partnership with key organisations to make sure it is based on the latest, robust science.

Impact

- Farmers have benefited from financial support from PepsiCo to assist them with the capital investment needed to install technology to improve their carbon and water efficiency, such as energy saving devices and new storage facilities.
- Research led by PepsiCo has identified viable low carbon fertilizers and potato varieties that improve yield and reduce waste, which they are now helping farmers to integrate into their farming system - they aim to replace 75% of the current potato stock with better varieties by 2015.
- Farmers are able to use computerised tools developed by PepsiCo to accurately calculate, analyse and understand their water use and carbon emissions so that they can manage their farm in a more efficient way.
- Strengthened relationships between PepsiCo and their suppliers.
- Improved sustainability of farm businesses and potato supply for the long term.



The Mayday Journey

The Prince's Mayday Network is a collaboration of over 3,000 UK businesses taking steps towards a sustainable future. Businesses in the Network are encouraged to use the Mayday Journey tool, a comprehensive online resource that assists in developing a carbon reduction programme. The tool offers support, highlights the business benefits of early action towards sustainable working, and provides best practice examples from other Mayday businesses. The journey also includes guidance around waste and water use, and the following simple steps will help businesses with a rural footprint to manage and reduce their direct and indirect emissions. The key steps are as shown to the right:

MEASURE & REPORT

Measure and report your business' impact on the environment - many companies are surprised at the proportion of carbon emissions or water use that are attributable to the rural base of their supply chain and provide scope for significant reduction of the business' overall footprint. You can't manage what you don't measure!

MANAGE

Manage your environmental impact; develop a carbon, water and biodiversity action plan and set targets for reduction or improvement.

REDUCE

Take the practical actions needed to support your action plans. Consider how you can work with your supply chain to help rural suppliers who may have less knowledge or capital to invest to support your goals.

ENGAGE

Maximise your potential to be a positive force for change by engaging your employees, suppliers, and customers to take action on their environmental impact. Raise awareness among stakeholders at all levels about the impacts of climate change, biodiversity loss, unsustainable use of resources, and how the countryside can play a major role in a sustainable future, through existing and new knowledge networks.

TRANSFORM

Transform your company to be fully sustainable and ensure it will still be of value tomorrow - integrate sustainability into the way you do business.

UK farmers carry out £400m worth of unpaid conservation work annually

"I'm really proud of selling my lambs to Waitrose because it has such high standards. The buyer is in touch all the time too - he tells me how my lamb is selling and what customers think of it."

Edward Giffith, farmer supplying Waitrose with lamb from the Llyn Peninsula



"Our supply chain is built on longevity and a partnership approach, helping to grow our businesses together. We know that farming is a tough business and want to help ensure a strong and stable UK agricultural industry for years to come. Our supply chain relies on the 17,500 British and Irish farmers that supply the ingredients for our menu and we believe in sustaining these long-term relationships. We do not chop and change suppliers just to get a lower price. We are an assured customer of British and Irish farming - and will continue to create and nurture long-lasting relationships with all of our suppliers and farmers."

Brian Mullens, Senior Vice-President, McDonald's UK

Why it pays to be a responsible business partner in the rural marketplace

In an increasingly transparent, interconnected world, a business' behaviour in the marketplace is more important than ever. Whether it's to do with how a company deals with its customers, runs its supply chains, works with regulators, or recognises and acts on the wider impact of its products, getting it wrong can be an expensive business. Most companies are operating in a rural marketplace, whether through their supply chain or customer base, and while this can present challenges there are clear opportunities for companies that get it right.

Companies which capitalise on this opportunity by supporting the rural economy, developing stronger relationships with suppliers and recognising the increasing trend of consumers to be more concerned with the origin of their food, soon realise the many benefits this brings to their business.

The case for investing in rural economies

Rural and urban areas are heavily interdependent. Urban centres rely on rural areas for food and clean water, and rural areas rely on urban trade. The rural economy, however, is fragile. Farmers continue to be paid below the cost of production in many cases, forcing them out of business and their numbers are falling.

Through allowing our farming sector to be depleted, we not only undermine our ability to feed ourselves, but we rid the countryside of the people that manage and maintain the land and act as the engine driving the rural economy, whether by attracting tourism or supporting a number of other businesses in their own supply network. In the face of climate change, we will come to rely more than ever on our natural assets and the ability to produce local food, so securing the resource and skills required to manage these now is essential.

CASE STUDY

Waitrose - Welsh Lamb Supply Group

Wherever possible, Waitrose aims to source food and drink from the local areas within which they trade. They aim to source the very best of local and regional food and drink, which truly reflects the regional diversity of British produce. In 1993, Waitrose was approached by a group of Welsh farmers looking to market Farm Assured Welsh Lamb. They developed a dedicated supply group with the farmers and the scheme has since been recognised as best practice by the Red Meat Industry Forum. From the 28 producers initially involved, there are now 300, with many committing 100% of their output to Waitrose.

Impact

- Supply chain events such as conferences and open days give the opportunity for Waitrose and the producers to meet face to face, share best practice and build the relationship.
- Supplier Partnership Groups with a long term approach offer farmers an assured market and clear direction that has helped family farms to plan for the future. The producer groups now contain many sons/daughters who have taken over the running of their farms from their parents since the start of the scheme in 1993.
- Waitrose's commitment to support during times of difficulty has helped producers to remain in business, for example during the 2007 Foot and Mouth Disease outbreak.
- Security of top quality supply for Waitrose.

Sustainable supply chains

Responsible supply chain management isn't simply a question of doing "the right thing" - it makes good business sense. Through ensuring responsible management of your supply chain you will be able to minimise risks and seize business opportunities. It will help you build better and more sustainable long-term relationships with your suppliers, in turn ensuring quality and security of supply. Organisations practising sustainable procurement meet their needs for goods,

services, utilities and works with a view to maximising net benefits for themselves, the environment and wider society.

A practice which companies are increasingly recognising as part of this is sourcing locally. For businesses based in rural areas this can mean supporting local SMEs, whether to meet IT needs or provide catering for your office. Rural areas in England generate higher levels of business creation per head of population than all inner London so there are a large number of small businesses from which to choose!



Domestic food and drink manufacturing contributes £22 billion to the UK economy and is the UK's largest manufacturing sector

Businesses based in an urban or rural environment can make a big difference to the rural economy by purchasing British produce. By doing so you are not only buying produce of the highest standards, but safeguarding the future of the British countryside. Buying locally reinvests money into the rural economy, supports rural regeneration, while also improving the environmental sustainability of the food we eat by reducing food miles and the movement of embedded water.

Prompt payment is another essential element of responsible supply chain management as it is critical to the cash flow of every business, and especially to smaller ones. Certainty of getting paid on time enables businesses to plan both for their short and longer term futures. Signing up to the Prompt Payment Code is a useful public declaration of your commitment to fair payment terms.

Working with rural suppliers

Developing strong relationships through the supply chain is vital for long term business success and has a range of benefits:

■ Increased supplier loyalty:

Treating suppliers as partners, helping them improve their performance and be "fit for the future", will foster loyalty and also help to increase security of supply. If producers have an assured market, clear direction, and a stable base on which to build their businesses they can invest in the future and make their business more resilient to external shocks.

■ Increased market share /access to new markets:

Ethical consumerism is growing. The 2008 Cooperative Consumerism report found that the ethical market in the UK was up 15 per cent on the previous 12 months and was worth

£35.5bn. Developing more ethical, sustainable and locally sourced products to meet this consumer demand can only be done through collaboration in the supply chain.

■ Cost savings:

Working with suppliers on efficiencies also results in direct cost savings for businesses. One of the easiest ways to economise is to look for ways to reduce use of energy, waste and transportation, which have a positive environmental benefit too.

■ Attract and retain talent:

Employees increasingly want to work for responsible businesses. Responsible supply chain management can bolster CR credentials and help businesses recruit and retain experienced staff and new talent in the procurement function and beyond.

Agriculture underpins the rural tourism sector which generates an estimated £14 billion and supports 25,000 businesses every year

Nearly a third of shoppers claim to be specifically purchasing locally produced food

It is not always easy for small suppliers to work with large businesses – many small businesses feel that they don't speak the same language as large corporations and red tape can often get in the way. You may need to change the way you work with small rural suppliers and be adaptable to their needs in order to reap the benefits above.

Responsible marketing

Business has a key role to play in influencing customers' purchasing choices. Clear, transparent marketing of the ethical credentials of products and services is essential if consumers are to make informed choices and most importantly, come to trust these messages. Research shows that consumers favour

products which have been locally produced and are a result of a sustainable and ethical supply chain: the IGD's shopper research shows that 56% of shoppers believe that their purchase decisions can make a positive difference to British farmers while 46% believe it can make a positive difference to the local economy. Nearly a third of shoppers claim to be specifically purchasing locally produced food and this group has doubled in size since 2006. However, clear information about products through your marketing activity is key to helping consumers make informed choices.

Meeting the needs of rural customers

Nearly a fifth of the UK's consumers live in rural areas. Differences in lifestyle, infrastructure and service provision in rural areas can mean the needs of rural customers are distinct to urban ones. Considering how your products and services meet these needs could help your business identify opportunities to innovate and tap into new markets or increase market share whilst also providing for an underserved market.

See the 'How to Guide' at the back of this booklet for more information on the steps to take.



CASE STUDY

Post Office Ltd - Adapting a service to a rural market

The Post Office has developed a number of innovative ways to provide its essential services to remote communities. Alongside hosting Post Offices in village halls and pubs, there are now almost 40 mobile Post Offices serving around 240 communities across the UK. Each of the mobile vans open up to reveal a fully equipped counter service that offer a full range of online transactions including free cash withdrawals for 80% of current account holders; a vital service given that the majority of ATMs are fee charging in rural areas. As well as the more traditional services associated with the Post Office, customers also have access to a competitive range of financial services such as savings accounts and insurance policies, and even a range of Post Office mortgages.

Impact

- An innovative method of "taking the services to the people" and reaching those who have limited access to transport.
- Allows customers regular and convenient access to its services on a more commercially sustainable basis.
- Maintains the important social role played by a Post Office in rural communities.

5.5 million people are employed by the rural economy which turns over £300bn a year



"Impact has strong values around how people should be treated and managed, providing the necessary working environment that promotes a healthy, safe, dynamic, diverse, meaningful and balanced workplace. We have a number of people who have been with us for over 25 years and our turnover of staff is very low. Our people have made it very clear that our commitment to engaging communities is highly motivational and helps attract and retain talent."

Employee, Impact International, Cumbria



"Employers will need to focus increasingly on developing talent and skills in order to secure the competitiveness of British business. Collaborating with schools, concentrating on continued development throughout the workplace and adapting to the needs of a diverse workforce all have a role to play in getting the best out of people. People living in rural areas in particular require innovation in recruitment, training and working arrangements from employers to deliver their best performance."

Wayne Bowser, Deputy Head of Commercial Banking, HSBC

Why take action in the workplace

In order for companies to prosper, workplaces need to evolve with social change and cater for the differing aspirations of workers at all stages of life. Companies looking to build their business values, motivation and long term sustainability by bringing responsible business to the workplace face key challenges, particularly in a rural setting. By taking certain steps to put in place responsible employment practices and help develop talent considerable benefits can be delivered to both business and society.

These steps include:

- Creating flexible working opportunities
- Developing people's skills and talents
- Tapping into the talent of a diverse society
- Ensuring the health and wellbeing of employees

In rural areas opportunities for young people to improve skills and experience are limited, many jobs are seasonal and it is more difficult and expensive for people in rural communities to even get to work. As fewer well paid work opportunities become available and house prices rise many people are forced to make the hard decision to leave the countryside in order to look for work elsewhere. Those that stay are often unaware of the range of employment or enterprise opportunities that can be hidden in the small business fabric of the rural economy.

However, the rural economy is hugely important to the UK, contributing £300bn to the national economy, employing 5.5m people and with estimations of untapped potential of between £236bn and £347bn per annum. Investing in training and apprenticeships for young people, raising their aspirations and encouraging

flexible working can all help to release this potential by improving the employment opportunities in rural areas, boosting the rural economy, and enabling existing businesses to recruit locally and get the best out of their people.

However, achieving this depends heavily on the expansion of reliable rural broadband. It is absolutely essential that both the private and public sector continue to invest in this as a priority if the rural economy is to prosper. As super-fast broadband networks are rolled out in many areas of the UK, rural areas face the prospect of falling even further behind. Not only is broadband vital to enable businesses to operate effectively, grow and create jobs, but it would also improve access to education and training, as well as services such as banking and healthcare in a way that could be so valuable in a rural context.

CASE STUDY

Westmorland - Rural employer of choice

Westmorland is a family owned business employing 500 people comprised of Tebay Services, Farm Shops, Caravan Park, J.38 Services, the Rheged Centre and The Westmorland Hotel. The Westmorland Farm shops opened their doors in 2003 and were born out of a 30 year commitment to using local produce, supporting local suppliers and promoting Cumbrian produce.

Westmorland recognise that their success depends entirely on their people and employing and developing the best local talent. Due to the lack of transport in the local area the company has adapted to the needs of its rural workforce by offering a free minibus service to surrounding villages, which coincide with the hours of the two different shift patterns. A Bright Ideas scheme was launched to reward staff in coming forward with ideas which can contribute to the success of the business.

Impact

- 90% of the workforce comes from the local community.
- A staff community fund enables employees to apply for funding for community projects.
- By encouraging flexible working, providing transport and a variety of shift patterns Westmorland is a family friendly employer.
- Subsidised staff accommodation is also available to assist staff moving into the area.

In 2009 around a quarter of all employment in rural areas was generated by those businesses employing 10 to 49 people



The average age of farmers is now 58 and at least 60,000 entrants into farming are needed over the next decade

Creating flexible working opportunities

Flexible working has a real role to play in releasing the potential of people and the rural economy. Innovative businesses who provide flexible employment arrangements can help people enter the labour market by avoiding expensive, time consuming and environmentally damaging travel, enabling employees to balance competing priorities, such as multiple part-time employment or seasonal farming pressures, and spreading the geographic catchment within which they can recruit. This can all lead to more opportunities for people in rural communities to develop their careers without moving away. There are also clear environmental benefits outlined in the Environment section of this publication.

Tapping into new and diverse talent

Flexible arrangements as described to the left can help to broaden the pool from which a business can recruit, wherever they are based, enabling them to access a wider range of talent and skills. However, the rural workforce is already surprisingly diverse. Due to the seasonal nature and low wages associated with a significant amount of rural employment, the use of migrant labour has been common in rural areas for some years. Migrant employees bring significant benefits to a business but also have distinctive needs that responsible employers need to address. The Voluntary Code of Practice for Employment of Migrant Workers in Great Britain gives useful guidelines as to how to treat migrant workers and the communities in which they live fairly in order to mitigate any negative consequences.

Ensuring the health and wellbeing of employees

Investing in the health and wellbeing of the workforce directly contributes to increased productivity and minimises financial risk. Good health means less absence through illness and a more positive workplace. Workers in rural communities are much more likely to use a car for their commute to work rather than walking or cycling. Travelling by car is expensive, creates a higher carbon footprint and does not promote physical activity. However businesses based in rural areas have a great opportunity to use the surrounding environment to encourage employees to be active and promote healthy, local food.

Rural areas in England are more entrepreneurial and generate higher levels of business creation per head of population than all Inner London

Developing skills and talent

Skills contribute to employment, productivity, economic growth and individual prosperity/family prosperity. It is our skills and how we use them that provide the income for our families, and help businesses grow. Developing the skills of the current and future workforce is therefore essential for long term business success.

Existing employees

For small businesses, which make up the vast proportion of the rural economy, setting aside time and resource for training and development can be a challenge. However, encouraging employees to volunteer their skills and time to local schools or community projects during business hours can provide a low cost way in which to develop staff while helping to address key local needs. Such activity has proven knock on effects on attendance, productivity, recruitment, retention, as well as corporate reputation. Collaborating with other businesses on training delivery is another way to bring costs down. This approach can also usefully be applied to other functions such as HR, legal, or facilities services.

Future workforce

Rural areas also face particular challenges in developing young talent and retaining it in the local economy. Perceived lack of opportunity and a lack of accessible further education can leave young people feeling that their only option to succeed is to head to the city. This out-migration of young people is contributing to an ageing population and a serious recruitment challenge for rurally based businesses.

A BITC 'Talent Challenge' study in North Yorkshire showed that where employers, of a range of sectors and sizes, got involved with young people through work-related learning in local schools, they were able to break down stereotypes and encourage young people to see that the local area could provide exciting job opportunities. The businesses involved could clearly see a range of benefits, from addressing recruitment issues by changing perceptions of their industry, making young people aware of their existence and developing contacts with a future talent pool, to retention of talent by offering the chance for employees to get involved with schools and their local community.

Simply improving the quality of work experience offered to young people can also have a huge impact and BITC's Work Inspiration campaign provides guidance on how to do this and become a 'Work Inspiration employer'.

Offering apprenticeships can also play an invaluable role in providing quality training to young people while helping to develop the talent needed for the future of a business. The blend of theoretical and practical learning this entails is being strongly advocated by government and the kind of technician, associate professional and advanced craft jobs it prepares trainees for are particularly prevalent in the rural economy. However, some potential apprentices may lack the literacy and numeracy skills to demonstrate they can manage the disciplines and routines of the workplace. Offering pre-apprenticeship training as part of a company's community investment activity can therefore be invaluable.

See the 'How to Guide' at the back of this booklet for more information on the steps to take.

By 2007, 45% of the rural population lived more than 5 miles from a Jobcentre - up from 41% in 2000

Local jobs in rural communities are amongst the lowest paid in the UK - 20% below the national average while basic living costs are up to 20% higher

CASE STUDY

Perry Slingsby Systems - Investing in local talent

Perry Slingsby Systems is an engineering business employing 130 people. The company has had a number of recruitment problems - specifically finding apprentices and graduates to fill vacancies. This led them to partner with Lady Lumley's School, providing an opportunity to develop and enthuse local talent at all levels from schools and colleges. The opportunity has provided the school with a platform to drive up the quality of work placements for learners as well as the relevance of work experience to the career aspirations of young people.

Impact

- High quality work experience placement for Lady Lumley's students.
- Better awareness among local students of the highly skilled world class engineering career opportunities available on their doorstep in rural North Yorkshire.
- In the longer term, a solution to recruitment difficulties for Perry Slingsby was achieved and their local profile improved.



Business in the Community – where you can find us

East of England

Business in the Community
Bank House, PO BOX 93
Newmarket, Suffolk CB8 1ZN
T 01638 663 272
E eastern@bitc.org.uk

East Midlands

Business in the Community
3rd Floor, 30-34 Hounds Gate
Nottingham NG1 7AB
T 0115 924 7400
E eastmidlands@bitc.org.uk

London

Business in the Community
137 Shepherdess Walk
London N1 7RQ
T 020 7566 8650
E london@bitc.org.uk

North East

Business in the Community
c/o The Sage Group plc
North Park
Newcastle Upon Tyne
NE13 9AA
T 0191 294 6033
E northeast@bitc.org.uk

North West

Business in the Community
2nd Floor, Amazon House
3 Brazil Street
Manchester M1 3PJ
T 0161 233 7750
E northwest@bitc.org.uk

South East

Business in the Community
c/o Systems Technology Park
Elettra Avenue, Waterlooville
Hampshire PO7 7XS
T 023 9223 0692
E southeast@bitc.org.uk

South West

Business in the Community
3rd Floor, Bush House
72 Prince Street
Bristol BS1 4QD
T 0117 930 9380
E southwest@bitc.org.uk

West Midlands

Business in the Community
83 Bournville Lane
Birmingham B30 2HP
T 0121 451 2227
E westmidlands@bitc.org.uk

Yorkshire & Humber

Business in the Community
44-60 Richardshaw Lane
Pudsey, Leeds LS28 7UR
T 0113 205 8200
E yorkshire@bitc.org.uk

Wales

Business in the Community
2nd Floor, Riverside House
31 Cathedral Road
Cardiff CF11 9HB
T 029 2078 0050
E wales@bitc.org.uk

Business in the Community

Northern Ireland

Bridge House, Paulett Avenue
Belfast BT5 4HD
T 028 9046 0606
E info@bitcni.org.uk

Scottish Business in the Community

1st Floor (East)
Livingstone House
43a Discovery Terrace
Heriot-Watt University
Research Park
Edinburgh EH14 4AP
T 0131 451 1100
E info@sbcscot.com

Business in the Community Ireland

32 Lower O'Connell Street
Dublin 1, Ireland
T +3531 874 7232
E reception@bitc.ie

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improve their performance to create a sustainable
future for people and planet

www.bitc.org.uk

Business in the Community

137 Shepherdess Walk
London N1 7RQ
T +44 (0)20 7566 8650
F +44 (0)20 7253 1877
E info@bitc.org.uk
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