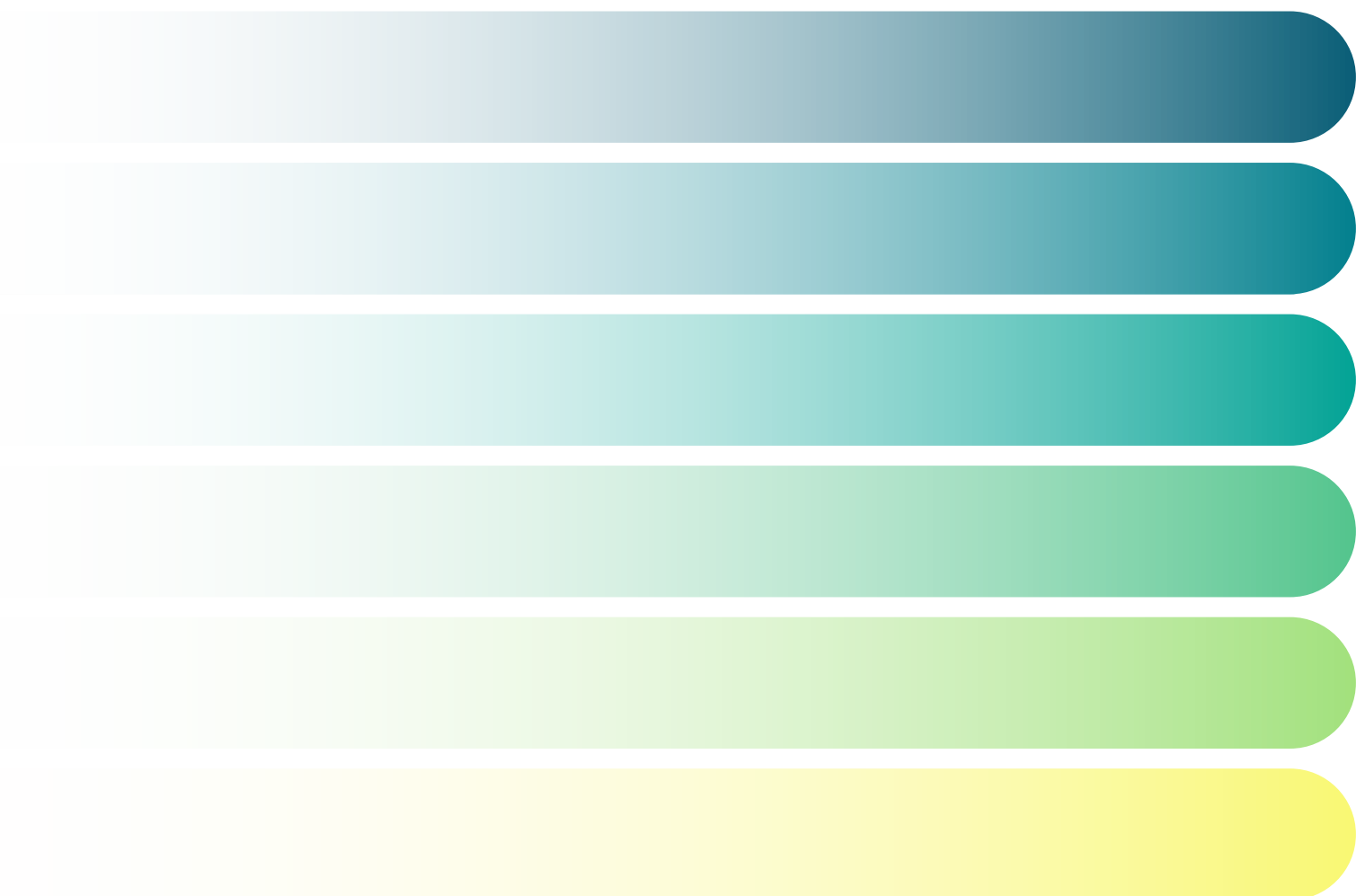


The Good Business Manifesto

A manifesto for the 2024 UK General Election by ReGenerate, a charity unlocking the power of business to profitably help tackle the big social and environmental challenges of our age.

June 2024



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WHY WE NEED GOOD BUSINESS

Whoever wins the UK General Election in July 2024 will be met with a daunting set of challenges. To name just a few:

- There are six million people so far in the depths of poverty that they would need to double their income to narrowly escape it.¹
- Global emissions are rising, and we are currently unlikely to limit global warming to just 1.5°C.²
- There is a growing gap between affluent and struggling regions of the UK, with people in left behind areas living, on average, 7.5 years less than those in less deprived areas.³
- Energy security, affordability and sustainability are more important goals than ever before, but are still far away from being a reality.⁴
- Public services are stretched to breaking point, with significant efforts required to simply maintain current levels.⁵

Success at tackling these and other challenges will require thoughtful strategic leadership, rather than reacting to each one as they reach new crisis points. A vital question across all of these challenges will be what role entrepreneurs and established businesses could play in helping to profitably tackle them.

Nearly three quarters of people in Great Britain believe the next government will need to work closely with UK businesses to tackle climate change and poverty.⁶

ReGenerate has spent the last few years seeking to answer this exact question. We have polled over 2,500 individuals and organisations, engaged over 150 people across 90 organisations, and worked with leading academics and thinkers.

What we found should be a great source of hope. While we believed it fairly likely that these challenges would benefit from greater business involvement, we did not know the extent to which

¹ Joseph Rowntree Foundation, 23/01/24, [Hardship deepens as millions find the poverty line further out of reach](#)

² World Meteorological Organisation, 05/06/2024, [Global temperature is likely to exceed 1.5°C above pre-industrial level temporarily in next 5 years](#)

³ Understanding Society, 01/03/2022, [People in poverty work longer hours and live shorter lives](#)

⁴ Creds, [The energy affordability and security crisis](#)

⁵ Institute for Government, 30/10/2023, [Performance Tracker 2023: Cross-service analysis](#)

⁶ Deltapoll interviewed 2,010 British adults online between 6th – 8th June 2024. The data have been weighted to be representative of the British adult population as a whole.

business leaders genuinely wanted to do more and that their companies would benefit as a result of doing so.

When it comes to expectations from the public, we found that nearly six in 10 people in Great Britain (59%) think that businesses should play a bigger role in tackling poverty, with a similar proportion of people (60%) believing that they should play a bigger part in solving the environmental challenges we face globally. People who voted for Labour in the last General Election were more likely than those who voted for the Conservatives to expect a closer working relationship between government and business to tackle these challenges.⁷

An active role for business

The sheer scale of the challenges facing the country makes a compelling argument for everyone, including businesses, to play their full part in helping to tackle them. There are also specific reasons why business contributions are so important.

Not only do businesses have a unique ability to innovate and scale solutions to the big challenges of our age, but their growing size and influence means that small decisions by businesses can have a big impact. More than two-thirds (69 out of 100) of the richest 100 entities on the planet are corporations now, not governments.⁸ For a sense of the sheer scale, US business Nvidia, which engineers chips, systems and software useful for Artificial Intelligence, recently had their value increase in one day (23 May 2024) by roughly the size of Greece's GDP.⁹ They are also increasingly influential, for example, with decisions made by the major social media businesses shaping information sharing around global elections.

"If you look at the scale of problems the world faces, whether it's climate change or the widening inequalities in society, it is clear that more is needed from business. Businesses have such a huge power to innovate and deliver at scale, and we need this power focused on the big challenges we face."

Chris Hulatt, Co-founder, **Octopus**

The reality is that businesses are going to be affecting major social and environmental issues regardless of whether the government works with them or not, so it is increasingly vital to engage with them to help ensure that their impact is positive and enhanced through collaborative efforts.

⁷ Deltapoll interviewed 2,010 British adults online between 6th – 8th June 2024. The data have been weighted to be representative of the British adult population as a whole.

⁸ Global Justice Now, [69 of the richest 100 entities on the planet are corporations, not governments, figures show](#)

⁹ This is Money, 03/06/2024, [Inside Nvidia where shares have soared 3,000% - so can it still make YOU money?](#)

Lastly, the government and charities cannot do it alone. The government is limited by debt: UK government debt is at the highest level since the 1960s, and maintaining public services, let alone investing in tackling new issues, is a significant challenge by itself.¹⁰ Similarly, charities, who typically do amazing work with people on the margins of society, are limited by scale: UK charity turnover makes up just 1% of UK business turnover.^{11,12}

After the government, people in Great Britain rank UK businesses second in terms of responsibility for tackling UK poverty and global environmental challenges, ahead of both non-profit organisations and the wider public.¹³

In this context, it is vital for the incoming government to think strategically about how to harness the power of business to profitably help tackle the big challenges of our age.

Good for business, not just society

Businesses profitably helping to tackle big challenges is not only good for society, but also for businesses and the economy, with some estimates suggesting that if they operated in a manner that purposely benefited society, this would result in a £149 billion boost to the UK GDP per year.¹⁴ ReGenerate compiled the evidence on this in its paper, *The Case for Purpose-Driven Business*.¹⁵ Much of it can be boiled down to the fact that people want to invest in, buy from and work for companies that are taking a purpose-driven approach. And, given that there is a global market for companies, talent and investors, it will significantly help the UK economy to be a leader in this approach to business.

This reality is reflected in polling conducted by the British Academy and supported by ReGenerate, which found that business leaders are now as likely to think that their company's purpose should be to profitably tackle the problems of people and planet as to maximise shareholder returns.¹⁶ This view is reflected amongst investors: the Impact Investing Institute estimated that the UK's impact investment market stood at £58 billion in 2020 and expected this figure to double to over £100 billion within five years.¹⁷

¹⁰ Office for National Statistics, 22/05/2024, [Public sector finances. UK: April 2024](#)

¹¹ Gov.uk, 05/10/2023, [Business population estimates for the UK and regions 2023: statistical release](#)

¹² NCVO, [How charities work. About charities](#)

¹³ This is based on mean ratings. Deltapoll interviewed 2,010 British adults online between 6th – 8th June 2024. The data have been weighted to be representative of the British adult population as a whole.

¹⁴ O'Brien, A., Demos, 11/2023, [The Purpose Dividend](#)

¹⁵ ReGenerate, 17/07/2020, [The case for purpose-driven business](#)

¹⁶ The British Academy, 15/10/2020, [Survey highlights appetite for new definition of corporate purpose among UK businesses](#)

¹⁷ Impact Investing Institute, 03/2022, [Estimating and describing the UK impact investing market](#)

“The world needs more purpose-driven companies which are dedicated to driving profits whilst benefiting society, because profit, people and planet are completely interwoven.”

Peter Harrison, Group Chief Executive, **Schroders**

An enabling role for government

The incoming government has a tremendous opportunity to unlock the power of business to profitably help tackle the big challenges we face, and do so in a way that boosts the economy.

There is no such thing as a neutral role for the government. The way in which it forms industrial or investment strategies, or uses its policies, laws, regulations and soft power has an impact on the business ecosystem, for good or bad. In intended and unintended ways, the government will affect business incentives which will either encourage or discourage businesses from profitably having a positive impact on the world around them.

The evidence shows that it is deeply possible to encourage positive behaviour from businesses in a way that enables businesses to be more profitable, resilient and successful. This manifesto sets out a number of reform ideas that research shows would help to make that happen.

THE SEARCH FOR GREAT IDEAS

ReGenerate is big on remaining focused on our mission and acting collaboratively and humbly to achieve it.¹⁸ So, rather than coming up with new ideas all on our own, we set ourselves a challenge: how many reforms could we find that have been developed and suggested to the UK government over the last decade that would help good business to flourish?

We kept the parameters broad, and included suggested changes to regulation, policy, law, investment strategy and use of soft power. So far, we have close to 400 ideas that fit the bill. There is no lack of thoughtful ideas on the role that the government could play.

The challenge, then, was to identify patterns in the research, showing what came up time and again as vital areas of reform, and work out what was needed to fit the challenges we face in 2024.

We were helped in this by an expert Advisory Group (see below). We also engaged over 150 people from the government, business, investment and civil society communities across 90 organisations in ReGenerate's network. With their help, we have whittled down the ideas to propose a small number of high-impact reforms across six themes, which are included in this manifesto.

ReGenerate's Government Programme Advisory Group

- Richard Collier-Keywood, Chair of Fair4All Finance and Chair of Welsh Rugby Union
- Danielle Dove, former Special Adviser to the Prime Minister, No 10 Business Team
- Corinna Gehlen, Programme Manager, Porticus
- Luke Fletcher, Partner, Purpose & Impact Co-Lead, Bates Wells
- Matthew Lavender, former Political Advisor to the Shadow Secretary of State for Levelling Up, Housing and Communities
- Bella Landymore, Executive Director, Impact Investing Institute
- Joe McGarry, Partner, Responsible Business Lead, Moorhouse Consulting
- Stuart Roden, former Chair, Lansdowne Partners and Non-Executive Chair, Hetz Ventures
- Chris Turner, Executive Director, B Lab UK
- Anna Swaithes, Head of Sustainability, The Crown Estate

¹⁸ See [ReGenerate's principles](#)

REFORMS TO HELP GOOD BUSINESS THRIVE

In whittling down the list of ideas and using these to shape the reforms included in this manifesto, we drew on a few key principles that arose from our research:

- **Responsible or purposeful business, not Corporate Social Responsibility.** We are focused on approaches that benefit businesses as well as society. This is for one simple reason: if they do not also benefit businesses, then it is highly likely that business actions will be more tokenistic and less likely to have a significant impact.
- **Systems change, not marginal change.** The scale of the challenges faced, and the opportunities for business growth, have led us to focus on reforms that will move the dial significantly, not marginally.
- **Prioritise reforms that enable and support.** As our work also helps businesses to be more successful, our reforms are based on the assumption that businesses typically need to be encouraged and supported to play a bigger role, not forced to. This does not mean that mandation is not sometimes necessary on specific issues. One example, included below, is how changes to reporting standards will reduce bureaucracy for SMEs and reduce friction for them in entering global markets.

The reforms set out in this paper fit into six themes:

1. Partner with business to deliver on government priorities within a tight budget
2. Unlock billions in private investment to help government take on big challenges
3. Support businesses to tackle worklessness and fill the UK's 1 million vacancies
4. Equip a wider range of entrepreneurs to start and grow purpose-driven businesses
5. Reestablish the UK as a world leader on business transparency
6. Leverage government buying power to align business activity to national priorities

These reforms were selected not only for their feasibility but for their impact. As well as helping to direct business firepower at key societal issues, they have the potential to unlock over £50 billion in private investment for government priorities over the next 5-10 years.¹⁹

We are not attached to fixed solutions, but rather to constantly learning and improving. In recognition of the inherently iterative nature of our work, we expect to refine these reforms over time.

¹⁹ Gordon, S., 10/2023, [Investing in our future: Practical solutions for the UK government to mobilise private investment for economic, environmental and social policy priorities](#)

1. Partner with business to deliver on government priorities within a tight budget

Why we need change

To tackle the UK's challenges in a context of constrained public spending, the UK government needs businesses to profitably do good. Businesses have an unrivalled ability to innovate and scale solutions to complex problems, and – together with investors – they want to help.^{20,21}

However, previous attempts to create partnerships between government and business have failed to fully tap into their firepower, and the current machinery of government is not set up to do this effectively.²²

A key reason for this is that, with policy responsibility spread across Whitehall, there is a lack of a clear focal point within government, resulting in businesses and investors who want to help achieve policy priorities often not knowing where to turn.²³

Additionally, there are limited resources within government dedicated to unlocking the power of business to profitably do good. This is compounded by a failure to embed the wider impact economy agenda within key economic departments, despite the Treasury and the Department for Business and Trade holding responsibility for the vast majority of policy levers needed to turbocharge it. Where there are parts of the government working on this agenda, they focus on specific impact areas and very targeted parts of the economy.

This is a huge missed opportunity: in the UK, business leaders are as likely to think that their company's purpose is to profitably tackle the problems of people and planet as to maximise shareholder returns, and a poll found that 80% of businesses would find it helpful to have an easy way to connect with government on addressing social and environmental challenges.^{24,25}

Unleashing their power will also support much needed growth and investment, boosting GDP by an estimated £149 billion per year.²⁶

²⁰ Impact Investing Institute, 03/2022, [Estimating and describing the UK impact investing market](#)

²¹ Collier-Keywood, R., Woods, N., The University of Oxford, Blavatnik School of Government, 04/2021, [Building Back Better with Business](#)

²² ReGenerate, 18/01/2024, [How government can partner with business to tackle the UK's challenges](#)

²³ Collier-Keywood, R., Woods, N., The University of Oxford, Blavatnik School of Government, 04/2021, [Building Back Better with Business](#)

²⁴ The British Academy, 15/10/2020, [Survey highlights appetite for new definition of corporate purpose among UK businesses](#)

²⁵ ReGenerate, 01/06/2021, [Helping purpose-driven business thrive](#)

²⁶ O'Brien, A., Demos, 11/2023, [The Purpose Dividend](#)

Some great reform ideas

To support its overall approach to delivering its priorities, the government could:

- Establish an Office for the Impact Economy, which would partner with businesses and investors to align the spectrum of capital and purpose-driven business activities to the delivery of the government's policy priorities. This could potentially be a joint HM Treasury-Department for Business and Trade unit, reporting to the Chief Secretary to the Treasury and the Secretary of State for Business and Trade.²⁷
- Invite leading experts from the sector to help develop a strategy for the impact economy and set up the government structures needed to enable it.
- Support and engage with place-based partnerships between businesses, government, and civil society to enable, replicate and scale up business-led solutions to national challenges.^{28,29}

²⁷ ReGenerate, 18/01/2024, [How government can partner with business to tackle the UK's challenges](#)

²⁸ Taylor, I., 09/05/2022, [Partnerships in Place: the business of levelling up](#)

²⁹ ReGenerate, 18/01/2024, [How government can partner with business to tackle the UK's challenges](#)

2. Unlock billions in private investment to help government take on big challenges

Why we need change

The UK has been held back by decades of underinvestment by both the public and private sectors.^{30,31} Boosting impact investment – whether funds flow from institutional investors, the Dormant Assets Scheme or other sources – is crucial to enabling businesses that are profitably taking on big social and environmental issues to scale their impact. The UK's impact investment market is growing: the Impact Investing Institute estimated that it stood at £58 billion in 2020 and expected this figure to double to over £100 billion within five years.³² But more can be done to unlock additional capital for government priorities.

With over £4.6 trillion of insurance and pension fund assets, the UK is home to the world's second-largest pool of long-term capital.³³ By leveraging this huge resource, as well as investor appetite for impact alongside financial returns, the government could potentially unlock £5 billion in private investment for public policy priorities initially, and a further £50 billion over the next 5-10 years.³⁴ The UK government currently spends £865 billion on capital investments and services annually; it could use a portion of this to crowd in much-needed private sector investment.³⁵

Another major source of capital for impact investment is the UK Dormant Assets Scheme, with Better Society Capital, Access Foundation and Fair4All Finance all using dormant assets funding to invest for impact. To date, £982 million from dormant bank and building society accounts has been distributed for social and environmental initiatives across the UK.³⁶ The 2022 expansion of the Scheme's scope to include assets from the insurance and pensions, investment and wealth management, and securities sectors could make a further £880 million available for good causes.³⁷

³⁰ Resolution Foundation & Centre for Economic Performance, LSE, 04/12/2023, [Ending Stagnation: A New Economic Strategy for Britain](#)

³¹ Gordon, S., 10/2023, [Investing in our future: Practical solutions for the UK government to mobilise private investment for economic, environmental and social policy priorities](#)

³² Impact Investing Institute, 03/2022, [Estimating and describing the UK impact investing market](#)

³³ Big Society Capital, 14/11/2023, [Better investment for a better Britain](#)

³⁴ Gordon, S., 10/2023, [Investing in our future: Practical solutions for the UK government to mobilise private investment for economic, environmental and social policy priorities](#)

³⁵ Big Society Capital, 14/11/2023, [Better investment for a better Britain](#)

³⁶ Department for Culture, Media & Sport and Department for Levelling Up, Housing & Communities, 21/09/2023, [Technical Consultation on Community Wealth Fund in England](#)

³⁷ Department for Culture, Media & Sport and HM Treasury, 18/05/2023, [The Dormant Assets Scheme](#)

However, expansion into these new sectors has been slow, with only two insurance and pensions sector firms joining the Scheme so far: Aviva and Legal & General.³⁸

Some great reforms ideas

To unlock increased long-term private investment to advance public policy priorities, the government could establish the widely called for economic growth 'super-fund'. The Grantham Research Institute on Climate Change and the Environment's recent report sets out how this fund could be structured and supported, with key recommendations including:

- Establishing a UK Growth Fund, an umbrella fund-of-funds which would aim to attract institutional capital, under which sector-specific funds would address market failures or fundings gaps, directing capital from start-up and scale-up investors to support business growth.
- Establishing a UK Community Growth Fund, which would complement the UK Growth Fund by directing much-needed capital to businesses and places that are struggling to unlock mainstream finance, including small businesses and social enterprises.³⁹
- Implementing policy tweaks to encourage and enable private investors to direct capital to the funds and other policy priorities, including new guidance on fiduciary duties and incentives.⁴⁰


To ensure a strong pipeline of future dormant assets funding, the government could publish a new 5-year Dormant Assets Scheme Strategy in Autumn 2024, including:

- Announcing the establishment of a Dormant Assets Scheme Participants' Board, which will give the Scheme's biggest contributors a platform for feeding in their views on allocating the English portion of dormant assets funding.
- Giving the Scheme's administrator, Reclaim Fund Ltd, an expanded remit to work proactively with industry champions and regulators to make participation in the Scheme standard practice across all eligible sectors.
- Launching work with industry on the next phase of expansion with a view to passing secondary legislation enabling new asset types to be included in the Scheme by 2026.

³⁸ Reclaim Fund Ltd, [Insurance & Pensions](#)

³⁹ See the Impact Investing Institute's examples of place-based impact investing and the recent report [Bridging capital into communities: A practical guide for policy makers](#).

⁴⁰ Gordon, S., 10/2023, [Investing in our future: Practical solutions for the UK government to mobilise private investment for economic, environmental and social policy priorities](#)

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- Launching an end-to-end review of the Dormant Assets Scheme, including considering the impact of dormant assets funding across the UK and assessing Reclaim Fund Ltd's reserving policy to ensure value for money and inform future funding decisions, including for 2029 onwards.

3. Support businesses to tackle worklessness and fill the UK's 1 million vacancies

Why we need change

Finding good work is the most important route out of poverty for working-age people.⁴¹ For disadvantaged young people, accessing pathways into employment can have a huge impact on their livelihoods and future employment prospects.⁴² It is, therefore, vital that businesses create good jobs and ensure they are accessible to everyone, including those on the margins of society.

There are nearly 1.5 million people of working age who are unemployed. Many of them face barriers to work due to individual, contextual, social and/or cultural factors.⁴³ Such marginalised groups include care leavers, disadvantaged youth, people with criminal records, people with mental health conditions and single parents.⁴⁴ Together they represent a significant untapped resource that could boost UK growth and productivity, while reducing government expenditure on benefits and improving people's livelihoods and prosperity.⁴⁵

At the same time, the UK labour shortage crisis is also holding back business potential and stifling growth.^{46,47} There are close to 1 million vacancies, and forecasts suggest that failing to address this shortage could cost the UK economy £30 billion a year from 2024 to 2027.^{48,49} Supporting businesses to tackle worklessness by employing marginalised talent in the UK could create a triple win, generating positive impact for businesses and the economy, government and marginalised individuals.

Some great reform ideas

To help businesses successfully fill their vacancies with marginalised people in the UK, the government could:

⁴¹ Joseph Rowntree Foundation, 24/11/2004, [Routes out of poverty](#)

⁴² Youth Futures Foundation, 13/07/2023, [Unlocking opportunities for employers and marginalised groups](#)

⁴³ House of Commons Library, 14/05/2024, [UK Labour Market Statistics](#)

⁴⁴ We define marginalised groups as extending beyond individuals with characteristics protected by the Equality Act 2010 to include 13 different groups. For a full list, see ReGenerate's [The Purpose-Driven Business Solution to the UK's Labour Shortage](#)

⁴⁵ House of Commons Library, [UK Labour Market Statistics 13/02/2024](#)

⁴⁶ British Chambers of Commerce, Feb 2023, [Labour shortage a huge drag on economic growth](#)

⁴⁷ Confederation of British Industry, Oct 2023, [Labour shortages remain a blocker for business potential](#)

⁴⁸ ONS, 14/05/2024, [Vacancies and jobs in the UK: May 2024](#)

⁴⁹ Recruitment & Employment Confederation, 18/07/2022, [Overcoming shortages - How to create a sustainable labour market](#)

- Reform the apprenticeship system to make it more accessible to marginalised groups by:⁵⁰
 - Improving work-readiness for marginalised groups by launching a 3-6 month paid apprenticeship-ready scheme, introduced as a new Levy-funded Level 1 apprenticeship and forming part of the qualifying criteria for Level 2 apprenticeships.⁵¹
 - Incentivising training providers to widen access to marginalised groups by reforming payment models to enable increased access to funds prior to apprenticeship completions, or reflecting the potentially higher degree of risk taken on by providing an uplift on payment at the point of completion.
 - Funding additional support associated with taking on marginalised apprentices by extending the existing payment support to include a wider breadth of marginalised groups, and increasing the amount from £1,000 to £3,000.⁵²
 - Revising how functional skills are assessed for entry-level apprenticeships, and introducing modular and/or stackable apprenticeships that could particularly benefit certain sectors and provide flexibility for apprentices with complex needs.^{53,54}
- Provide financial incentives for employers recruiting from marginalised groups by, for example, not requiring employers to pay employer National Insurance for 12 months for any new employees taken on who were in receipt of Universal Support.
- Build a knowledge hub to help businesses recruit from marginalised groups. The hub would provide access to the best existing content and aid navigation to experts who can partner with employers to help recruitment and retention, helping an estimated 75,000 more

⁵⁰ Where proposals involve setting formal eligibility criteria, we acknowledge the difficulty in identifying and targeting specific marginalised groups. For this reason, we propose targeting individuals who have been on Universal Credit (UC) for six or more months, given receipt of Universal Credit has high crossover with groups such as care leavers, ex-offenders and neurodivergent people. This thinking draws on a recommendation by the National Audit Office on using objective indicators to better target employment interventions at individuals most likely to benefit, as set out in their evaluation of the Kickstart Scheme.

⁵¹ This would differ from Traineeships by being a paid scheme that directly facilitates routes into apprenticeships. It could draw on the intent and ambition of the Kickstart Scheme (gov.uk), but would more strictly target people most likely to benefit

⁵² Gov.uk, 10/08/202, [Payments for hiring a young apprentice](#)

⁵³ This could be done by either (1) extending the recent widening of flexibilities in English and maths requirements for apprentices with learning difficulties and disabilities to include other marginalised groups or (2) taking an occupation-dependent approach to setting English and maths requirements, particularly for sectors that may not require high attainment for entry-level apprenticeships, such as hospitality or construction.

⁵⁴ To safeguard quality standards, these options could be offered by training providers with strong track records. Metrics could include a strong evidenced track record of offering apprenticeships, consistent Ofsted ratings, high feedback and quality assurance measures.

employers to take successful actions to recruit and retain people from marginalised groups over five years.⁵⁵

⁵⁵ ReGenerate's own modelling, which includes a standalone knowledge hub website with 30k monthly users and strategic partnerships with large business networks.

4. Equip a wider range of entrepreneurs to start and grow purpose-driven businesses

Why we need change

Despite UK businesses being as likely to think that their company's purpose is to profitably tackle the problems of people and planet as to maximise shareholder returns, over 70% of the 500,000 limited companies set up each year incorporate using the shareholder-focused model articles of association that do not reflect their purpose, as available on Companies House.^{56,57,58,59} While company law technically allows companies to adopt stakeholder-aligned articles, recent research found that a key reason for entrepreneurs not taking this option is that it is not obvious at the point of incorporation, and requires extra hassle and expense.⁶⁰ In a survey of entrepreneurs seeking to profitably do good, over half said it would help their company if there was “an easier way to ‘lock-in’ the purpose of [their] company, for example by providing ready made model articles on the Companies House website that reflect a commitment to all stakeholders”.⁶¹

By providing much-needed support and flexibility to entrepreneurs and start-ups, the government could help to make the UK the best place to start and grow a business, reducing costs to business and ensuring that a wider range of entrepreneurs have access to the resources, support and investment they need to succeed, including women, people from ethnic minorities and those based outside of London and the South East.^{62,63,64} Over five years, these changes could support the establishment of 625,000 new companies whose purpose is to profitably tackle social and environmental challenges, helping the government to achieve its policy priorities while giving the UK economy a much-needed boost.⁶⁵

⁵⁶ The British Academy survey (October 2020) [Survey highlights appetite for new definition of corporate purpose among UK businesses](#)

⁵⁷ Analysis by ReGenerate found that, in 2019-20, 71% of limited companies incorporated using one of the three sets of model articles provided by Companies House.

⁵⁸ Companies House, 2021, [About us](#), gov.uk

⁵⁹ Companies House is the Department for Business and Trade executive agency responsible for incorporating, maintaining and dissolving limited companies; examining and publishing company information; and promoting transparency and growth in the UK economy.

⁶⁰ ReGenerate, October 2020, [What is holding purpose-driven business back?](#)

⁶¹ ReGenerate, June 2021, [Helping purpose-driven business thrive](#)

⁶² Rose, A., Hollinrake, K., February 2023, [The Alison Rose Review of Female Entrepreneurship: Progress Report 2023](#)

⁶³ Extend Ventures, November 2020, [Diversity Beyond Gender](#)

⁶⁴ Data from the British Private Equity & Venture Capital Association's 2022 survey revealed that over a third of private capital investment went to London.

⁶⁵ Based on data from a recent British Academy survey, and from a ReGenerate survey of entrepreneurs seeking to profitably do good, we have estimated that 25% of the 500,000 limited companies set up in the UK each year would have articles that align the interests of shareholders with wider stakeholders.

Some great reform ideas

To provide entrepreneurs and start-ups with support and flexibility at the point of incorporation, the government could:

- Introduce new model articles that enable businesses to align shareholder interests with those of wider stakeholders.⁶⁶
- Refine the Companies House incorporation process and the gov.uk website to make it easier for entrepreneurs to understand the options available to them and make informed decisions in setting up their business, and signpost them to helpful resources and support, including information on directors' duties, helpful business groups, Purposely, investors and optional share forfeiture clauses.⁶⁷
- Track business takeup and performance, providing valuable insights on the potential impact of the Better Business Act in order to support any future government decision making,⁶⁸ and ask the Law Commission to consult and report on company law reform options to make the UK the best place to start and grow a purpose-driven business.

⁶⁶ Under Section 19 of the Companies Act 2006, the Secretary of State has the power to prescribe model articles by regulations, which are subject to negative resolution procedure.

⁶⁷ Purposely, [About Purposely](#)

⁶⁸ Over 2,500 companies support the Better Business Act campaign.

5. Reestablish the UK as a world leader on business transparency

Why we need change

The UK should reinstate its standing as a leader in business transparency, as this will help grow the economy by attracting and retaining investors, and supporting UK businesses to compete and trade on a global scale. To do so, it needs to get ahead of the curve when it comes to new reporting requirements.^{69,70}

The UK government has long understood the importance of transparency, being the first to mandate reporting based on the Task Force on Climate-related Financial Disclosure (TCFD) framework.⁷¹ More recently, the global accounting and impact management ecosystem has been aligning their standards with greater inclusion of sustainability issues extending beyond climate change, such as social considerations, and are in the process of encouraging jurisdictions across the world to adopt these standards. Jurisdictions representing over half of the global economy by GDP, including the UK, are in the process of incorporating or aligning their sustainability disclosure standards in line with the International Sustainability Standards Board's (ISSB) standards.⁷²

However, the UK's leadership position is under threat with delays to incorporating the ISSB standards being introduced. With most organisations understanding that more comprehensive reporting is inevitable on the global stage, now they just want certainty over the requirements so that they can begin to make the necessary adjustments.⁷³

For all businesses to achieve this successfully, urgent work is needed to drastically streamline and simplify processes: the cost and complexity of compiling different reports for different audiences is a significant burden and can distract from being able to use the information generated to effectively inform strategies.⁷⁴ Success at doing this is vital to encourage and support businesses to grow, especially SMEs.

⁶⁹ A recent survey showed two-thirds of financial services firms with over £1 trillion turnover have moved or planned to move investments to markets more supportive of sustainability goals.

⁷⁰ Companies trading internationally (from large businesses to SMEs) will have to comply with foreign directives. This is a sizable proportion of businesses. For example, in 2022, between 5%-10% of UK business exported £340 billion of goods and services to the European Union alone, which was 42% exports.

⁷¹ Gov.uk, 2021, [UK to enshrine mandatory climate disclosures for largest companies in law](#)

⁷² IFRS, 2024, [jurisdictions representing over half the global economy by GDP take steps towards ISSB Standards](#)

⁷³ Responsible Investor, 2024, [UK investors slam government for delaying adoption of ISSB standards](#)

⁷⁴ ReGenerate, 2022, [Solve for S](#)

Reducing reporting complexity for businesses will be game-changing. While there might be a need for initial investment, more streamlined impact measurement and information flows should decrease reporting costs in the long term. Importantly, for business leaders, the increased visibility of positive and negative impacts could lead to positive behaviour change. For other users of the information, it could also increase the speed and accuracy of data flowing to aggregators, ultimately making it quicker and easier for investors to compare risk and opportunities across businesses.

Some great reform ideas

In order to help reassert the UK as a leader in sustainability reporting, the government could:

- Conduct an urgent review that aims to send clear signals to the market about the future direction of sustainability-related disclosures, allowing businesses, investors and professional services time to prepare. The goal of the review should focus on how to accelerate ISSB alignment or integration while being as simple as possible for British businesses (such as which organisations should report what metrics).
- Help to prepare British businesses to deliver any incoming changes to reporting requirements while not increasing bureaucracy, by:
 - Providing adequate notice so report preparers have enough time to comply and granting a grace period for transition.
 - Addressing the sustainability skills gap (such as by subsidising sustainability training programs to rapidly create a skilled workforce of accountants, auditors, and consultants to meet future demand prompted by new reporting requirements).
 - Promoting technology integration to reduce the reporting burden on organisations and facilitate the interoperability between different reporting standards (such as greater integration of taxonomies in accounting and business intelligence software).

6. Leverage government buying power to align business activity to national priorities

Why we need change

With an annual procurement budget of about £300 billion, the government has significant buying power.⁷⁵ While the Public Services (Social Value) Act 2012 requires the government to consider how contracts contribute to social and environmental good alongside the quality of the services delivered, the government could further leverage its buying power to deliver its priorities.⁷⁶ Failure to support businesses that make a net-positive contribution to tackling social and environmental challenges – from reducing carbon impact to tackling poverty – sends a clear message to the market about what the government wants.

In the post-Brexit context, the Procurement Act 2023 replaced the European Union regime for public procurement.⁷⁷ The aim was to make processes more simple, efficient and transparent in order to meet the UK's needs while complying with the UK's international obligations.⁷⁸ In theory, the Act afforded more flexibility. However, in practice, issues around outcomes, capacity and transparency have held back the full potential of the government's spending power.⁷⁹ The Oxford Procurement of Government Outcomes Club, for example, has called for the inclusion of social value within transparency notices, which would specify whether “wider social, economic, and/or environmental considerations were part of the requirements, evaluation, and/or contractual commitments” and for more clearly linking any published key performance indicators to longer-term outcomes.⁸⁰

While the recently issued National Procurement Policy Statement sets out strategic priorities for public procurement, it contains limited signalling of what outcomes the government is aiming to achieve, and only provides a very brief overview of the national priorities for public procurement, with very little guidance on how to help address and deliver these in practice.⁸¹ There is also a need to consider how public procurement can better be leveraged to tackle complex, long-term challenges that cannot be feasibly addressed by individual transactions. This requires a more

⁷⁵ Crown Commercial Service, 09/04/2024, [How to prepare for the Procurement Act 2023: Procurement Essentials](#)

⁷⁶ The [Public Services \(Social Value\) Act 2012](#) came into force on 31 January 2013. It requires people who commission public services to think about how they can also secure wider social, economic and environmental benefits.

⁷⁷ Gov.uk, [Procurement Act 2023](#)

⁷⁸ Gov.uk, 17/05/2024, [Raising standards: our ambition](#)

⁷⁹ Oxford Procurement of Government Outcomes Club, 25/08/2023, [Response to UK Government and Welsh Government Part 2 Consultation\(s\) on draft regulations to implement the Procurement Bill](#)

⁸⁰ Oxford Procurement of Government Outcomes Club, 25/08/2023, [Response to UK Government and Welsh Government Part 2 Consultation\(s\) on draft regulations to implement the Procurement Bill](#)

⁸¹ The [National Procurement Policy Statement](#) will come into effect in October 2024.

comprehensive and coordinated review of the government's procurement portfolio as a whole, as well as ensuring priorities are being addressed throughout the stages of the procurement process.⁸² This could also be strengthened by improving both the provision for learning and capacity building for procurement professionals across the procurement system.⁸³ Business innovation could also be better harnessed to help advance thinking and practice in the public procurement space.⁸⁴

Some great reform ideas

By aligning its £300 billion procurement budget to its priorities, the government could use its buying power to signal what outcomes it wants businesses to deliver. It could do this by:

- Refreshing its National Procurement Policy Statement to reflect its priorities, and engaging businesses to develop long-term priority-aligned procurement portfolios.
- Embedding these priorities into each stage of the procurement process, and ensuring that both the public sector and businesses have the capacity needed to manage this.
- Improving transparency for both buyers and sellers, including by regularly reviewing how the government's overall approach to procurement is delivering against the priorities.

⁸² In Scotland for example, the Sustainable Procurement Action Plan assists individual organisations in demonstrating their compliance with the Public Bodies Duties in the Climate Change (Scotland) Act 2009. The Action Plan outlines the benefits of building in sustainable outcomes to procurement activity at the beginning of the process to ensure that all tenderers are bidding to a set minimum standard. It also provides advice on how to specify requirements in a way that will maximise social, economic and environmental benefits. See [here](#) for more information.

⁸³ Oxford Procurement of Government Outcomes Club, 25/08/2023, [Response to UK Government and Welsh Government Part 2 Consultation\(s\) on draft regulations to implement the Procurement Bill](#)

⁸⁴ For example, the government could draw inspiration from business-led innovation, such as Salesforce's decision to incorporate 'emissionality' into its renewable energy procurement strategy – a technique that aims to make high-scale renewable energy projects more impactful by placing them in sites where building new renewables displaces power plants that are particularly polluting. See Salesforce's paper, [More Than A Megawatt: Embedding Social & Environmental Impact in the Renewable Energy Procurement Process](#), for more information.

ABOUT REGENERATE

ReGenerate is a charity that is helping businesses to profitably do good. Our ambition is that the UK becomes the best place to start a purpose-driven business, and that their contribution to tackling social and environmental challenges is world leading.

ATTRIBUTION

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