

Breaking new ground in corporate reporting

British Land believes measuring, managing and reporting the impact of its business is the key to creating value. Alan McGill explains how this is being achieved.

British Land is using innovative reporting to demonstrate how a better understanding of their broader impacts supports and enhances their business strategy. Their socio economic impact assessment goes to the heart of the Government's growth agenda, and provides evidence that private sector-led investment in construction activity in London can generate rapid economic activity not only in the capital but across the UK regions as well.

British Land's vision is "to build the best real estate investment trust in Europe" – it is one of Europe's largest real estate investment trusts with a £15.8bn commercial property portfolio. The company's approach to corporate reporting is no less ambitious. It has an extraordinary commitment to identifying, measuring and managing the wider effects of its activities and this has become a key driver of value for the business.

Measuring socio-economic contribution

In 2010 British Land decided to quantify its contribution to the UK economy, including how many jobs it supports and how much tax it pays. While the company had a tradition of sustainability reporting dating back almost ten years, this was a major commitment, involving a significant extension of impact assessment techniques previously only used at the project level.

The study broke new ground, calling for an entirely new methodology to measure British Land's activities ('own impacts') as well as the direct, indirect and induced effects of its tenants ('enabled impacts').

In 2012, British Land extended the analysis to uncover the socio-economic impact of its £2.1bn construction programme at the national and regional level. *Building Business, Creating Growth*, published in September 2012, offers stakeholders a deeper understanding of the business by presenting finance, development and tax data together with information on expenditure and sourcing along the supply chain. The report finds that British Land contributed £1.2bn and an estimated 32,300 jobs to the UK economy between 2011 and 2015 (see diagram).

While most of British Land's construction activity takes place in central London, the analysis identifies projects that directly support jobs for steel workers and washroom equipment suppliers in other parts of the country. The report has been welcomed as an illustration of the national effects of major construction programmes undertaken in the capital.

Total tax contribution

Assessing British Land's tax contribution was a major undertaking. The study examined all the taxes paid by the company to each level of government (including business rates, employer and employee National Insurance contributions, planning and environmental levies and others). British Land tax teams worked with us to identify data, structure data collection and communicate clearly all the tax paid and collected relating to its property, product, people, planet (environmental) activities as well as its profits. The amounts – a £121m direct tax contribution and an estimated £1.5bn paid by its occupiers in 2011 – present a much fuller picture than the tax line in the company's financial statements (see chart). This last point has special significance for British Land. As a real estate investment trust (REIT), the company is exempt from corporation tax on its property rental business, yet the analysis of total tax contribution shows that British Land makes a major contribution and that its profit-related taxes have increased.





Our analysis shows that every £1 million we spend on construction generates an estimated 31 jobs

Research by the UK Contractors Group highlights the significant contribution that construction makes to the UK economy, both at a national level and in supporting the regions. The construction sector employs 10.5% of the UK's workforce, providing jobs for 3.1 million people.[^]



Source: British Land Socio-Economic Contributions Report 2012

[^] UK Contractors Group Construction in the UK Economy (2012)

Corporate responsibility

Being recognised as a responsible developer, landlord and business partner is not just window-dressing for British Land: it is a key competitive factor in its dealings with investors, tenants, local authorities, community groups and other stakeholders in the planning and letting processes. The company believes that detailed reporting on “the measures that matter most to our business and our key stakeholders” helps sharpen its competitive edge and opens up new opportunities for value creation.

“Our approach shows that we are confident – we set ourselves tough targets. But to get credit for being ethical, you have to be prepared to report progress in some detail, warts and all,” said Justin Snoxall, head of the business group at British Land and corporate responsibility (CR) leader for the company’s managed portfolio. “We are trying to push the boundaries to ensure that we are performing as well as we possibly can and identify where we have to improve.”

Delivering environmental and commercial success

Corporate responsibility is fully integrated with the corporate strategic priorities. For example, managing buildings efficiently is a core component of corporate strategy, and British Land invests significant time and resources in working with property management companies to increase their focus on efficiency – and with occupiers to support their own work to reduce energy. Although not directly impacting their own costs, the company’s measurement and reporting of energy and water usage, waste and greenhouse gas emissions enables it to quantify the savings they can pass on to tenants of their buildings – a total of £3.3 million over the last three years – helping to attract and retain tenants.

Community charter

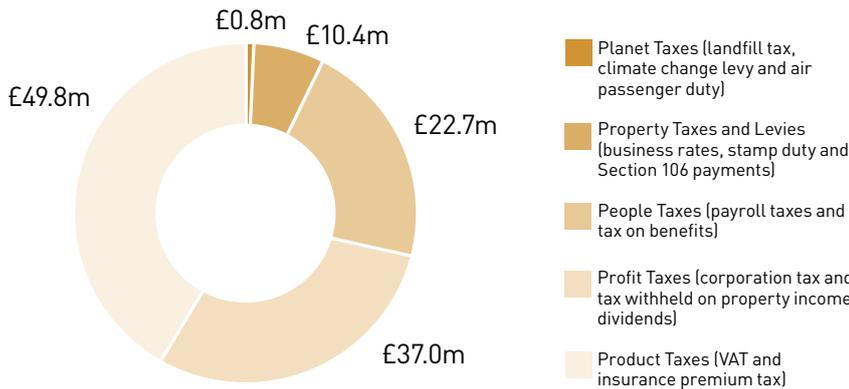
A new Community Charter was launched by the company in July 2011 to promote best practices and introduce a standardised framework for community support across all its sites. The charter shows its investment in measuring progress towards “being the best neighbour we can be”. Community programmes have direct ties with the company’s local

socio-economic impact through retail sites and office developments where occupiers and suppliers make a difference. Apprenticeship schemes, local education and training initiatives have won plaudits for creating employment and developing skills at key sites in the UK. An estimated 19,400 people benefited from the company’s community programmes last year. This is another example of British Land measuring and reporting on its wider impacts, and considering how its place in local communities can enhance and support its business strategy.

Capturing the benefits

Sarah Cary, sustainable developments executive and member of British Land’s CR committee, emphasises the benefits of broader reporting: “By presenting the same level of detail on key non-financial data as we offer for our financial data, we are giving our stakeholders the opportunity to get a better understanding of our social, economic and environmental performance. They have told us this is important to them and we want them to question us on it.”

Our total tax contribution in 2012 by type of tax[^]
(combining amounts borne and collected)



Source: British Land Socio-Economic Contributions Report 2012

British Land is keen to ensure that its data stands up to stakeholder scrutiny. It provides independent assurance on selected data presented in its corporate responsibility reports to demonstrate the credibility and robustness of key performance data presented. And it provides further transparency by publishing the methodology used for the socio economic assessment on its website.

Future-proofing strategy

Investment in broader business reporting is paying off. While data gathering and monitoring requires organisation and discipline, it prepares British Land to meet new mandatory emissions reporting, building regulations and planning requirements without significant extra cost, and building business value in the process. The company cites readiness for regulatory change – including the Energy Act and the Localism Act introduced in the UK last year – and effective relationships with regulators and policymakers as among the key benefits of its holistic approach to reporting.

British Land is recognised as a proactive landlord and property developer that local authorities are keen to partner with on new initiatives. “I think the fact that we demonstrate that we are willing to be transparent and show how we lead, gives us credibility in dealing with government,” said Mr Snoxall.

The company has built an impressive body of evidence on its economic, social and governance performance and continues to push for greater improvements. And the market is taking note. “Our surveys of office occupiers increasingly show that they are not just coming to our buildings because they are good buildings and in good locations,” Mr Snoxall added. “They are coming to them because they value British Land’s reputation for managing these buildings well. They understand that we are there to provide a good service and support their business needs.”

Key reports

British Land includes a summary of the strategically-relevant corporate responsibility activities in the annual report and accounts and uses a suite of reports to present further details, including detailed CR reporting methodologies and independent assurance statements on key performance data. The reports are available at:

■ www.britishland.com

Building business, creating growth – Our socio-economic contribution 2012

Being the best at what matters most – Corporate responsibility report 2012

Delivering performance – Annual report and accounts 2012

Our Community Charter – July 2011

Lessons from British Land’s CR reporting

Business first

Focus on the issues that really matter to your business and your stakeholders. Corporate responsibility at British Land is about making better use of assets and focuses on how the company adds value through its portfolio, beyond bricks and mortar.

Be ambitious

Set stretch targets and be confident that you can find ways to achieve them, or at the least learn a lot in trying. British Land’s inclusive approach to CR draws on all the expertise within the company and in its wider stakeholders and interest groups.

Be prepared

Broader business reporting can generate significant amounts of data that need to be managed. British Land has taken a strategic approach to collating, managing and validating its data. This includes building close relationships with its outsourced property management agents and key suppliers.

Be strategic

Align your reporting of non-financial data with business strategy and be clear about the implications for your business.



Alan McGill

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