NetRegs Awareness Survey 2016 Scotland Results

Final Report

March 2016

Prepared by

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1. Executive Summary

1.1 Background and Objectives

SEPA, the Scottish Environment Protection Agency, is a public sector agency that acts as the environmental regulator and flood warning authority in Scotland. In partnership with the Northern Ireland Environment Agency (NIEA), SEPA provides the NetRegs website NetRegs.org.uk, which offers free guidance to businesses in Scotland and Northern Ireland on corporate environmental responsibility, applicable key legislation and economic benefits related to adopting a responsible environmental approach to business. The website provides guidance for all businesses but is targeted mainly at small to medium-sized enterprises (SMEs).

Progressive was commissioned to conduct the 2016 research among SMEs in Scotland and Northern Ireland, to provide an up to date picture of current attitudes and awareness in relation to the NetRegs website and environmental issues. The research aimed to measure:

- Awareness and usage of the NetRegs website
- Attitudes towards respondents' own companies' environmental impact
- Internal systems, policies and/or behaviours relating to environmental management
- Perceived benefits attached to improved environmental performance
- Awareness of existing environmental legislation
- Previous interactions with external organisations regarding environmental issues
- The most effective channels through which information about environmental issues can be sent.

1.2 Method and Sample

In total, 500 interviews were conducted with Scottish SMEs during February 2016. The survey was conducted by Progressive's telephone interviewers using Computer-Aided Telephone Interviewing (CATI). The questionnaire was largely based on the 2009 version, although it was amended slightly to include new areas of interest to SEPA.

The sample was designed to ensure a good spread of SMEs were included in relation to industry sector and business size. The survey script also ensured that interviewers spoke to the person in the business who deals with environmental issues and decisions, such as waste management or water and energy use. The sample was designed to focus on agriculture, construction, healthcare, hotels and restaurants, and transport, in line with previous surveys; however, other sectors, such as education, financial services and food and drink manufacturers, were also included to ensure the sample was broadly representative of all SME businesses in Scotland. Full details of the sample profile are included in the main body of this report.

1.3 Key Findings

<u>1.3.1 Measures to address environmental issues</u>

The vast majority of SME businesses in Scotland have taken some action to reduce harm to the environment. When asked what, if any, practical measures their organisation had ever introduced aimed at preventing or reducing harm to the environment, the majority of respondents (79%) spontaneously mentioned at least one measure, and this figure rose to 93% when respondents were prompted with a list of possible measures. The most common measures implemented related to dealing with waste; either recycling waste (mentioned by 83%) or cutting down on waste (mentioned by 60%).

Respondents from the largest organisations (50+ employees) were most likely to report undertaking nearly all of the harm reduction measures – the only exception being recycling business waste (those in the 10-49 employee bracket were most likely to report doing this).

The most proactive business sector was hotels and restaurants. Respondents from this sector were the most likely to mention recycling business waste, cutting down business waste, making energy efficiency or water reduction improvements and making someone in the company responsible for environmental matters. Perhaps unsurprisingly construction and transport companies were the most likely to mention reducing transport emissions and reducing transport costs.

Very few respondents reported that they had **never** introduced any measures to reduce harm to the environment. However, among those who had not the most common reason given was that they did not have time to think about it or it is not a business priority (mentioned by a third of these respondents).

1.3.2 Implementation of an Environmental Management System (EMS) or Environmental Policy

Across the sample as a whole, just over one in five (22%) said their company had an Environmental Management System, such as an ISO 14001, BS 8555 or Green Ticks standard. The proportion with an EMS in place was far higher, however, amongst the larger companies (47%), while the smallest organisations were least likely to have an EMS (11%). Respondents working in the construction industry were most likely industry sector to report having an EMS (39%).

Those respondents who reported that they did not have an EMS were asked if they had an environmental policy. In total, 41% of these organisations reported having an environmental policy, meaning that just over half (54%) of the sample overall had either an EMS **or** an environmental policy in place. Again, the largest organisations (76%) were most likely to have an EMS or environmental policy, as were those in the construction sector (66%).

The most common reasons given for taking steps to improve environmental performance were improving the business's reputation / green credentials (mentioned by 37%), financial pressures (20%) and suggestions from within the business (17%).

The most frequently reported benefits of taking these steps included reduced operating costs (50%) and reduced risk of prosecution or fines (46%). These benefits could be highlighted in communications encouraging businesses to implement measures to improve their environmental performance.

The survey also asked those **who did not** have an EMS or environmental policy how useful they felt such a policy would be. The majority of this sub-group did not feel an EMS or environmental policy would be useful (62% overall said it would be of no use or of little use). Only 24% felt it would be quite or very useful, although 14% said they did not know. The smallest organisations were least likely to think an EMS or environmental policy would be quite or very useful (14% of those with fewer than 10 employees thought this). Promoting the purpose and benefits of having an EMS or policy might help improve uptake, especially since a sizeable minority said they did not know whether it would be useful to their business or not.

As a further measure of the commitment of businesses to environmental harm reduction, respondents were also asked how likely they were to invest money in improving their environmental performance over the next 12 months. In total, 42% reported that they were very or quite likely to invest. Reflecting the general pattern of response, the smallest organisations were least likely to predict investment in their environmental performance (31% v 47% 10-49 and 67% 50+). Therefore, targeting communications to smaller organisations to make it clear that environmental policies and/or investment are relevant to them might help improve rates of future investment.

1.3.3 Awareness of the environment and legislation

When respondents were asked to state (without any prompting) what activities, if any, their organisation undertakes which could be regarded as harmful to the environment, 52% spontaneously mentioned at least one. However, when prompted with a list of potentially harmful activities, the proportion reporting that their company undertook at least one rose to 81%. Clearly some of the harmful activities are not 'top of mind' among respondents, suggesting a need to raise awareness of these issues.

Taking the spontaneous and prompted responses together, the most commonly mentioned harmful activities were transport (mentioned by 50%), storing waste on site prior to removal (40%), storing chemicals, fuels or oils (36%) and producing or using packaging (34%).

It was also important to understand how aware SME businesses are of relevant environmental legislation. When prompted with a list of regulations and legislation, the majority recognised at least one, with awareness highest for Food Waste Regulations (68%), Duty of Care Regulations (61%) and Packaging Waste Regulations (58%).

There was a very clear pattern in responses across business size for this question, with the largest organisations being the most aware of each of the regulations / legislation. These findings provide further evidence of a need to raise awareness of environmental issues among the smallest businesses.

1.3.4 Sources of information, advice and support

Overall, 31% of the sample had ever been in contact with any business support organisations to discuss environmental issues – although this figure was higher among the largest organisations (53%, v 21% of the smallest organisations). The most commonly mentioned organisation was SEPA (37%), followed by the local council (23%). A large number of sector specific organisations were also listed. It is encouraging that SEPA was mentioned by almost four in ten of those who had sought help, although there is clearly scope to increase the proportion of businesses contacting organisations for help in the first place.

1.3.5 Awareness and use of NetRegs

Only a minority of respondents (13%) reported that they were aware of NetRegs. Reflecting previous findings, awareness was higher among the larger organisations (34%, v 7% among the smallest companies). Respondents from construction businesses were most likely to say they had heard of NetRegs (18%), while those from the healthcare sector (8%) were least likely to be aware of the website. The research therefore suggests that there is some considerable scope to raise awareness of the NetRegs website and the benefits it can offer businesses.

Indeed, when those who had not heard of NetRegs were given a description of the service and then asked how useful they would find it, the majority (58%) thought the site would be quite or very useful. Reflecting awareness figures, the perceived usefulness of the site increased with size of company, with 51% of the smallest organisations anticipating it would be useful, compared to 75% of the largest businesses. Higher levels of anticipated value were also found in the healthcare, hotels/restaurants and construction sectors, compared to the transport and agriculture sectors. These findings suggest that lack of awareness is more of a barrier to uptake of the website than negative perceptions of the value of the site. Therefore, more widespread promotion of the NetRegs website is likely to lead to greater uptake. Perhaps the smallest organisations, and those in transport and agriculture, need more focused promotional activity to persuade them that it is relevant and useful.

Just over half (55%) of those who had heard of NetRegs said that they had used it. This equates to 7% of the total samples of businesses who have used the site. Ratings of NetRegs in terms of usefulness and individual aspects of the website were generally positive. The highest ratings were given for keeping up to date with new legislation, environmental guidance and legislation lists. The good practice videos, e-learning tools and self-assessment tool were given slightly lower ratings by those who had used them, although they were also not used by many respondents – the majority answered 'don't know / not applicable'.

1.3.6 Current and future support from SEPA

When respondents were asked whether they had ever received support from SEPA to help them deal with environmental issues, 17% said that they had, although this figure was higher among the largest organisations (30%). Ratings of the support received were generally high, with 89% reporting that they were very or quite satisfied. The survey did not explore awareness of SEPA or what the organisation does; however, the fact that less than one in five respondents had sought help from SEPA suggests that promotion of the advice available may help raise awareness of SEPA's services.

SEPA wanted to gauge levels of support for various proposed actions that could help businesses generate opportunities from environmental improvements. Respondents showed broad support for all of the proposed actions, with very small proportions saying they thought these would be not very or not at all useful.

The most popular suggestions were keeping businesses informed about practices and new technology that will improve their sustainability; providing a single point of contact at a SEPA local office; and promoting good practice through business case studies. Reflecting a consistent pattern of response throughout the data, the largest organisations were the most positive about the proposed actions and the smallest organisations were the least positive.

1.3.7 Information sources

Finally, the survey focused on information sources that respondents were likely to use to find out about environmental issues relating to their business. The most commonly mentioned information source was internet searches – in total 63% identified the internet as something they would use, and 55% said this would be the one source they would be most likely to use. Very few respondents mentioned other sources of information, and indeed a small proportion (8%) stated they would not use any information sources at all. Any action that SEPA can take to ensure a good web presence when searching for relevant terms will help organisations find them as a source of advice.

1.4 Conclusions

SME business in Scotland are clearly motivated to ensure that they operate in a way that minimises any harmful impact on the environment. Almost all respondents reported that their business had implemented measures to reduce environmental harm, although motivations to do so were varied. They also understand the business benefits of implementing environmental protection measures, such as reducing operating costs, reducing the risk of prosecution and improved relations with customers. However, there were significant variances in findings by size of company, with larger organisations (with more than 50 employees) the most aware of potentially harmful activities and the relevant legislation, and the most likely to have taken steps to reduce their environmental impact. The smallest companies (those with less than 10 employees) tended to have lower levels of awareness, and were also less likely to perceive value in implementing or investing in measures to reduce environmental impact.

The research, therefore, suggests that the smaller SMEs in Scotland require information and advice on how their operations could potentially harm the environment, and how they could minimise these harms. There is also a need, however, to persuade these organisations of the business benefits and opportunities that investment in such harm reduction measures could bring.

One method which could be used to raise awareness amongst all SME businesses is the NetRegs website. Indeed, the internet is the key source of information on environmental issues and SEPA was the organisation most likely to have been contacted by those who have previously sought advice in this area (indicating a high level of trust and confidence in its advice). However, the NetRegs site itself is not being widely utilised by SME companies, despite the fact that it is very well regarded amongst those who have used it. Awareness seems to be the main barrier preventing uptake, rather than a lack of relevance or perceived usefulness; the majority of those who had not used the site thought that it would be something that could be useful to their business.

The findings therefore provide clear evidence of the potential value of NetRegs, as well as the need for it, especially amongst smaller SMEs. Focused promotion of the site, and regarding the value of engagement in environmental harm reduction measures, on smaller SMEs will drive visits to the site and potentially lead to improved environmental performance within this sector.

2. Background and Objectives

2.1 Background

SEPA, the Scottish Environment Protection Agency, is a public sector agency that acts as the environmental regulator and flood warning authority in Scotland. In partnership with the Northern Ireland Environment Agency (NIEA), SEPA provides the NetRegs website NetRegs.org.uk, which offers free guidance to businesses in Scotland and Northern Ireland on corporate environmental responsibility, applicable key legislation and economic benefits related to adopting a responsible environmental approach to business. The website provides guidance for all businesses but is targeted mainly at small to medium-sized enterprises (SMEs).

The previous NetRegs website (NetRegs.gov.uk) catered for all four constituent countries of the UK and included input from the Environment Agency in England and Wales, which exited the partnership in 2010.

Since 2002, SEPA has commissioned a number of telephone surveys of SMEs in the UK to gauge awareness of the NetRegs website, knowledge of environmental legislation, and environmental performance. Over the course of the research, its scope has narrowed from 28 business sectors to focus on 15 in 2005/7 and then just 10 in 2009. This allowed for a more representative data set across each of the four countries that make up the UK.

The 2013 survey also focused on 10 business sectors but was only conducted in Scotland and Northern Ireland, in keeping with the exit of the Environment Agency from the NetRegs partnership. This used a telephone survey with an online option and in total 412 responses was received. Because of the small sample size in 2013, the focus of comparisons in the current research is with the larger 2009 survey.

Progressive was commissioned to conduct the 2016 research among SMEs in Scotland and Northern Ireland, to provide an up to date picture of current attitudes and awareness in relation to the NetRegs website and environmental issues.

2.2 Aims and objectives

The research aimed to measure:

- Awareness and usage of the NetRegs website
- Attitudes towards respondents' own companies' environmental impact
- Internal systems, policies and/or behaviours relating to environmental management
- Perceived benefits attached to improved environmental performance
- Awareness of existing environmental legislation
- Previous interactions with external organisations regarding environmental issues
- The most effective channels through which information about environmental issues can be sent.

The research was designed to meet current information requirements while bearing in mind the desire to provide time series analysis to track change since the 2009 survey.

This report outlines 2016 findings from the survey of SMEs in Scotland; an equivalent report is available outlining findings from Northern Ireland. Comparisons to 2009 data, where relevant, are provided in Appendix 1. A combined report, providing an overview of findings for the whole NetRegs area, has also been provided separately.

3. Method and Sample

3.1 Introduction

In total, 500 interviews were conducted with Scottish SMEs during February 2016. The survey was conducted by Progressive's telephone interviewers using Computer-Aided Telephone Interviewing (CATI). The questionnaire was largely based on the 2009 version, although it was amended slightly to include new areas of interest to SEPA. A copy of the survey questionnaire is included in Appendix 2.

3.2 Sampling

The sample was designed to ensure a good spread of SMEs were included in relation to industry sector and business size. The survey script also ensured that interviewers spoke to the person in the business who deals with environmental issues and decisions, such as waste management or water and energy use. The final sample profile is outlined in Table 1. The sample was designed to focus on agriculture, construction, healthcare, hotels and restaurants, and transport. These were also the core sectors included in the 2009 survey.

Table 1: Sample profile

Industry sector	No.	%
Agriculture	82	16%
Construction	77	15%
Healthcare	77	15%
Hotels and restaurants	79	16%
Transport	79	16%
Education	19	4%
Equipment and machinery	21	4%
Financial services	23	5%
Food and drink manufacturer	22	4%
Retail and wholesale	21	4%
Business size	**No.**	**%**
<10 employees	270	54%
10-49 employees	144	29%
50+ employees	86	17%

Respondent Job Title	No.	%
Owner/MD/Partner	218	44%
Director/Company secretary	76	15%
Office manager/personnel manager/Admin/Secretary/PA etc	77	15%
Works/production/site/farm manager	45	9%
Technical manager/officer (e.g. health and safety, quality, contracts)	30	6%
Environmental manager/officer	23	5%
Other	31	6%

Base (all): 500

<u>A note on business size</u>

A sample of businesses in Scotland was purchased to be used as the sampling frame for the research. This sample had business size and sector detailed for each contact on the file and this information was used for quota control purposes to ensure a good spread of businesses was included in the research. However, a question was also asked in the survey about the number of employees the business had, and this data has been used for analysis and reporting (rather than the business size detailed on the sample file). In instances where the respondent did not know their business size, the sample categorisation information has been used. The overall spread is broadly similar, although there are slightly more very small businesses (<10 employees) and slightly fewer mid-size businesses (10-49 employees) in the Scottish sample when using respondents' own estimates compared to the quota targets derived using the sample file data.

In the 2016 research, it was agreed not to screen businesses of 250+ employees out of the survey, as had been the case in 2009. However, the final number of organisations over 250 was small (20 respondents in the Scottish sample).

The overall sample size of 500 provides a dataset with a margin of error of between ±0.87% and ±4.38%, calculated at the 95% confidence level (the market research industry standard)[1].

3.3 Analysis and reporting

This report outlines the 2016 survey findings for the whole sample, providing analysis by industry sector (with a focus on the core sectors noted earlier, where larger sample sizes allow sub-group analysis) and business size.

Raw data and cross-tabulations have been provided under separate cover.

Reporting conventions

Throughout this report, differences between sub-groups, such as size of business and industry sector, have been noted. Due to small base sizes for industry sector, not all differences are statistically significant to the 95% confidence level and should, therefore, be treated as indicative.

Standard notification is used in tables with '*' used to indicate results of less than 1% and '-' used to indicate no respondents gave a particular answer. For ease of reading the results, '1%' and '2%' notations have been left off the charts.

For questions using ratings scales, mean scores have been calculated as follows:

- Usefulness: scored from 1 (of no use) to 4 (very useful) or from 1 (not at all useful) to 4 (very useful), depending on the question wording
- Likelihood: scored from 1 (very unlikely) to 4 (very likely)
- Satisfaction: scored from 1 (very dissatisfied) to 4 (very satisfied).

Where such mean scores are presented, these exclude all 'don't know / not applicable' responses.

[1] Please note that the survey did not use random sampling which means that we cannot provide statistically precise margins of error or significance testing as the sampling type is non-probability. The margins of error outlined should therefore be treated as indicative, based on an equivalent probability sample.

4. Research Findings

4.1 Measures to address environmental issues

4.1.1 Measures taken to prevent or reduce harm to the environment

Respondents were asked what, if any, practical measures their organisation had ever introduced aimed at preventing or reducing harm to the environment. Interviewers first coded respondents' spontaneous, top of mind responses and then prompted them with a list of measures. Across the sample as a whole, 79% spontaneously mentioned at least one measure their business had implemented. However, when prompted with a list of possible measures, this figure rose to 93% overall.

As illustrated by Table 2, there was some variation in responses across core industry sectors and by business size. The smallest organisations were least likely to report implementing any of these measures, either spontaneously or when prompted. Businesses in the agriculture and transport sectors were marginally less likely to spontaneously think of any measures implemented. The hotel and restaurant sector was most likely to spontaneously cite any actions taken to reduce harm to the environment.

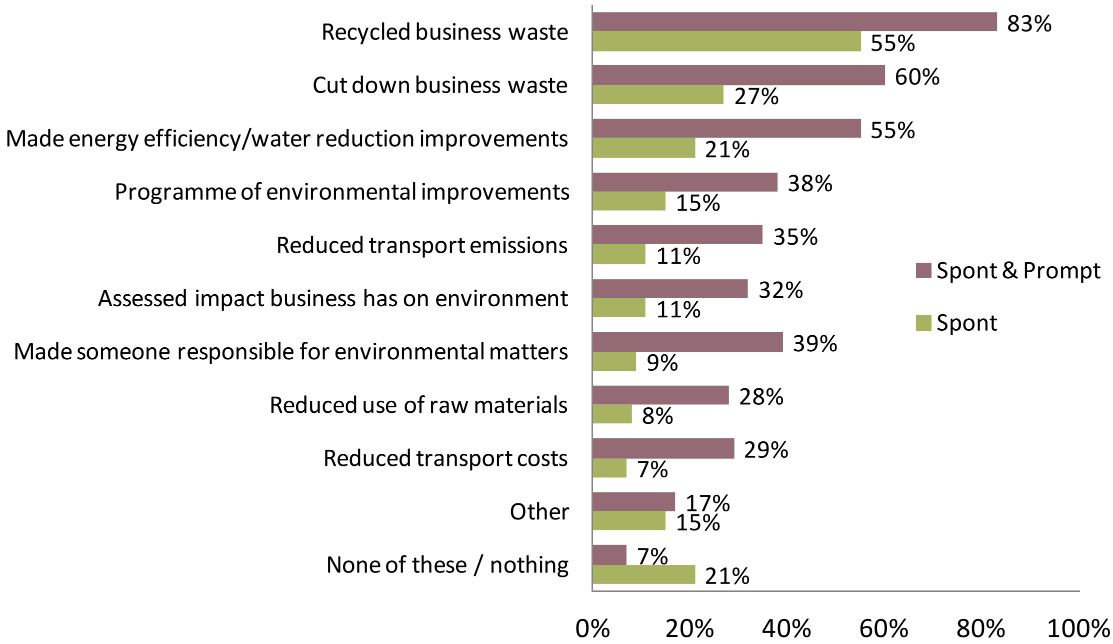
Table 2: Whether companies reported introducing practical measures aimed at preventing or reducing harm to the environment (spontaneous and all responses)

Business size	Proportion taking at least 1 action		Base
	Spontaneous	Spont & prompt	
<10	72%	89%	270
10-49	85%	98%	144
50+	92%	98%	86
Core sector			
Agriculture	68%	93%	82
Construction	81%	90%	77
Healthcare	79%	95%	77
Hotels & restaurants	87%	96%	79
Transport	72%	86%	79
Sample average	**79%**	**93%**	**500**

Figure 1 shows the detailed responses to this question; as can be seen here, the most common spontaneous responses were recycling business waste (mentioned by 55%), cutting down business waste (27%) and making energy efficiency or water reduction improvements (21%). Relatively small proportions mentioned any other kind of activity to prevent or reduce harm to the environment.

However, upon prompting with the list of practical measures, a higher proportion reported undertaking all of these activities – with the majority reporting recycling (83%), cutting down waste (60%) and making energy efficiency/water reduction improvements (55%). While a fifth (21%) of respondents initially said they had not introduced any practical measures to reduce their impact on the environment, when prompted with the list of possible measures this fell to 7%.

Figure 1: Practical measures introduced aimed at preventing or reducing harm to the environment (spontaneous and prompted)



Base (all): 500

'Other' responses were given by 74 respondents spontaneously; the main categories of responses mentioned by 5 or more people were:

- Better waste storage/disposal (mentioned by 14 respondents)
- Details of a specific policy (that had been designed not necessarily implemented) (6)
- Use of third party advice/guidelines (6)
- Mentions of ISO 14001/15001 (5).

Respondents from the largest organisations (50+ employees) were most likely to report undertaking nearly all of these measures – the only exception being recycling business waste (those in the 10-49 employee bracket were most likely to report doing this).

As detailed in Table 3, there was also variation in responses across the core industry sectors. For example, hotels and restaurants were the most likely to have undertaken a range of measures, including recycling business waste (91%), cutting down business waste (75%), making energy efficiency or water reduction improvements (75%) and making someone in the company responsible for environmental matters (47%). Construction and transport companies were the most likely to mention reducing transport emissions (construction - 47%; transport - 48%) and reducing transport costs (construction - 47%; transport - 41%).

Table 3: Practical measures undertaken by core industry sector

Practical measures to protect / reduce harm (spontaneous and prompted)	Agriculture	Construction	Healthcare	Hotels & restaurants	Transport
Assessed impact business has on the environment	27%	40%	31%	32%	22%
Carried out a programme of environmental improvements	44%	42%	36%	35%	29%
Made someone in the company responsible for environmental matters	32%	38%	38%	47%	32%
Made any energy efficiency or water reduction improvements	48%	52%	57%	75%	33%
Cut down business waste	49%	64%	62%	75%	44%
Recycled business waste	82%	82%	86%	91%	68%
Reduced transport emissions	35%	47%	17%	20%	48%
Reduced transport costs	29%	47%	14%	13%	41%
Reduced use of raw materials	32%	30%	23%	30%	19%
Other environmental activity	27%	17%	13%	14%	18%
None of these / nothing	7%	10%	5%	4%	14%
Base	**82**	**77**	**77**	**79**	**79**

4.1.2 Reasons for not taking measures to reduce harm to the environment

Those who had never introduced any measures to reduce harm to the environment were asked what had prevented them from doing so. As shown in Table 4, the most common reason, given by a third of these respondents (33%) was that they did not have time to think about it or it is not a business priority. Around a fifth (22%) said they did not know what actions to take and a similar proportion (19%) had just never thought about it. However, please note the small base size for this question (n=36).

Table 4: Reasons for not taking measures to reduce harm to the environment

Reasons for not taking measures to reduce harm	%
Don't have time to think about it / it is not a priority for the business	33%
Don't know what actions to take	22%
Have never thought about it	19%
It is too expensive / cost issues	6%
Other[2]	25%
Don't know	19%
Base	36*

*** Caution: small base**

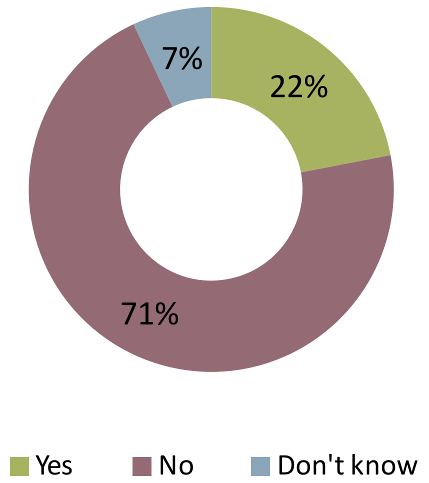
[2] 'Other' responses were given by 9 respondents. A full list of responses has been provided separately.

4.2 Implementation of an Environmental Management System (EMS) or Environmental Policy

4.2.1 Whether companies have an Environmental Management System

Across the sample as a whole, 22% said their company had an Environmental Management System such as an ISO 14001, BS 8555 or Green ticks standard (see Figure 2). Seven per cent said they did not know, but most (71%) said they did not have an EMS.

Figure 2: Whether companies have implemented an Environmental Management System



Base (all): 500

The proportion of companies with an EMS varied in relation to business size and core industry sector, as outlined in Table 5. Those with fewer than 10 employees were least likely to have an EMS (11%), compared to almost half of those with 50+ employees (47%). Respondents working in the construction industry were more likely to report having an EMS (39%) than those working within other sectors.

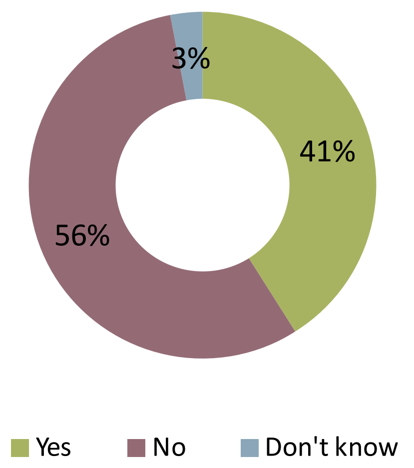
Table 5: Whether companies had an EMS by business size and core industry sector

Business size	**Proportion with an EMS**	**Base**
<10	11%	270
10-49	26%	144
50+	47%	86
Core sector		
Agriculture	16%	82
Construction	39%	77
Healthcare	13%	77
Hotels & restaurants	11%	79
Transport	22%	79
Sample average	**22%**	**500**

4.2.2 Whether companies have an Environmental Policy

Those who did not have an EMS in place were asked if they had an Environmental policy and around four in ten (41%) said yes (see Figure 3).

Figure 3: Whether companies without an EMS have an environmental policy



Base (all who did not have an EMS): 391

Taking these two questions together, just over half (54%) of the sample overall had either an EMS or an environmental policy in place.

Again, there was variation between businesses in terms of size and sector in relation to having this kind of policy in place. As shown in Table 6, the largest organisations were most likely to have an EMS or environmental policy, as were those in the construction sector.

Table 6: Whether companies had an EMS/environmental policy by business size and core industry sector

Business size	Proportion with EMS / environmental policy	Base
<10	41%	270
10-49	66%	144
50+	76%	86
Core sector		
Agriculture	52%	82
Construction	66%	77
Healthcare	53%	77
Hotels & restaurants	47%	79
Transport	47%	79
Sample average	**54%**	**500**

4.2.3 What prompted improvements to environmental performance

Respondents who had mentioned taking any actions to improve their environmental performance, or who had an EMS or environmental policy in place, were asked what had prompted them to take these steps. As illustrated in Figure 4, improving their reputation / green credentials was the most common prompt to take action, mentioned by 37%. Financial pressures (20%) and suggestions from within the business (17%) were also commonly reported reasons for taking steps to improve environmental performance.

Figure 4: What prompted respondents to take steps to improve their environmental performance

Base (all who had taken at least one action to improve performance, and/or who had an EMS or environmental policy): 470

In total, 92 respondents mentioned an 'other' response to this question. The most common reasons given were:

- Comments relating to a general awareness of environmental issues and/or the importance of the environment (mentioned by 42 respondents)
- Mentions of specific policy initiatives/a SEPA visit (12)
- Comments relating to greater profit / improved business (10).

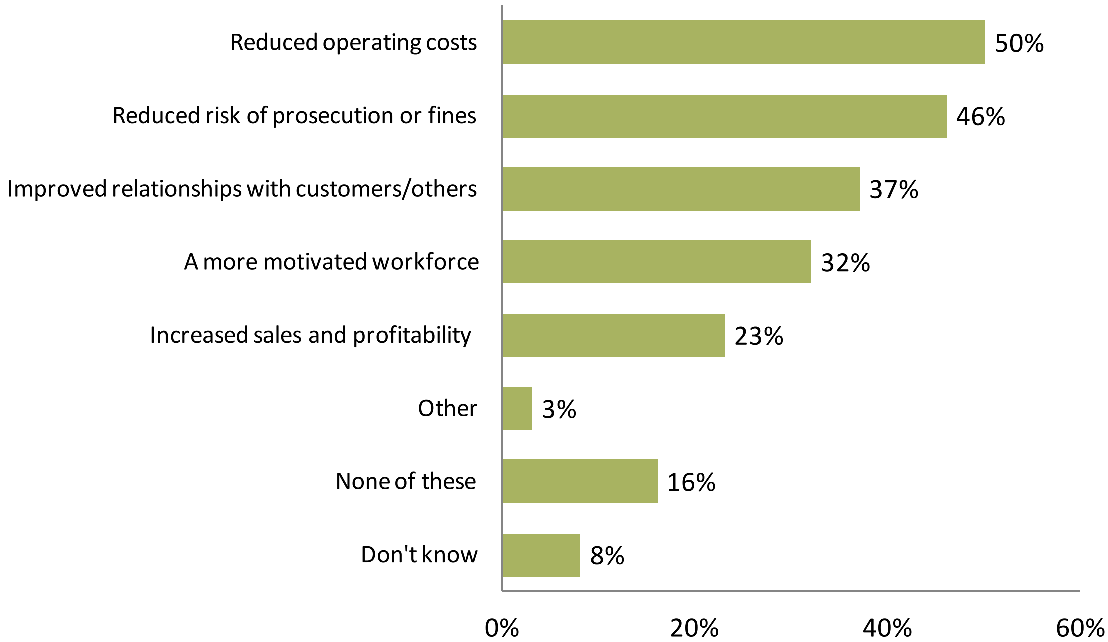
The largest organisations were more likely than the smallest to mention suggestions from within the business (26% of those with 50+ employees v 14% of those with <10 employees) and customer or client requests or pressures (13% v 5%). The smallest organisations were less likely than the middle or largest organisations in the sample to mention keeping ahead of the competition (3%, v 9% of those with 10+ employees) and improving their green credentials (27%, v 49% of 10+ employees).

There were very few differences in responses to this question in relation to the core industry sectors, with the exception of being prompted to improve their reputation / green credentials – this was most commonly reported by those in hotels and restaurants (55%) and least likely to be mentioned by agriculture businesses (19%).

4.2.4 Benefits of making environmental improvements

These respondents were also asked whether their business had benefited as a result of taking steps to improve environmental performance. The most commonly reported benefits were reduced operating costs, and reduced risk of prosecution or fines (both mentioned by around half the sample – 50% and 46% respectively) – see Figure 5.

Figure 5: Benefits to the business of environmental improvements



Base (all who had taken at least one action to improve performance, and/or who had an EMS or environmental policy): 470

The likelihood of reporting each of these benefits increased with the size of the business, with the largest organisations tending to report the greatest benefits. A fifth of the smallest organisations (20% of <10 employees) said they had seen 'none of these' benefits compared to only 5% of the largest organisations (50+).

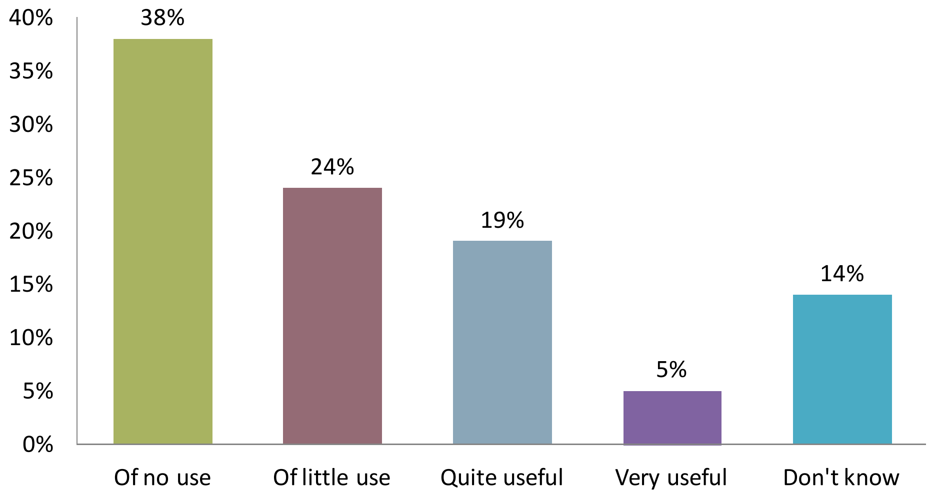
Among the core industry sectors, the following patterns emerged:

- Hotels and restaurants (58%) and construction businesses (54%) were most likely of all the core sectors to report reduced operating costs
- Businesses from the construction sector were most likely to report improved relationships with customers/others (54%) and reduced risk of prosecution or fines (59%)
- Hotels and restaurants were most likely to mention a more motivated workforce (42%)

4.2.5 Perceived usefulness of an EMS or Environmental Policy

The survey also asked those **who did not** have an EMS or environmental policy how useful they felt such a policy would be. The majority did not feel this would be useful (62% overall said it would be of no use or of little use). Only 24% felt it would be quite or very useful, although 14% said they did not know (see Figure 6).

Figure 6: How useful an EMS or environmental policy would be



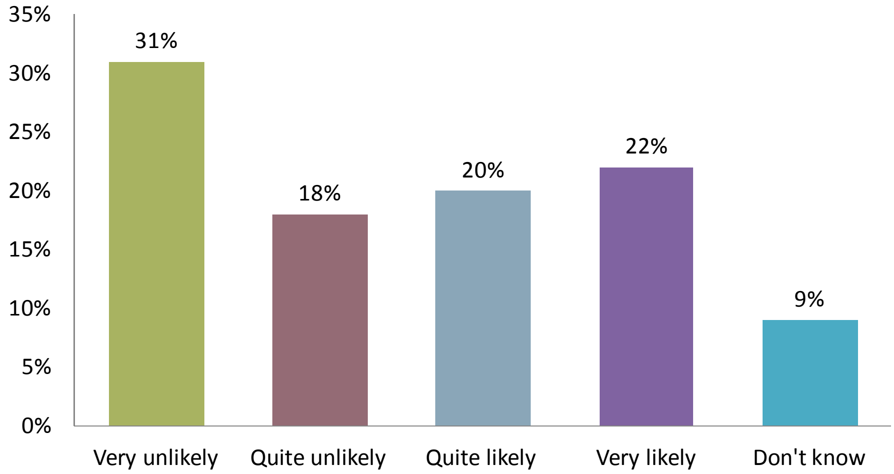
Base (all **without** an EMS or environmental policy): 230

Since three quarters (76%) of the largest organisations already had a policy in place, the base size for this question among businesses of 50+ employees was small. However, there was a difference in responses between the smallest and medium sized organisations in relation to perceived usefulness of an EMS or environmental policy, with 49% of those with 10-49 employees saying they thought this would be very or quite useful, compared to only 14% of the smallest businesses (<10 employees).

4.2.6 Likelihood to invest in environmental performance

All respondents were asked how likely they were to invest money in improving their environmental performance over the next 12 months. Almost half (49%) reported that they were very or quite unlikely to invest, while 42% said they were quite or very likely to do this, and 9% said they did not know (see Figure 7).

Figure 7: Likelihood to invest in environmental performance in the next 12 months



Base (all): 500

There was a clear pattern in responses to this question based on the size of the organisation, the smallest organisations being least likely to predict investment in their environmental performance (31% said it was very or quite likely) compared to the medium sized firms (47% of those with 10-49 employees) and the largest organisations (67% of those with 50+ employees).

The hotels and restaurants sector was found to be the most likely to consider investing in improving their environmental performance over the next 12 months. In total, 51% of respondents within this sector considered such investment to be very or quite likely.

4.3 Awareness of the environment and legislation

4.3.1 Activities that may harm the environment

Respondents were asked what activities, if any, their organisation undertakes which could be regarded as harmful to the environment. Across the whole sample, 52% spontaneously mentioned at least one activity their business did which could be regarded as harmful to the environment, although this rose to 81% when prompted with a list of potentially harmful activities.

There was some variation in responses across core industry sectors and by business size, as outlined in Table 7. As shown here, the smallest organisations were least likely to report undertaking harmful activities (46% spontaneous; 76% when prompted), while the largest organisations were most likely to report this (65% spontaneous; 90% prompted). Transport companies were most likely to spontaneously mention such activities (63%). When prompted, similarly high proportions of businesses in the transport, agriculture, construction and hotels/restaurants sectors mentioned harmful activities. Respondents within the healthcare sector were slightly less likely to believe their activities could be harmful to the environment.

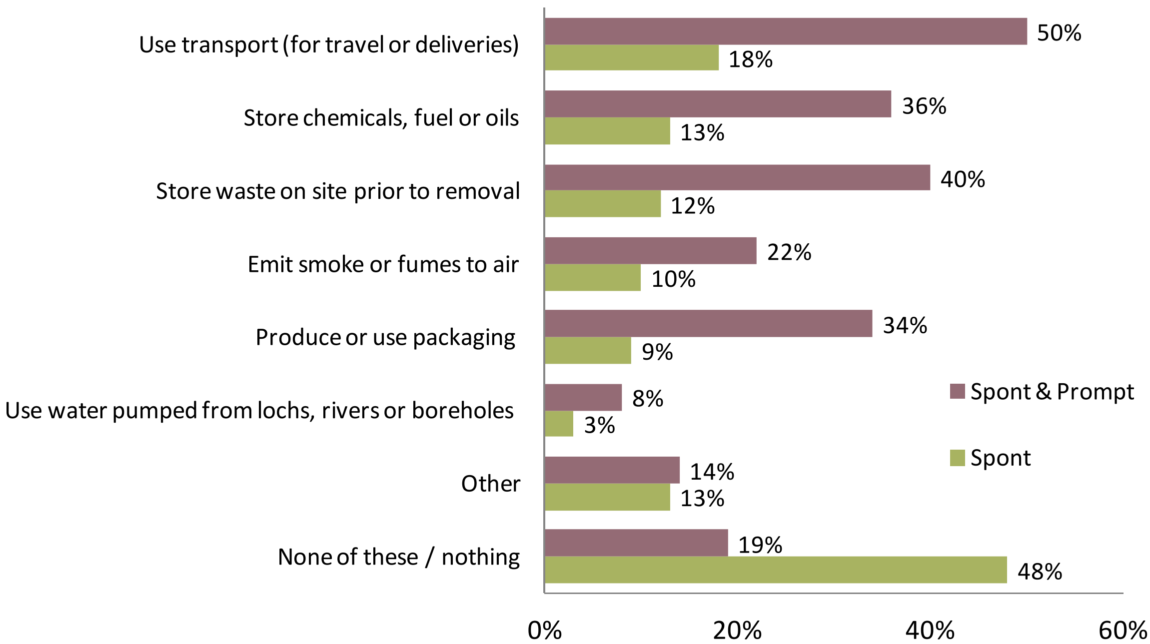
Table 7: Whether companies reported undertaking harmful activities by business size and core industry sector (spontaneous and all responses)

Business size	Proportion undertaking at least 1 harmful activity		Base
	Spontaneous	Spont & prompt	
<10	46%	76%	270
10-49	54%	85%	144
50+	65%	90%	86
Core sector			
Agriculture	54%	91%	82
Construction	52%	81%	77
Healthcare	43%	69%	77
Hotels & restaurants	53%	82%	79
Transport	63%	86%	79
Sample average	**52%**	**81%**	**500**

Figure 8 shows the detailed responses to this question. Almost half (48%) said 'none of these' when asked for a spontaneous response. The most common activity mentioned spontaneously was using transport for travel or deliveries, mentioned by 18%.

However, when prompted with the list, a higher proportion mentioned each of these harmful activities. Taking the spontaneous and prompted responses together, 50% mentioned transport, 40% said they store waste on site prior to removal, 36% store chemicals, fuels or oils and 34% reported producing or using packaging. Around one in five (19%) reported doing none of these things when prompted with the list.

Figure 8: Activities undertaken which could be regarded as harmful to the environment (spontaneous and prompted)



Base (all): 500

Among the 64 respondents who spontaneously mentioned an 'other' activity that may harm the environment, the most common responses were:

- References to waste collection (mentioned by 18 respondents)
- Use of chemicals/pesticides on land (10)
- Electricity overuse/heating (8)
- Reference to livestock/slurry (5).

Taking spontaneous and prompted responses together, the smallest organisations were the least likely to report storing waste on site prior to removal (27% <10 said they did this, v 53% of 10-49 and 57% of 50+), or produce or use packaging (27%, v 40% and 47%), while the largest organisations were most likely to report storing chemicals, fuel or oils (55%, compared to 31% of <10 and 34% of 10-49). The smallest organisations were also the most likely to say they did 'none of these' (24% <10, v 15% 10-49 and 10% 50+).

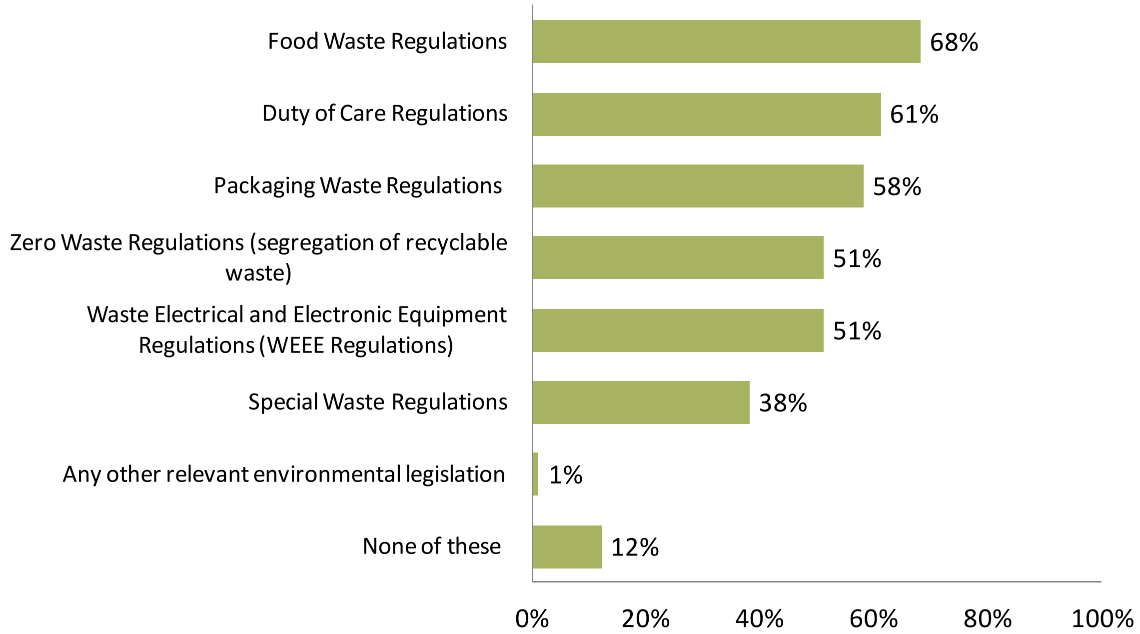
Perhaps unsurprisingly, the activities undertaken varied by industry sector. Among the core industry sectors, the following patterns emerged:

- The sectors most likely to store waste on site prior to removal were hotels and restaurants (54%) and healthcare (48%)
- Transport companies were the most likely to use transport for travel or deliveries (75%) followed by construction (62%) and agriculture (60%)
- Transport companies (34%) and those in the agriculture sector (29%) were the most likely to report emitting smoke or fumes
- Agriculture businesses were the most likely to report storing chemicals, fuels or oils (62%) or using water pumped from lochs, rivers or boreholes (23%).

<u>4.3.2 Awareness of environmental regulation and legislation</u>

The survey also addressed awareness of relevant legislation; respondents were therefore asked which of the following environmental regulations / legislation they had heard of. Awareness was highest of the Food Waste Regulations (68%), Duty of Care Regulations (61%) and Packaging Waste Regulations (58%). The only regulation that less than half of the sample had heard of was Special Waste Regulations (38%). Around one in ten (12%) said they had not heard of any of these regulations.

Figure 9: Environmental regulation or legislation respondents had heard of



Base (all): 500

There was a very clear pattern in responses across business size for this question, with the largest organisations being the most aware of each of the regulations / legislation. Overall, 20% of organisations with fewer than 10 employees had not heard of any of these regulations, compared to just 3% of those with 10-49 employees and 2% of those with 50+ employees.

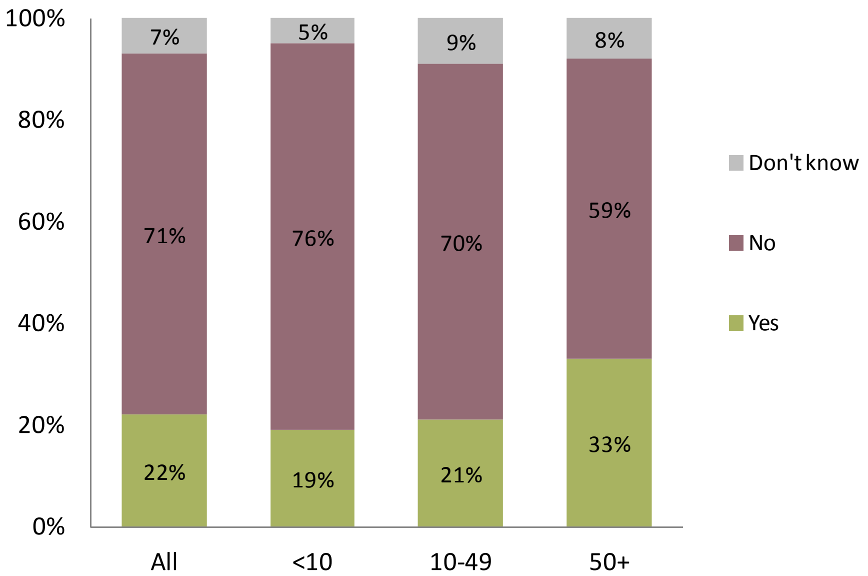
Among the core industry sectors:

- Hotels and restaurants were most likely to be aware of the Food Waste Regulations (82%)
- Construction businesses were most likely to have heard of the WEEE regulations (69%)
- Construction and healthcare businesses were most likely to be aware of Special Waste Regulations (both 51%)
- Respondents from transport (19%) and agriculture (17%) were most likely to say they had not heard of any of these regulations or legislation.

4.3.3 Permits, licences and exemptions

All respondents were asked whether their business requires a permit, licence or exemption from SEPA in order to carry out its activities. Overall, 22% confirmed that this is a requirement (see Figure 10). The largest organisations were most likely to report needing a permit, licence or exemption (33% said yes) while amongst medium sized and smaller organisations only 1 in 5 needed a permit, licence or exemption.

Figure 10: Whether respondents' companies need a permit, licence or exemption from SEPA



Base (all): 500

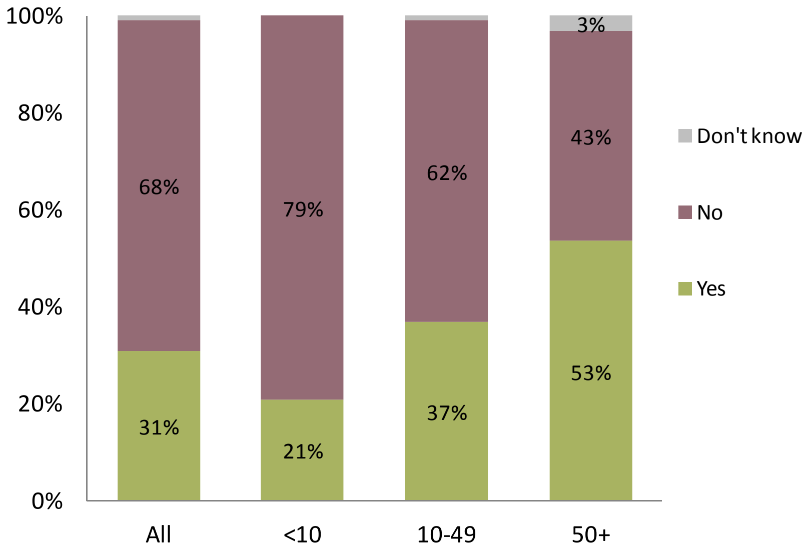
Among the core industry sectors, agriculture businesses were most likely to report needing a permit (44%).

4.4 Sources of information, advice and support

4.4.1 Contact with business support organisations

Respondents were asked whether they had ever been in contact with any business support organisations to discuss environmental issues, and overall 31% said that they had (see Figure 11). The largest organisations were most likely to have sought support (53% of companies with 50+ employees, compared to 21% of those with fewer than 10 employees).

Figure 11: Contact with business support organisations to discuss environmental issues



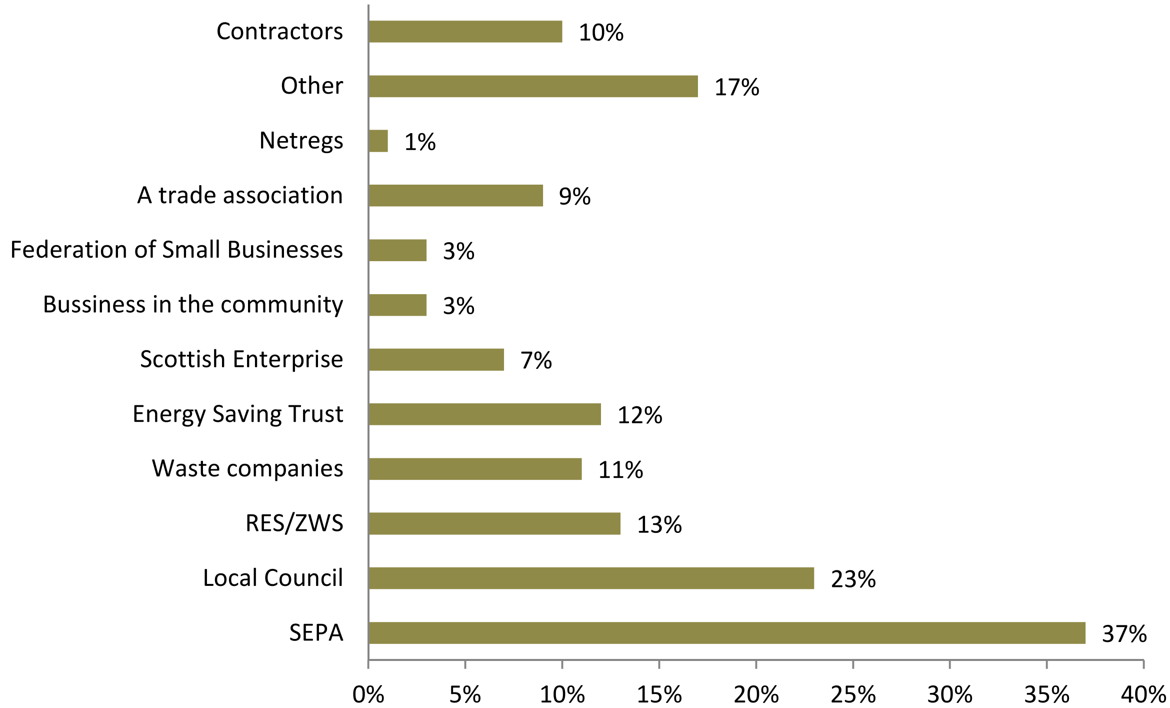
Base (all): 500

Among the core industry sectors, those from the agriculture sector were most likely to have contacted some kind of business support organisation (41%), while transport businesses were the least likely to have done this (16%).

4.4.2 Business support organisations contacted

Those respondents who had sought support or advice were asked to specify which organisations they had contacted. The most commonly mentioned organisation by these respondents was SEPA (37%), followed by the local council (23%). A large proportion of respondents (17%) also mentioned other organisations not listed, which were mostly private companies or government bodies (e.g. DEFRA) .

Figure 12: Business support organisations contacted



Base (all who had contact with a business support organisation): 155

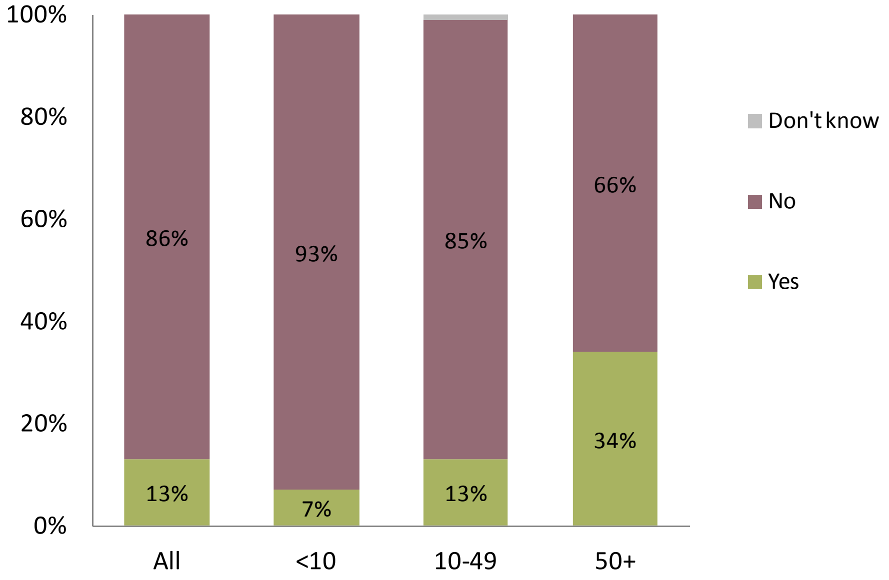
The only significant difference seen in the sub-group analysis for this question was that the largest organisations were more likely to have contacted Resource Efficient Scotland / Zero Waste Scotland than the smaller organisations (28% of those with 50+ employees, v 2% of <10 and 4% of 10-49).

4.5 Awareness and use of NetRegs

4.5.1 Awareness of NetRegs

A number of questions were asked specifically about the NetRegs website. Firstly, respondents were asked whether they had heard of the NetRegs website. As shown in Figure 13, the majority (86%) were not aware of NetRegs, although awareness was higher among the larger organisations (34% had heard of it, compared to only 7% among the smallest companies).

Figure 13: Whether respondents had heard of the NetRegs website



Base (all): 500

Among the core industry sectors, respondents from construction businesses were most likely to say they had heard of NetRegs (18%). Those from the healthcare sector were least likely to be aware of NetRegs (8%).

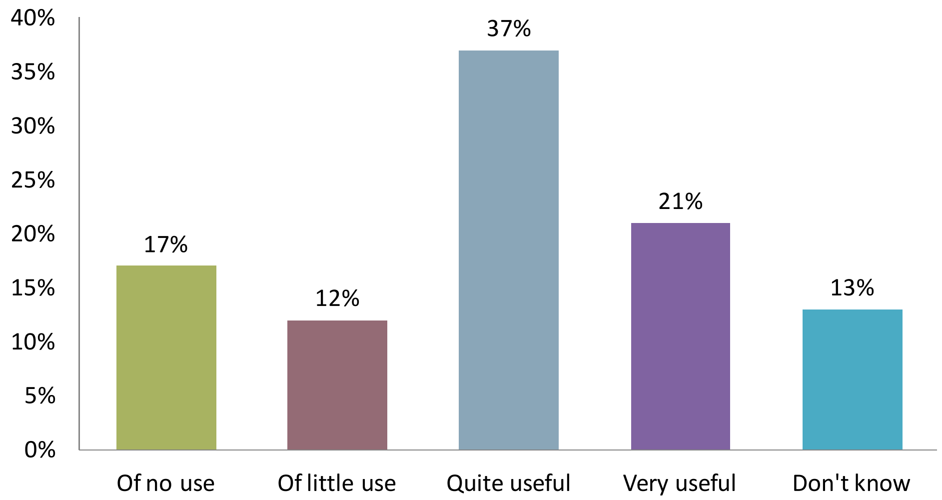
4.5.2 Perceived usefulness of NetRegs

Those who had not heard of NetRegs were given the following description:

> *"The NetRegs site provides free, plain English guidance to help small and medium sized businesses comply with their environmental responsibilities".*

These unaware respondents were then asked how useful their organisation would find this service. As shown in Figure 14, the majority (58%) thought this would be quite or very useful. Twenty nine per cent thought it would be of little or no use while 13% said they didn't know.

Figure 14: How useful respondents think NetRegs would be



Base (all not aware of NetRegs): 464

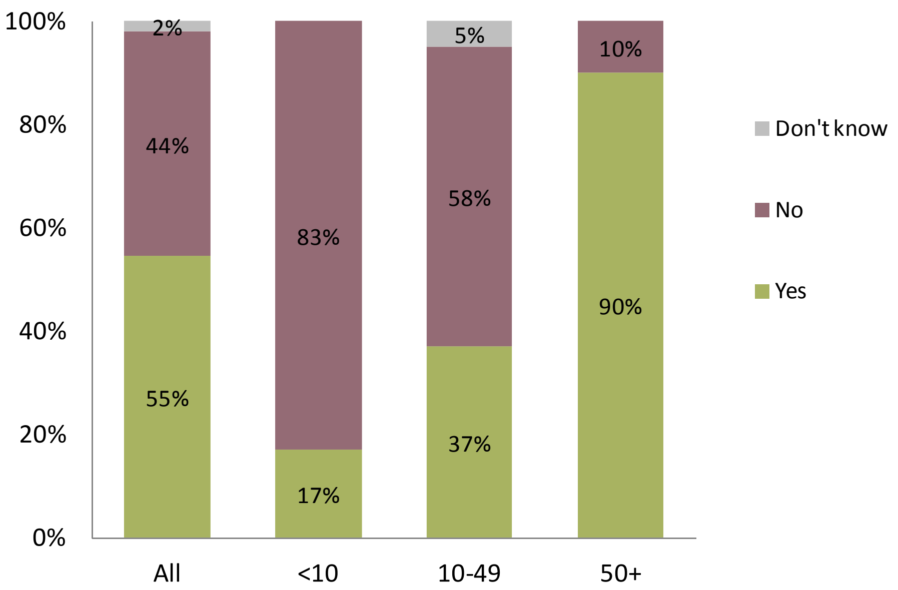
There was a clear difference in perceptions of how useful NetRegs would be based on the size of the business, with just 51% of the smallest organisations saying they thought it would be quite or very useful – significantly lower than the proportions observed in the medium sized (65%) and largest (75%) organisations.

Perceptions also varied among respondents from the core industry sectors, with those in healthcare (65%), hotels/restaurants (65%) and construction (61%) being most likely to think NetRegs would be quite or very useful, and those in transport and agriculture being least positive about perceived usefulness of the service (both 47%).

4.5.3 Use of NetRegs

Those who had heard of NetRegs were asked if they had ever used the website, and just over half (55%) said that they had done so. This equates to 7% of the total sample of 500 respondents who had used the NetRegs website. Use was highest among the largest organisations, although there are some very small base sizes for this question which should be borne in mind when interpreting the findings (see Figure 15).

Figure 15: Whether respondents had used the NetRegs website

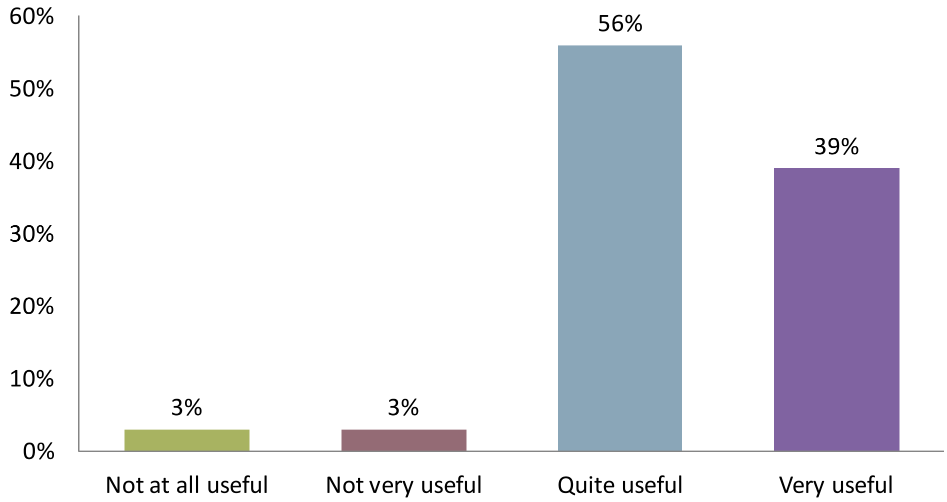


Base (all who had heard of NetRegs): 66

4.5.4 Ratings of NetRegs

These respondents were also asked how useful they found the NetRegs website and very positive feedback was received: 94% reported it was very or quite useful. Caution should be exercised in the interpretation of these findings due to the very small base size (see Figure 16).

Figure 16: How useful respondents find the NetRegs website

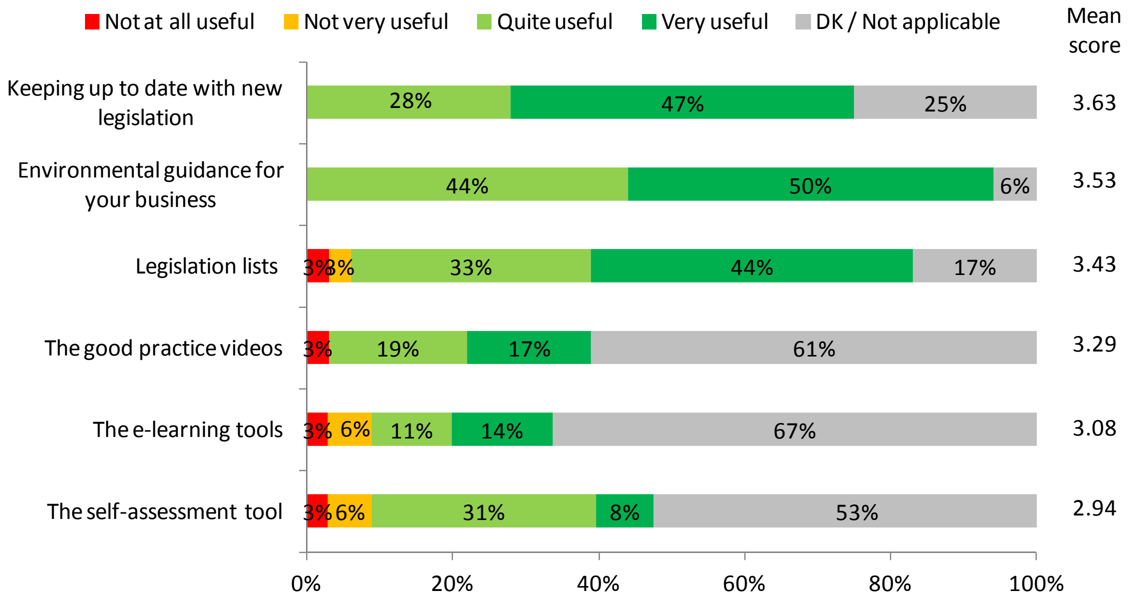


Base (all who had used NetRegs): 36

Those who had used the NetRegs website were also asked to rate various aspects of the content of the website in terms of their usefulness. Please note that these findings should be treated as indicative only due to the very small base sizes involved (only 36 respondents had used the website).

As shown in Figure 17, the highest ratings were given for keeping up to date with new legislation, environmental guidance and legislation lists. The good practice videos, e-learning tools and self-assessment tool were given slightly lower ratings by those who had used them, although they were also not used by many respondents – the majority answered ‘don’t know / not applicable’.

Figure 17: Usefulness of aspects of NetRegs



Base (all who had used NetRegs): 36

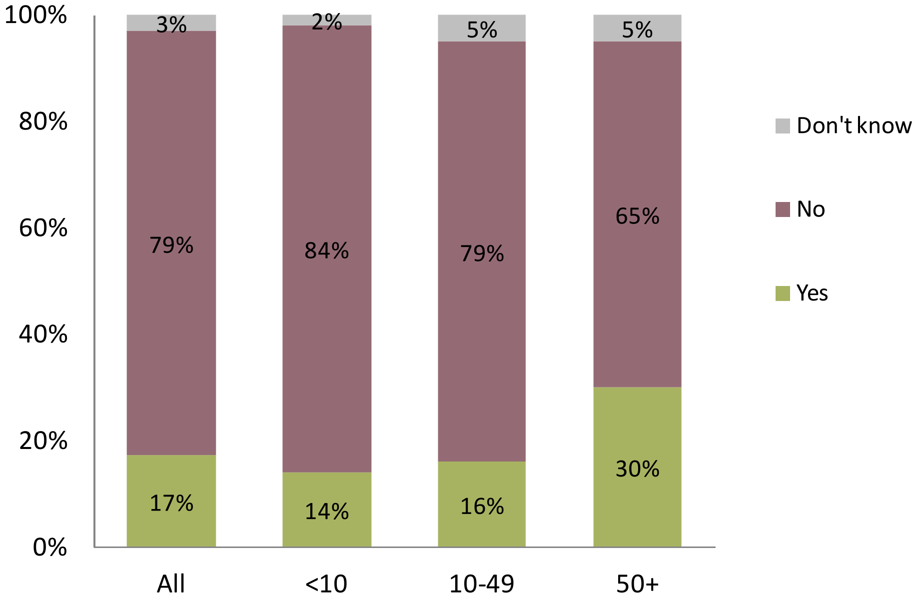
Please note that base sizes were too small to conduct meaningful sub-group analysis for the questions on ratings of NetRegs.

4.6 Current and future support from SEPA

4.6.1 Support received from SEPA

When respondents were asked whether they had ever received support from SEPA to help them deal with environmental issues, 17% said that they had (see Figure 18). Those from the largest organisations were most likely to report receiving such support (30% of those with 50+ employees, compared to 14% of those with fewer than 10 employees and 16% of those with 10-49 employees).

Figure 18: Whether respondents had received support from SEPA

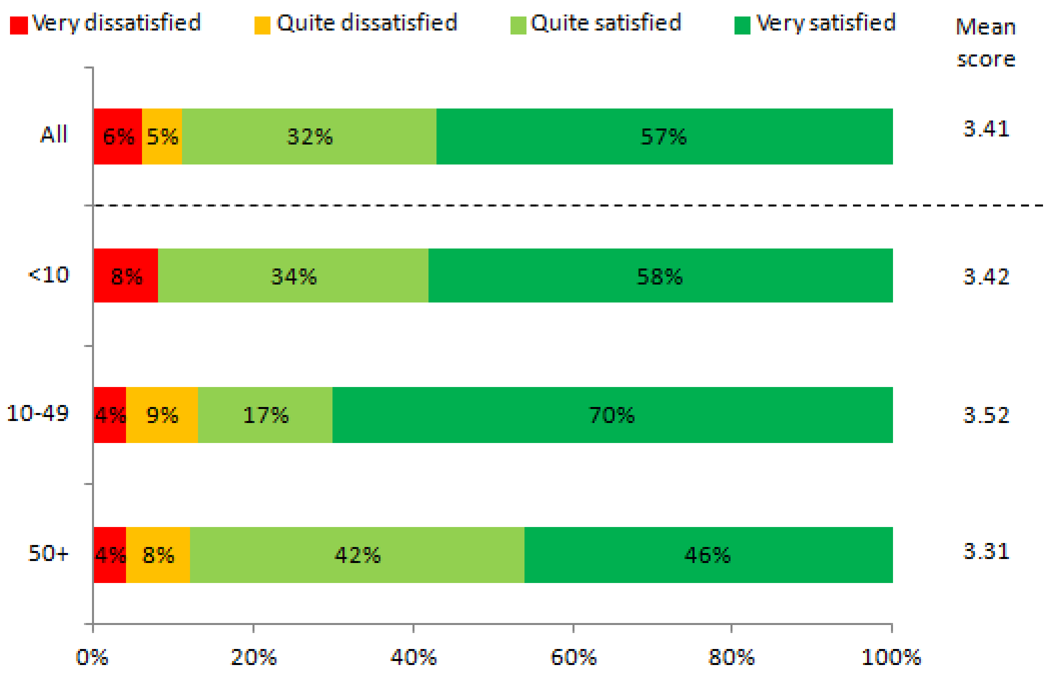


Base (all): 500

In terms of business sector, respondents within the construction industry were the most likely to report that they have received support from SEPA (32%), while those working within the healthcare and hotels and restaurants sectors were the least likely (both 8%).

Those who had received support were asked how satisfied they were with the support provided. As shown in Figure 19, high ratings were given – 89% reported that they were very or quite satisfied with SEPA's support. Data is presented by business size although it should be noted that base sizes are very small (<10 = 38; 10-49 = 23; 50+ = 26).

Figure 19: Satisfaction with support provided by SEPA



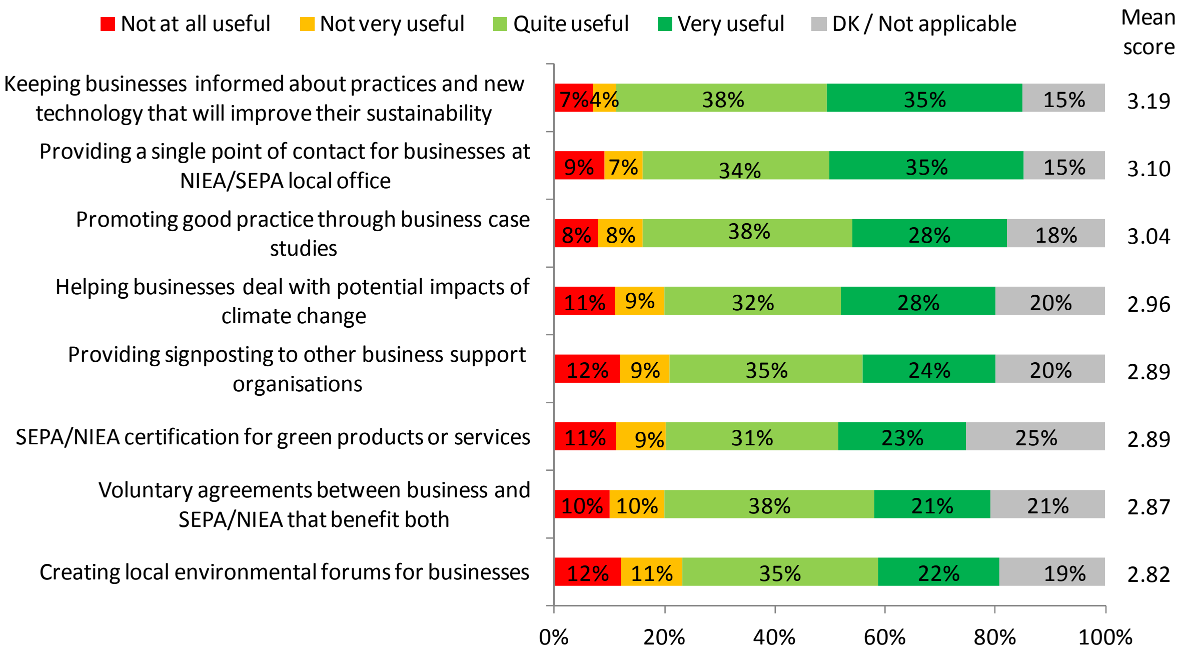
Base (all who had received support from SEPA): 87

4.6.2 Future support from SEPA

SEPA was interested in gauging levels of support for various proposed actions that are under consideration to help businesses generate opportunities from environmental improvements. The survey gave a list of possible actions and asked respondents how useful they would find these. As shown in Figure 20, there was broad support for all of the proposed actions, with only very small proportions saying they thought these would be not very or not at all useful.

The most popular suggestions were keeping businesses informed about practices and new technology that will improve their sustainability (with a mean score 3.19 out of 4), providing a single point of contact at a SEPA local office (3.10) and promoting good practice through business case studies (3.04). All other suggestions received only marginally less support; between 54% and 60% of respondents stated each would be very or quite useful.

Figure 20: How useful SEPA's proposed actions would be



Base (all): 500

Significant differences emerged in responses to this question by business size, with the largest organisations being most positive about the proposed actions and the smallest organisations being least positive. As shown in Table 8, the proportions stating each improvement would be very or quite useful were highest among organisations of 50+ employees and lowest among organisations of <10 employees.

Table 8: Proportion rating suggestions as very/quite useful by business size

Proposed actions to help generate business opportunities from environmental improvements	<10	10-49	50+
Keeping businesses informed about practices and new technology that will improve their sustainability	66%	79%	83%
Providing a single point of contact for businesses at SEPA / NIEA local office	65%	66%	83%
Promoting good practice through business case studies	59%	67%	84%
Helping businesses deal with potential impacts of climate change	56%	60%	74%
Providing signposting to other business support organisations	52%	62%	76%
SEPA / NIEA certification for green products or services	46%	61%	70%
Voluntary agreements between business and SEPA / NIEA that benefit both	53%	65%	67%
Creating local environmental forums for businesses	51%	60%	72%
Base	**270**	**144**	**86**

Respondents were asked whether there were any other actions that SEPA could take to help them generate business opportunities from environmental improvements, and overall 12% said yes. Of the 59 respondents making suggestions, the most common types of response related to:

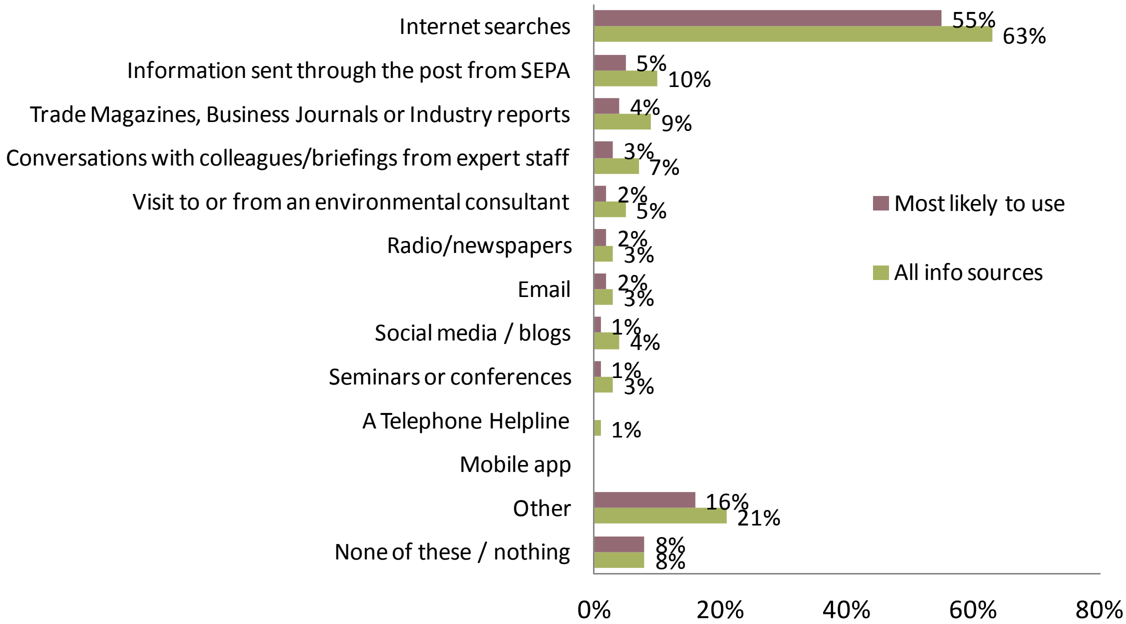
- Requests for information on specific topics (mentioned by 8 respondents)
- More regular contact / updates with changes / more contact in general (7)
- Be more positive in advice, not just punitive (5)
- Promote environmental issues/ make clients aware of responsibilities (4)
- Help to save money / source funds (3).

4.7 Information sources

Finally, the survey focused on information sources that respondents were likely to use to find out about environmental issues relating to their business. Respondents were asked which sources they would ever use (and could select as many as they wanted) and then which **one** of these they would be most likely to use.

As shown in Figure 21, the most commonly mentioned information source was internet searches – in total 63% identified the internet as something they would use, and 55% said this would be the one source they would be most likely to use. Very few respondents mentioned other sources of information, and indeed a small proportion (8%) stated they would not use any information sources at all.

Figure 21: Information sources (all sources, and those most likely to use)



Base (all): 500

In total, 103 respondents reported that they would be likely to use 'other' information sources. The most commonly mentioned were the local council (mentioned by 24 respondents) and SEPA / the Environment Agency (17). A number of answers in this category included "speaking to" or "meeting with" types of answers meaning that face-to-face interactions are highly valued.

There were very few sub-group differences in response to these questions, with the exception of:

- The largest organisations were most likely to mention information from SEPA through the post (24% of 50+ listed this when considering all information sources, v 7% of <10 and 8% 10-49)
- The largest and medium sized organisations were most likely to mention conversations with colleagues / briefings from expert staff (14% 50+ and 9% 10-49, v 3% of <10)
- The smallest organisations were most likely to say they would use none of these information sources (11% <10, v 4% 10+).

5. Summary and Conclusions

5.1 Summary of Key Findings

The majority of businesses that participated in the research reported that their organisation undertakes activities that could be harmful to the environment (81%). However, for many awareness of such activities was not top of mind - only 52% were able to state without prompting any activities they their company did which could potentially be environmentally damaging. It is encouraging, however, that the vast majority of SME businesses in Scotland (93%) have taken at least some action to reduce potential harm to the environment. The most common measures implemented related to dealing with waste; either recycling waste or cutting down on waste.

In total, 22% of respondents said their company had an Environmental Management System, such as an ISO 14001, BS 8555 or Green Ticks standard, while 41% of those who did not have an EMS reported having an environmental policy. Combining these data indicates that just over half (54%) of the sample overall had either an EMS or an environmental policy in place.

The most common reason given for taking steps to improve environmental performance was improving the business's reputation and green credentials, whilst the most frequently reported benefits of taking these steps included reduced operating costs and reduced risk of prosecution or fines.

Given that many businesses are motivated to take environmental harm reduction measures in order to reduce the risk of prosecution, it is also important to understand how aware SME businesses are of relevant environmental legislation. When prompted with a list of regulations and legislation, the majority (88%) recognised at least one, with awareness highest for Food Waste Regulations (68%), Duty of Care Regulations (61%) and Packaging Waste Regulations (58%).

As well as investigating the actions that businesses had taken to reduce environmental harm, the research also explored where businesses in Scotland seek advice and support on such issues. Almost one third of respondents reported that their business had sought support to ensure that they comply with legislation and operate in an environmentally friendly way, most commonly from SEPA or their local council. The survey also explored information sources that respondents were likely to use to find out about environmental issues relating to their business. The most commonly mentioned information source was internet searches. Any action that SEPA can take to ensure a good web presence when searching for relevant terms will help organisations find them as a source of advice.

When respondents were asked directly whether they had ever received support from SEPA to help them deal with environmental issues, 17% said that they had. Ratings of the support received were generally high, with 89% reporting that they were very or quite satisfied. The survey did not explore awareness of SEPA or what the organisation does; however, the fact that less than one in five respondents had sought help from SEPA suggests that promotion of the advice available may help raise awareness of SEPA's services.

However, when asked specifically about the NetRegs website, only a minority of respondents (13%) reported that they were aware of it, while around half of these businesses had actually used it (7% of the total sample). The research therefore suggests that there is some considerable scope to raise awareness of the NetRegs website and the benefits it can offer businesses. Indeed, when those who had not heard of NetRegs were given a description of the service and then asked how useful they would find it, over half (58%) thought the site would be quite or very useful. These findings suggest that lack of awareness is more of a barrier to uptake of the website than negative perceptions of the value of the site. Therefore, more widespread promotion of the NetRegs website is likely to lead to greater uptake.

5.2 Conclusions

SME business in Scotland are clearly motivated to ensure that they operate in a way that minimises any harmful impact on the environment. Almost all respondents reported that their business had implemented measures to reduce environmental harm, although motivations to do so were varied. They also understand the business benefits of implementing environmental protection measures, such as reducing operating costs, reducing the risk of prosecution and improved relations with customers. However, there were significant variances in findings by size of company, with larger organisations (with more than 50 employees) the most aware of potentially harmful activities and the relevant legislation, and the most likely to have taken steps to reduce their environmental impact. The smallest companies (those with less than 10 employees) tended to have lower levels of awareness, and were also less likely to perceive value in implementing or investing in measures to reduce environmental impact.

The research, therefore, suggests that the smaller SMEs in Scotland require information and advice on how their operations could potentially harm the environment, and how they could minimise these harms. There is also a need, however, to persuade these organisations of the business benefits and opportunities that investment in such harm reduction measures could bring.

One method which could be used to raise awareness amongst all SME businesses is the NetRegs website. Indeed, the internet is the key source of information on environmental issues and SEPA was the organisation most likely to have been contacted by those who have previously sought advice in this area (indicating a high level of trust and confidence in its advice). However, the NetRegs site itself is not being widely utilised by SME companies, despite the fact that it is very well regarded amongst those who have used it. Awareness seems to be the main barrier preventing uptake, rather than a lack of relevance or perceived usefulness; the majority of those who had not used the site thought that it would be something that could be useful to their business.

The findings therefore provide clear evidence of the potential value of NetRegs, as well as the need for it, especially amongst smaller SMEs. Focused promotion of the site, and regarding the value of engagement in environmental harm reduction measures, on smaller SMEs will drive visits to the site and potentially lead to improved environmental performance within this sector.

Appendix 1: Comparisons to 2009 Findings

This appendix details comparisons between the 2009 and 2016 data for Scotland. These should be read and interpreted in conjunction with the limitations outlined below, and treated as indicative only.

1. Limitations

There are a number of differences in sampling and questionnaire design in the 2016 survey which should be borne in mind when comparing data to the 2009 findings.

The 2016 sample was designed to ensure a good spread of SMEs were included in relation to industry sector and business size, with a focus on the core sectors of agriculture, construction, healthcare, hotels and restaurants, and transport. These were also the core sectors included in the 2009 survey. With regards to size of business, in order to enable sub-group analysis by this variable in 2016, it was agreed to set slightly higher targets than in previous years for the proportion of larger organisations (50+ employees). While the numbers involved are small, it was also agreed not to screen businesses of 250+ employees out of the survey, as had been the case in 2009.

Although the sample split by sector and size overall was broadly comparable between 2009 and 2016 for Scotland, the proportions falling into each size category ***within each of the core sectors*** was slightly different in the 2016 sample. This reflects the targets set, as well as the sample available.

These factors mean that the sample profile in 2016 is slightly different to 2009, which may have an impact on data comparisons.

Further, the 2009 main survey report was mainly based on overall survey findings covering all countries of the UK, since all four countries were included in the previous research when the Environment Agency in England and Wales were involved in delivering NetRegs. Data for Scotland cannot be compared with the overall data for the UK. A summary report from 2009 was available for Scotland only data, and comparisons have been made to the figures available in this summary document. However, some of the base size descriptions in the tables included in the 2009 Scotland report do not make it clear exactly what figures the percentages are based on or if and how certain questions were filtered. Where there is any doubt about how figures have been calculated this is noted in the commentary.

Finally, there were some changes made to the questionnaire in 2016 in order to streamline the survey and to provide SEPA with the most useful data to meet their current information needs. This means that some of the questions are not directly comparable to the 2009 survey.

This appendix therefore presents comparisons with data from the 2009 survey where either the Scotland data and/or the Scotland data for the core industry sectors is available, and where the same questions were asked. Variations in question wording are noted where relevant.

2. Measures to address environmental issues

Across the sample as a whole in 2009, spontaneously 55% reported introducing at least one practical measure to reduce harm to the environment – the equivalent figure in 2016 was 79%, which is significantly higher (see Table 9). Please note that this question was asked slightly differently in 2009; respondents were asked a yes/no question and then asked which activities they had undertaken, whereas in 2016 they were simply asked what activities they had introduced and were given a 'none of these' option. However, it is unclear from the survey questionnaire from 2009 whether this was asked as two separate questions or was in fact combined to create a comparable question to the 2016 survey.

Although the question wording may have been slightly different, it seems that there has indeed been an increase in the proportion of SMEs reporting that they have introduced practical measures aimed at preventing or reducing harm to the environment. Figures were significantly higher in 2016 for all of the core sectors included in the survey (see Table 9).

Table 22: Whether companies reported introducing practical measures aimed at preventing or reducing harm to the environment (spontaneous)

	2009	2009 base	2016	2016 base
Agriculture	39%	175	68%	82
Construction	39%	182	81%	77
Healthcare	52%	184	79%	77
Hotels & restaurants	59%	182	87%	79
Transport	34%	181	72%	79
Sample average (all sectors)	**55%**	**1,160**	**79%**	**500**

The combined data for both spontaneous and prompted responses also indicates an increase in the proportions of businesses reporting all of the individual measures to protect the environment – see Table 10. This table presents options that were included in both surveys; additional options were included in 2016. Please note there is some ambiguity about what the 2009 percentages are based on: the total sample size for Scotland was 1,160, although the base description is unclear in the 2009 report. It is assumed these percentages relate to all businesses, not all businesses who reported undertaking at least one practical measure.

The greatest increases since 2009 were seen in the proportion of businesses reporting making someone in the company responsible for environmental matters (17% 2009; 39% 2016) and carrying out a programme of environmental improvements (17% 2009; 38% 2016).

Table 23: Practical measures aimed at preventing or reducing harm to the environment (spontaneous and prompted)

Practical measures to protect / reduce harm (spontaneous and prompted)	2009	2016
Assessed impact business has on the environment	15%	32%
Carried out a programme of environmental improvements	17%	38%
Made someone in the company responsible for environmental matters	17%	39%
Made any energy efficiency or water reduction improvements	43%	55%
Cut down business waste	43%	60%
Recycled business waste	71%	83%
Base	**1,160**	**500**

3. Implementation of an EMS or Environmental Policy

Table 11 shows the proportion of businesses in the core sectors reporting that their company had an Environmental Management System. However, the sample average is unknown, since the report outlined the figure who said they did **not** have an EMS but no detail is provided about the remainder (i.e. if they said 'yes' or 'don't know').

As shown here, there has been an increase across all sectors in the proportion of businesses with an EMS. The greatest increase was observed in the construction industry: only 3% of construction businesses reported having an EMS in 2009 compared to 39% in 2016.

Table 24: Whether companies have an Environmental Management System

	2009	2009 base	2016	2016 base
Agriculture	7%	175	16%	82
Construction	3%	182	39%	77
Healthcare	2%	184	13%	77
Hotels & restaurants	3%	182	11%	79
Transport	3%	181	22%	79
Sample average (all sectors)	**unknown**		**22%**	**500**

Table 12 outlines the reported benefits to the business of making environmental improvements (for the comparable response options only - additional options were included in the 2016 survey). There has been an increase in the proportion of respondents reporting all of these benefits; however, significance testing cannot be conducted on these figures since the base size was not reported in the 2009 report. Bearing this limitation in mind, however, it does appear that there were some quite substantial increases in the proportions reporting several of these benefits, particularly the proportions reporting reduced risk of prosecution/fines (mentioned by 30% in 2009 and 46% in 2016).

Table 25: Benefits to the business of environmental improvements

Benefits to the business of environmental improvements	2009	2016
Reduced operating costs	44%	50%
Increased sales and profitability	12%	23%
Improved relationships with customers/others	29%	37%
Reduced risk of prosecution or fines	30%	46%
A more motivated workforce	30%	32%
Base	**unknown**	**470**

Across the sample as a whole, and in each of the core industry sectors, there has been a significant increase in the proportion of respondents who predicted that they were very or quite likely to invest in environmental performance in the next 12 months. Just over a quarter expected to invest in environmental improvements in 2009, compared to 42% in 2016. The greatest increase was seen in the construction and hotels and restaurants sectors.

Table 26: Proportion who are 'very likely' or 'quite likely' to invest in environmental performance in the next 12 months

	2009	2009 base	2016	2016 base
Agriculture	29%	175	43%	82
Construction	14%	182	38%	77
Healthcare	17%	184	35%	77
Hotels & restaurants	27%	182	51%	79
Transport	22%	181	39%	79
Sample average (all sectors)	**27%**	**1,160**	**42%**	**500**

4. Awareness of the environment and legislation

As shown in Table 14, there has been a significant increase in the proportion spontaneously reporting that their business undertakes at least one activity that is potentially harmful to the environment. This increase is also evident across all of the individual sectors. However, it should be borne in mind that this question was asked slightly differently in the 2009 survey, with respondents first answering a yes/no question and then reporting which specific activities they undertook. It is therefore possible that the difference seen in the data is, at least in part, a result of changes to question wording.

Table 27: Whether companies reported undertaking harmful activities by business size and core industry sector (spontaneous)

Core sector	2009	2009 base	2016	2016 base
Agriculture	2%	175	54%	82
Construction	8%	182	52%	77
Healthcare	5%	184	43%	77
Hotels & restaurants	2%	182	53%	79
Transport	14%	181	63%	79
Sample average (all sectors)	**5%**	**1,160**	**52%**	**500**

Table 15 compares awareness of the legislation / regulations that were included in both surveys: new regulations were also asked about in the 2016 survey to reflect legislative changes. As can be seen here, awareness has increased since 2009 – in the previous survey, 60% of the sample could identify at least one piece of environmental legislation, whereas in 2016 this had risen to 88%. The increases were significant for all of the individual response options, although the greatest increases in awareness were seen for Packaging Waste Regulations (2009: 21% aware; 2016 58%) and the WEEE regulations (2009: 17%; 2016: 51%).

Table 28: Environmental regulation or legislation respondents had heard of

Legislation / regulations	2009	2016
Duty of Care Regulations	39%	61%
Special Waste Regulations	22%	38%
Waste Electrical and Electronic Equipment Regulations (WEEE Regulations)	17%	51%
Packaging Waste Regulations	21%	58%
Could identify at least one piece of legislation	60%	88%
Base	**1,160**	**500**

5. Sources of information, advice and support

There were some differences in the 2016 survey in relation to the business support organisations that respondents had contacted about environmental issues. This question was asked in a different way in 2016, with one question combining responses about trade associations and organisations specifically focused on environmental issues. Additional response options were available in 2016, including Resource Efficient Scotland / Zero Waste Scotland, which did not exist in 2009.

This was also a spontaneous question in 2016, rather than a prompted list. This means that the data should not be directly compared, but treated as indicative only. Bearing this in mind, it appears that there has been a decrease in the proportion of businesses approaching their local council for support, but an increase in those contacting SEPA (see Table 16).

Table 29: Business support organisations contacted

Business support organisations contacted	2009	2016
Local Authority / Local Council	67%	23%
SEPA	27%	37%
Waste companies	35%	11%
NetRegs website	1%	1%
Trade or professional organisations / Trade Association	9%	9%
Other	3%	17%
Base	**563**	**155**

6. Awareness and use of NetRegs

Encouragingly, there has been a significant increase since 2009 in the proportion of businesses who have heard of NetRegs, and the proportion of these who have actually used the website (see Table 17).

Table 30: Awareness and use of NetRegs

	2009	2016
Aware of NetRegs	4%	13%
Used NetRegs	1%[3]	7%
Base	**1,160**	**500**

[3] Calculated from percentages available, this is an estimate due to likely rounding.

Appendix 2: Survey Questionnaire

Introduction

Good morning/afternoon/evening, I am ______________ from Progressive, an independent market research company who are carrying out a government survey funded by the *[route from sample]* Scottish Environment Protection Agency (SEPA) / Northern Ireland Environment Agency (NIEA).

This is an important study to find out what environmental issues are faced by UK businesses, and also how aware people are of the sources of help available.

This is a confidential survey which takes no more than 10 minutes to complete. Everyone who takes part will be entered into a prize draw to win £200. Would it be OK to ask you a few brief questions to ascertain your views on the subject?

SQ1. We're interested in speaking to the person in the business who deals with environmental issues and decisions, such as waste management or water and energy use in the business. Are you responsible for this kind of decision making in your business?

	CODE
Yes	1
No	2

IF YES, CONTINUE. IF NO, ASK TO SPEAK TO THE PERSON RESPONSIBLE AND/OR ARRANGE CALL-BACK.

SQ2. Calls may be recorded for quality control purposes. Are you happy with that?

	CODE
Yes	1
No	2

IF NO (SQ2=2), ARRANGE CALL-BACK

Q1a) What, if any, practical measures has your organisation ever introduced aimed at preventing or reducing harm to the environment? [Do not read out, multicode]

Q1b) Has your organisation ever undertaken any of the following activities? [mask any already mentioned at Q1a] [Read out, multicode]

	Q1a (spont)	**Q1b (prompt)**
Assessed the impact your business has on the environment	1	1
Carried out a programme of environmental improvements	2	2
Made someone in the company responsible for environmental matters	3	3
Made any energy efficiency or water reduction improvements	4	4
Cut down your business waste	5	5
Recycled your business waste	6	6
Reduced transport emissions	7	7

Reduced transport costs	8	8
Reduced your use of raw materials	9	9
Other environmental activity (specify)	10	10
None of these / nothing	11	11

ASK IF NEVER TAKEN ANY ACTIVITIES (Q1a=11 and Q1b=11)

Q1c. What would you say has prevented you from undertaking any of these measures to reduce harm to the environment? [Do not read out, multicode]

	CODE
It is too expensive / cost issues	1
Don't have time to think about it / it is not a priority for the business	2
Don't know what actions to take	3
Have never thought about it	4
Other (specify)	5
Don't know	6

ASK ALL

Q2. Has your business set up an Environmental Management System such as an ISO 14001 [pronounced 'fourteen thousand and one'], BS 8555 [pronounced '8 triple 5'], or [route from sample] Green ticks [Scotland] / Green Dragon [Northern Ireland] standard?

	CODE
Yes	1
No	2
Don't know	3

ASK IF NO OR DK (Q2=2,3)

Q3. Does your business have an Environmental Policy in place?

	CODE
Yes	1
No	2
Don't know	3

ASK IF NO OR DK (Q3=2,3)

Q4. How useful do you feel an Environmental Management System or Environmental Policy would be to your business?

	CODE

Of no use	1
Of little use	2
Quite useful	3
Very useful	4
Don’t know	5

ASK ALL

Q5. How likely are you to invest money in improving your environmental performance over the next 12 months?

	CODE
Very unlikely	1
Quite unlikely	2
Quite likely	3
Very likely	4
Don’t know	5

ASK IF YES TO ANY OPTIONS @ Q1a/b, OR YES @ Q2 OR Q3

Q6. What prompted you to take steps to improve your environmental performance? [Do not read out, multicode]. Probe, anything else?

	CODE
Business support organisations (specify name of organisation)	1
Suggestions from within the business	2
Stakeholder / supply chain requests or pressures	3
Customer or client requests or pressures	4
TV news or programmes	5
Financial pressures	6
To keep ahead of the competition	7
To improve reputation / green credentials	8
Other (specify)	9
Don’t know	10

Q7. As a result of taking steps to improve your environmental performance, has your business benefited from any of the following? [Read out, multicode] Probe – Anything else? Code under 'other'.

	CODE
Reduced operating costs	1

Increased sales and profitability	2
Improved relationships with customers/others	3
Reduced risk of prosecution or fines	4
A more motivated workforce	5
Other (specify)	6
None of these	7
Don't know	8

ASK ALL

Q8. Have you ever been in contact with any business support organisations to discuss environmental issues?

	CODE
Yes	1
No	2
Don't know	3

ASK IF YES (Q8=1)

Q8a. Which organisation(s) have you spoken to about environmental issues? [Do not read out, multicode]

Route from sample		**CODE**
ASK ALL	A trade association (specify)	1
ASK ALL	Federation of Small Businesses	2
ASK ALL	Business in the community	3
ASK ALL	NetRegs	4
ASK ALL	Local Council	5
ASK ALL	Waste companies	6
NI	WRAP Northern Ireland	7
NI	Invest NI	8
NI	NIEA	9
NI	ARENA network	10
NI	Energy saving trust / carbon trust	11
Scot	Resource Efficient Scotland / Zero Waste Scotland	12
Scot	Scottish Enterprise / HIE	13
Scot	SEPA	14

Scot	Energy saving trust / carbon trust Scotland	15
ASK ALL	Any other business organisation (specify)	16

Q9a) What activities, if any, does your organisation undertake which you think could be regarded as harmful to the environment? [Do not read out, multicode]

Q9b) Does your organisation undertake any of the following activities? [mask any already mentioned at Q9a] [Read out, multicode]

	Q9a (spont)	**Q9b (prompt)**
Store waste on site prior to removal	1	1
Use transport (for travel or deliveries)	2	2
Store chemicals, fuel or oils	3	3
Produce or use packaging	4	4
Use water pumped from lochs, rivers or boreholes	5	5
Emit smoke or fumes to air	6	6
Other (specify)	7	7
None of these / nothing	8	8

Q10. Have you heard of any of the following environmental regulations or legislation? [Read out, multicode]

Route from sample		**CODE**
ASK ALL	Food waste regulations	1
ASK ALL	Packaging Waste Regulations	2
ASK ALL	Duty of Care Regulations	3
ASK ALL	Waste Electrical and Electronic Equipment Regulations (WEEE Regulations)	4
NI	Hazardous Waste Regulations	5
Scot	Zero Waste Regulations (segregation of recyclable waste)	6
Scot	Special Waste Regulations	7
ASK ALL	Any other environmental legislation that applies to your business (specify)	8
ASK ALL	None of these [do not read out]	9

Q11. Does your business need any Permit, Licence or Exemption from [route from sample] SEPA / NIEA to carry out its activities?

	CODE
Yes	1

No	2
Don't know	3

Q12. Have you heard of the NetRegs website?

	CODE
Yes	1
No	2
Don't know	3

ASK IF HEARD OF NETREGS (Q12=1)

Q13. Have you used the NetRegs website?

	CODE
Yes	1
No	2
Don't know	3

IF HAVE NOT HEARD / NOT USED / DK (Q12=2,3 OR Q13=2,3)

Q14. The NetRegs site provides free, plain English guidance to help small and medium sized businesses comply with their environmental responsibilities. How useful would your organisation find this service?

	CODE
Of no use	1
Of little use	2
Quite useful	3
Very useful	4
Don't know	5

IF HAVE USED NETREGS (Q13=1)

Q15. How useful do you find the NetRegs website?

	CODE
Not at all useful	1
Not very useful	2
Quite useful	3
Very useful	4

Q16. And how useful do you find the following features of the site?

	Not at all useful	Not very useful	Quite useful	Very useful	DK / Not applicable
Environmental guidance for your business	1	2	3	4	5
Legislation lists	1	2	3	4	5
Keeping up to date with new legislation	1	2	3	4	5
The e-learning tools	1	2	3	4	5
The self-assessment tool	1	2	3	4	5
The good practice videos	1	2	3	4	5

ASK ALL

Q17. Have you ever received support from [route from sample] NIEA / SEPA to help you deal with environmental issues?

	CODE
Yes	1
No	2
Don't know	3

ASK IF RECEIVED SUPPORT (Q17=1)

Q18. How satisfied are you with the support you received from [route from sample] NIEA / SEPA?

	CODE
Very dissatisfied	1
Quite dissatisfied	2
Quite satisfied	3
Very satisfied	4

ASK ALL

Q19. [Route from sample] NIEA / SEPA are considering a list of possible actions that could help businesses generate business opportunities from environmental improvements. How useful would you find each of the following actions?

	Not at all useful	Not very useful	Quite useful	Very useful	DK / Not applicable
Voluntary agreements between business and SEPA/NIEA that benefit both	1	2	3	4	5

Providing a single point of contact for businesses at NIEA/SEPA local office	1	2	3	4	5
SEPA/NIEA certification for green products or services	1	2	3	4	5
Promoting good practice through business case studies	1	2	3	4	5
Helping businesses deal with potential impacts of climate change	1	2	3	4	5
Providing signposting to other business support organisations	1	2	3	4	5
Creating local environmental forums for businesses	1	2	3	4	5
Keeping businesses informed about practices and new technology that will improve their sustainability	1	2	3	4	5

Q20. Are there any other actions [route from sample] SEPA/NIEA could take to help you generate business opportunities from environmental improvements?

	CODE
Yes	1
No	2
Don't know	3

ASK IF YES (Q20=1)

Q21. What other actions [route from sample] could SEPA/NIEA take to help you generate business opportunities from environmental improvements?

____

Q22a) Which sources of information, if any, are you likely to use to find out about environmental issues that relate to your business? [Do not read out, multicode]. Probe – anything else?

Q22b) [Routed from options selected at Q24a] And which one of these are you **most** likely to use to find out about environmental issues that relate to your business?

	Q22a – all	**Q22b – most**
Internet searches	1	1
Social media / blogs	2	2
Email	3	3
Mobile app	4	4
Trade Magazines, Business Journals or Industry reports	5	5

Radio/newspapers	6	6
A Telephone Helpline	7	7
Visit to or from an environmental consultant	8	8
Seminars or conferences	9	9
Information sent through the post from SEPA/NIEA	10	10
Conversations with colleagues, or briefings from expert staff	11	11
Other (specify)	12	12
None of these	13	13

Q23. The final few questions are just for classification purposes to help with our analysis. Roughly how many permanent employees does your business have (including both full and part time staff)? _________

Q24. What is your position in the company?

	Code
Owner/MD/Partner	1
Director/company secretary	2
Works/production/site/farm manager	3
Environmental manager/officer	4
Technical manager/officer (e.g. Health and safety, quality, contracts)	5
Office Manager/Personnel manager/Admin/Secretary/PA etc	6
Other (specify)	7

Q25. The NetRegs website provides a free monthly email update on environmental guidance. Would you be interested in signing up?

	CODE
Yes	1
No	2

IFYES (Q25=1)

Q26. May I confirm your contact name and email address? This information will not be shared with any third parties and will be stored in accordance with the Data Protection Act.

Contact name ________________________________

Email address ________________________________

THANK AND CLOSE

Appendix 3: Technical Appendix

<u>Quantitative</u>

Methodology:

- The data was collected by CATI interviewing
- The target group for this research study was SMEs in Scotland
- The sampling frame used for this study was a sample database provided by Prospect360
- The target sample size was 500 and the final achieved sample size was 500.
- Fieldwork was undertaken between 25th January and 25th February 2016.
- Respondents were selected using:
    - a stratified random sampling technique, whereby interviewers worked to specified quota controls on key sample criteria, and selected respondents randomly within these quotas
- An incentive of a £200 prize draw was used to encourage a positive response to the survey.
- In total, 27 interviewers worked on data collection.
- Each interviewer's work is validated as per the requirements of the international standard ISO 20252.
    - Validation was achieved by recording all interviews and listening to a minimum of 10% of the interviews for each interviewer working on the study. In addition, interviewers were constantly monitored by the Telephone Unit Manager to ensure quality was maintained throughout each interview.
- None of the work for this project was sub-contracted.
- All research projects undertaken by Progressive comply fully with the requirements of ISO 20252.

Data Processing and Analysis:

- Quota controls were used to guide sample selection for this study. This means that we cannot provide statistically precise margins of error or significance testing as the sampling type is non-probability. The margins of error outlined below should therefore be treated as indicative, based on an equivalent probability sample.
    - The overall sample size of 500 provides a dataset with an approximate margin of error of between ±0.87% and ±4.38%, calculated at the 95% confidence level (market research industry standard).
- Our data processing department undertakes a number of quality checks on the data to ensure its validity and integrity.
    - For **CATI Questionnaires** these checks include:
        - All responses logged by the interviewers are checked for completeness and sense. Any errors or omissions detected at this stage are referred back to the field department, who are required to re-contact respondents to check and, if necessary, correct the data.
        - Data is entered into our analysis package, SNAP, and data is stored on CATI booths until imported and stored in our secure workfiles.
- A computer edit of the data is carried out prior to analysis, involving both range and inter-field checks. Any further inconsistencies identified at this stage are investigated by reference back to the raw data on the questionnaire.
- Where 'other' type questions are used, the responses to these are checked against the parent question for possible up-coding.
- Responses to open-ended questions will normally be spell and sense checked. Where required these responses may be grouped using a code-frame which can be used in analysis.
- Our analysis package is used and a programme set up with the aim of providing the client with useable and comprehensive data. Cross breaks to be imposed on the data are discussed with the client in order to ensure that all information needs are being met.