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SUMMARY

1. The specific research objectives were:
 - mapping the *extent* and *nature* of private sector involvement
 - identifying the *processes* by which SIPs can engage the private sector, to gain an appreciation of what *motivates* the private sector to get involved
 - assessing the *effectiveness* of private sector involvement
 - capturing elements of *good practice* in relation to engaging the private sector and achieving high levels of effectiveness, highlighting specific examples of good practice.
2. Most SIP managers welcome the involvement of the private sector and see various roles for business in achieving the aims and objectives of the SIPs, but a handful of SIP managers sees the private sector only in terms of an *ad hoc* source of cash or in-kind contributions.
3. Around two-thirds of SIP managers feel that the private sector can make its most important contribution to social inclusion as a provider of job opportunities.
4. Over half (57%) of the SIPs interviewed have at least one player from the business community represented on their Board, and 23% involved business representatives in the strategy development process.
5. Private sector involvement was greater in the area-based than in thematic SIPs focusing on the needs of excluded groups of the population.
6. The majority of private sector consultees saw the role of business as making a contribution to delivering the SIP aims and objectives at an operational level.
7. The barriers to private sector involvement can be divided into two broad categories:
 - constraints within the private sector (eg. demands on staff time)
 - barriers associated with working with the public sector (eg. lack of clarity on what the public sector wants from the private sector).
8. Many of the SIP managers cited difficulties in engaging with the private sector that resulted from lack of resources and lack of experience on their own part.
9. In terms of encouraging private sector involvement the key factors cited by SIP managers were the need for:
 - clarity on what is required from and by the private sector
 - the development of personal relationships.
10. The private sector placed emphasis on:
 - using established business networks where possible
 - giving the private sector more of a lead role where appropriate.

11. Nearly a third of managers felt that it was too early in the life of the SIP to assess possible private sector impacts, and a further 13% considered that it is impossible to quantify private sector impacts at all
12. Given the importance of private sector services for area regeneration, there is scope for joint venturing between private and community-based organizations, for example banks and credit unions.
13. More use needs to be made of specific private sector expertise, both in a technical sense (e.g. appraising projects) and in ways of working (e.g. speed of decision working).
14. A more comprehensive national and regional approach to engaging the private sector could produce gains all round. Scottish Enterprise should be asked to lead a small and highly focused national task force to facilitate major private sector initiatives on social inclusion.

CHAPTER ONE: THE PRIVATE SECTOR AND SOCIAL INCLUSION

SOCIAL INCLUSION PARTNERSHIPS

1.1 Social Inclusion Partnerships (SIPs) are a part of the Government's 'joined up approach' to tackling social exclusion in Scotland. There are 48 SIPs in Scotland. Of these, 22 evolved from existing Priority Partnership Areas and Regeneration Programme areas with a further 26 newly designated. The key characteristics of SIPs are that they:

- focus on the most excluded members of society
- co-ordinate and fill gaps between existing programmes and services to promote inclusion
- seek to prevent people becoming socially excluded
- demonstrate innovation in taking forward their strategies

1.2 The *area based* SIPs aim to maximise the benefits of existing initiatives and services, and develop and support additional activities to alleviate and prevent social exclusion in some of the most deprived areas in Scotland. They are the agencies that co-ordinate the actions of all local partners, including the community and the private sector, at local level. A similar approach has been adopted in the *thematic* SIPs which aim to tackle the problems faced by socially excluded groups of individuals including:

- young carers
- young people leaving care
- disaffected young people
- excluded young adults
- ethnic minorities
- prostitutes

Annex 1 shows the type and location of the 48 SIPs currently operational in Scotland.

1.3 The fundamental ethos of the SIPs is to encourage *joint working* to tackle social exclusion. As part of this the SIPs seek to engage and work in partnership with the *private sector* to help deliver their aims and objectives.

THE ROLE OF THE PRIVATE SECTOR

1.4 Since the 1980s there has been a growing acceptance of the need for private sector involvement if area regeneration initiatives were to make *significant* inroads into the problems these areas confront, and then secure *sustainable* gains. For this reason, the private sector was built into Scotland's New Life partnerships as one of the key partners. Although disappointment is sometimes expressed at the size and effectiveness of the private sector's contribution to date to area regeneration, there is little diminution of the view that it is an essential ingredient of a successful regeneration partnership.

1.5 During the 1990s, the role of the private sector in social inclusion initiatives, defined more broadly than those with a specific focus on poor geographical communities, has received increasing attention. In particular, with the introduction of New Deal, the private

sector was allocated a significant role in both the planning and delivery of a high profile inclusion initiative targeted at specific groups of the population irrespective of where they live.

1.6 Over the last few years attention has focused particularly on the perceived more significant and effective contribution of the business community to the promotion of social inclusion in the US. This interest reflects the linkages between ‘welfare to work’ approaches in the UK and the US, as well as the long traditions of businesses involvement in inclusion situations in the US. This US experience tends to suggest that the business community has the potential to tackle the problems associated with social exclusion - either area or group based – in a range of different ways, each of which confronts the key causal forces behind exclusion or at least some of the worst symptoms.

1.7 A report for the Joseph Rowntree Foundation (Speak and Graham, 2000) found considerable evidence of private sector withdrawal in disadvantaged neighbourhoods. They contended that drawing the private sector back into these areas is essential to successful regeneration given the important link which exists between both the:

- private sector and access to employment; and
- private sector services and people's ability to maintain a healthy lifestyle and home, care for a family and manage on a low income.

These are issues which lie at the heart of the Scottish Executive's analysis of the complex problems associated with social exclusion - unemployment, poor skills, low income, poor housing, high crime environments, bad health and family breakdown. (Scottish Executive, 1999)

1.8 The Department for Education and Employment (1998) outlined a number of additional reasons for involving the private sector:

- ensuring high quality and maximum impact
- attracting resources and skills otherwise not available or in short supply e.g. financial management, legal advice, recruitment and training
- introducing different perspectives, practices, techniques e.g. output driven project and programme management, customer orientation, product management, total quality management
- exploiting sources of influence, e.g. adds the clout of major local employers to lobbying activity, helps to persuade other companies to lend support to partnership activities
- taking advantage of private sector ability to act outside bureaucratic constraints or independently of local politics
- facilitating access to external funding where private sector involvement is a requirement i.e. Challenge Fund, Private Finance Initiative.

1.9 There is clearly an important and extremely valid rationale for involving the private sector in social inclusion programmes. This report considers the current and potential roles of the private sector in SIPs and addresses the question of how to secure a greater and more effective engagement.

RESEARCH AIMS AND OBJECTIVES AND METHODS

1.10 The overall aim of the research reported here was to review the existing level, nature and effectiveness of private sector involvement in the SIPs. The specific objectives of the study relate to four sets of issues:

- mapping the *extent* and *nature* of private sector involvement
- identifying the *processes* by which SIPs can engage the private sector, to gain an appreciation of what *motivates* the private sector to get involved
- assessing the *effectiveness* of private sector involvement
- capturing elements of *good practice* in relation to engaging the private sector and achieving high levels of effectiveness, highlighting specific examples of good practice.

1.11 Interviews with the managers of the SIPs were the main source of information, with private sector and other relevant players also consulted. The interviews were carried out between March and June 2000. Further details of the research method and the full list of consultees are set out in Annex 2.

CHAPTER TWO: REVIEWING BUSINESS INVOLVMENT IN SOCIAL INCLUSION

BACKGROUND

The UK context

2.1 Over the past 25 years Britain has had an almost continuous tradition of urban policies and programmes to tackle disadvantage on social housing estates and in other low-income urban neighbourhoods. (Plummer and Zipfel, 1998) Prior to the 1970s urban regeneration was seen almost exclusively as the domain of the public sector, and local authorities were considered to be the natural agencies of inner city reconstruction. Although the emphasis has waxed and waned over the years, the trend has been towards a larger and more varied contribution to the inclusion process from the private sector.

2.2 The possibility of a role for the private sector in addressing urban policy problems was first mooted in the 1977 White Paper, 'Policy for the Inner Cities', and was later embraced whole-heartedly by the Conservative government as part of their ethos of minimum state intervention. However, early attempts to promote private sector involvement, in the form of Inner City Partnerships, failed as a result of a failure to agree on a common approach (Lawless, 1991).

2.3 In the 1980s, the Urban Development Corporations were charged specifically with attracting private sector investment to drive area regeneration. The largely property driven approach experienced difficulties in the recession of the late 1980s and early 1990s. Under City Challenge and the Single Regeneration Budget in the 1990s, the private sector has begun to play a more active role as a partner in a wider range of regeneration interventions including education, jobs and training.

2.4 Looking at problems of social exclusion beyond the setting of disadvantaged neighbourhoods, prior to the involvement of the government's 'welfare to work' initiatives the private sector was involved largely as employers encouraged to recruit the long term unemployed, as part of a range of government training 'schemes'. With the introduction of the various New Deals, the private sector has been much more involved in the design and delivery of inclusion interventions targeted at groups excluded from the labour market.

The Scottish Context

2.5 The potential for private sector involvement in area regeneration schemes was largely ignored in Scotland prior to the Glasgow East Area Regeneration (GEAR) which was established in 1976 and ran until 1987. This was unique in attempting to promote a multi-agency approach to area regeneration. Although the private sector was not a formal partner in the initiative, private investment in housing and retail facilities proved significant for the regeneration process (McGregor and Maclennan, 1992).

2.6 However, the private sector were key partners in the next major initiative, 'New Life for Urban Scotland'. The New Life partnerships were a Scottish Office pilot approach to delivering regeneration through partnership. The partnerships were chaired by the Scottish

Office and partners included; local authorities, local enterprise companies (LECs), Scottish Homes, the local community and the private and voluntary sectors.

2.7 Private sector involvement in the partnerships was designed to take place through the Business Support Groups (BSG) developed by Scottish Business in the Community in response to a request from the Secretary of State to provide a channel for engaging the private sector. However, this was not as successful as initially envisaged due to:

- confusion regarding the terms of involvement and expectations of the BSGs
- lack of leadership from Scottish Business in the Community
- failure to involve the BSGs in much of the initial strategy discussions
- lack of clarity and guidance in the most effective manner of engaging the private sector.

(Scottish Executive, 1999)

2.8 Half-way through the lifetime of the New Life partnerships a new policy framework was announced for regenerating poorer communities in Scotland. Programme for Partnership attempted to retain the partnership approach while incorporating an element of competition into the funding process. Programme for Partnership also required partners to place their plans for area regeneration within the context of a strategy for whole cities or districts. Twelve Priority Partnership Areas were established in November 1996 with 11 regeneration programmes also supported, although these contained a less comprehensive regeneration strategy and were not necessarily drawn up by partners.

2.9 Following the change of government an announcement was made in May 1998 that Social Inclusion Partnerships (SIPs) were to act as the new delivery mechanism for addressing exclusion and regeneration, and existing PPAs were converted to SIPs. Private sector involvement was considered to be an important part of the inclusion process for these new partnerships.

MOTIVATIONS FOR PRIVATE SECTOR INVOLVEMENT

2.10 In the past attempts to involve the private sector in area regeneration or social inclusion programmes have sometimes been met with suspicion and even antagonism by other bodies involved in the partnership. An attitude of 'what is in it for them?' has often prevailed. There are in fact a number of strong motivations for private sector involvement in social inclusion programmes. A US report identified the benefits of involvement as:

- accessing a motivated, hard-working and loyal *workforce* - with consequent lower turnover
- improving incomes and the strength of *consumer demand* in their immediate local economies.

(Welfare to Work Partnership, 1998)

2.11 Involvement in social inclusion programmes can also benefit business by enhancing their *corporate image*. An Opinion Leader Readers survey (1993) found that 81% of opinion leaders thought that a reputation for being socially responsive and responsible was becoming a competitive advantage.

2.12 A Joseph Rowntree Foundation survey (Adair *et al.*, 1998) of both investors and non-investors found that the essential factors in private sector motivation to engage with initiatives were, in order of significance:

- perceived total return
- perception of investment security and spreading of risk
- new business opportunities
- transparent exit strategy
- reputation benefits
- holding an urban regeneration portfolio

2.13 Other research studies (DfEE, 1998; McGregor *et al.*, 1995) indicate that business may benefit from:

- access to funding and assistance with recruitment
- ability to lobby others about their own wants, needs and expectations
- staff development opportunities
- opportunity to network
- good public relations both to public and prospective employees
- brand recognition.

2.14 Private sector involvement, except in the case of philanthropic businesses, will often be influenced by their expected level of return. However, larger businesses are increasingly taking a broader view and seeing the long term benefits from creating and managing professionally their own corporate community investment programmes. The concept of 'corporate citizenship' has challenged the dichotomy of private sector profit versus public sector services to the community (Moss-Kanter, 1999).

ENGAGING THE PRIVATE SECTOR

2.15 Private sector involvement is increasingly recognised as an essential pre-requisite for successful partnerships (Scottish Office, 1995; Speak and Graham, 2000). Business leaders themselves have expressed the view that it is the failure of previous regeneration programmes to involve the private sector that has resulted in the programmes being largely unsuccessful or unsustainable (Plummer and Zipfel, 1998).

2.16 In comparison to the US, the private sector in the UK does not have a particularly proactive track record in social inclusion or area regeneration programmes. Therefore initiatives must take positive steps to promote the benefits of involvement to the private sector through:

- early contact with potential private sector partners
- well-marketed approaches
- business-orientated programmes with tangible opportunities to get involved
- clearly defined roles and expectations for business.

(DfEE, 1998)

2.17 The Social Inclusion Unit's recent Policy Action Team 3 report (1999) argued that to engage successfully with the private sector in inclusion programmes it is necessary that businesses:

- understand why it is in their interest to be socially responsible
- are able to measure and demonstrate the impact of their activities both on the business itself and on the wider community.

2.18 This view was supported by the work of Kleinman, West and Sparkes (1998) who found that successful engagement of the private sector was also affected by the size, experience and geographical spread of the targeted firm. Employers appear more willing to be more pro-active if a programme is appropriately marketed to them, with their roles and objectives clearly defined at the outset. Evidence from the literature also suggests that

- larger firms are more willing to become involved than smaller or medium-sized firms
- local firms have a greater interest in the surrounding area and can obtain greater benefit from participation.

2.19 The tighter financial constraints and more risk averse nature of the small to medium sized firms can act to minimise participation in this form of partnership (McGregor *et al.*, 1995). Participation of smaller or medium sized firms, however, can be developed and encouraged in the UK by involvement with Business in the Community (BitC), Scottish Business in the Community (SBC), and local TECs and LECs.

2.20 The US BusinessLINC (Learning, Information, Networking and Collaboration) initiative was launched specifically to target small firms in distressed urban and rural areas in an attempt to build their competitive strength. As part of this initiative a preliminary report was carried out which highlighted a number of best practice case studies in this area. Among the examples highlighted was the free advice, referrals and business loan assistance offered to small business in poorer localities by the Chase Manhattan Bank (ICIC, 1999).

BARRIERS TO PRIVATE SECTOR INVOLVEMENT

2.21 There are a number of barriers - both practical and cultural - which need to be overcome if the private sector is to have a more active and effective role in tackling social exclusion. Barriers to participation, from the point of view of the private sector, have been identified in the literature (Department for Education and Employment, 1998; Kleinman, West and Sparkes, 1998; McGregor *et al.*, 1999) and include:

- time constraints of participation both for staff and business as a whole when business activities must take priority
- suspicion of those outwith the business community who are not seen to be operating to the same agenda
- limited understanding among the public sector of the private sector motivations and the constraints under which they operate
- productivity reducing impact of recruiting individuals who are not work ready
- disenchantment caused by frustration which surrounds the ineffectual nature of many programmes and long drawn out nature of formal processes

- long-term commitment necessary in many programmes
- centralised company policy decisions which prevent local branches acting individually.

2.22 The perceived level of risk associated with participation in this form of programme, coupled with a continued suspicion of the public sector, remain significant barriers to private sector involvement in social inclusion projects (Adair *et al.*, 1998). 'Sweeteners' in the form of grants and subsidies are often considered insufficient incentive for the private sector when compared with the level of risk and disruption to the business which participation is perceived to involve.

2.23 From the public sector viewpoint barriers to private sector involvement were perceived as predominantly a result of:

- lack of appreciation among the private sector of local authorities' statutory obligations and the constraints under which the public sector functions
- commitment in principle not always being followed up by practical support
- prejudice among the business community surrounding individuals in regeneration areas and the long-term unemployed
- discontinuity of staff within the private sector.

2.24 In reality a considerable culture clash still exists between the public and the private sector which undermines attempts to create effective partnership. The concept of 'corporate citizenship' is not as widely recognised in the UK as in the US. Private sector involvement in the UK, for example, tends to involve participating in publicly led initiatives, while in the US firms have a more pro-active approach and will often design and manage their own programme and look to the public sector to provide some form of funding when appropriate (McGregor *et al.*, 1995). There are very few examples of the US model in operation in the UK.

ROLE AND EFFECTIVENESS OF PRIVATE SECTOR INVOLVEMENT

2.25 At the most basic level, private sector investment can help to supplement increasingly constrained public sector resources in what are traditionally expensive programmes. Private sector investment, however, also has a pivotal role to play in addressing many of the issues which regeneration programmes are designed to tackle. The private sector can make key contributions as a:

- generator of jobs
- provider of services.

2.26 Speak and Graham (2000) in their review of private sector withdrawal in disadvantaged areas highlighted the important link between the lack of a private sector presence and the existence of exclusion issues such as poor health, lower employment prospects and limited social contact. They argue that although much has been made of the employment gains of private sector involvement in area regeneration, their role in the delivery of services has gone largely unmentioned.

2.27 McGregor *et al.* (1995) argue that the link to employment is important and that private sector involvement led to:

- increased motivation for the unemployed in terms of their confidence about finding future employment
- better employment outcomes in terms of numbers finding jobs
- improved attitudes among the business community surrounding the residents of disadvantaged areas.

Business involvement is therefore encouraged as a means of bridging the gap between the socially excluded that need jobs and services and businesses who have them to offer.

2.28 The private sector can choose to participate in the projects in a number of ways. The Department for Education and Employment (1998) outlined the various contributions that the private sector can make to projects under three separate headings:

- ***customer and participant*** - i.e. customer, beneficiary, network member
- ***resource provider*** - this may take the form of either a funder or a sponsor
- ***leader/advisor*** - i.e. advisor, board member, champion, change agent, figure head, role model, endorser, sponsor.

2.29 Many of the UK programmes which have adopted the 'holistic' or partnership approach to area regeneration remain in their infancy and consequently there is not a great deal of hard evidence available to measure the success associated with private sector involvement. Additionally, the often small scale project-by-project nature of private sector involvement in social inclusion issues often makes it difficult to carry out any effective measurement of impacts.

2.30 Enhancement of the image of the New Life partnership areas, both through physical regeneration and altered employer perspectives, was seen as highly significant private sector contribution in the New Life partnerships. The most effective private sector contributions were in the Whitfield partnership where the BSG manager carved a more active role for himself, and the education business links formed in Castlemilk (Scottish Executive, 1999). However, despite the private sector role envisaged at the commencement of the partnerships, the private sector had very little input into the strategic thinking and planning aspects of the programmes. (PIEDA, 1994). The final evaluation also found a tendency for the private sector to withdraw from programmes which had not worked well (Scottish Executive, 1999).

2.31 The short-term nature of the private sector's commitment was previously highlighted as a cause of the general ineffectiveness of partnership programmes to create sustainable employment opportunities by Kleinman, West and Sparkes (1998). They argued that:

- business is often unwilling to commit funding or secondments for more than a year to 18 months
- business involvement is often related to specific short-term goals, rather than longer-term profitability
- commitment is vulnerable to external changes in the national economy, or in national/global corporate strategy.

There is a danger these contributions will merely scratch the surface of the underlying problems faced by residents of disadvantaged neighbourhoods.

2.32 The London Benchmarking Group (LBG) – based on the US Measuring Corporate Citizenship Group – is one of the only recognised forums for assessing private sector impacts. It was established in 1994 by leading companies Whitbread, BP, National Westminster Bank, IBM, Grand Metropolitan and Marks and Spencers and aims to *'better define measures of efficiency and effectiveness of all types of community involvement activity by using benchmarking techniques'* (London Benchmarking Group, 2000). The group is a collection of some of the UK's prominent corporate citizens that see value in setting up a framework and common standards for measuring corporate contributions to the community (Scottish Business in the Community, 1999). The LBG has gone from six to forty three members since its inception and membership is likely to exceed fifty by the end of 2000. A growing number of companies use the LBG approach to value their community contributions and quote the LBG model as their 'standard' in their annual reports and presentations. Within Scotland six companies met in 1999 to form the Scottish Benchmarking group under the auspices of Scottish Power, and future developments are currently under discussion. LBG have contacted around 15 major companies during 2000 to gauge the demand for a continuation or expansion of the work in Scotland.

MAXIMISING PRIVATE SECTOR INVOLVEMENT

2.33 There is no clearly defined model of best practice for private sector involvement in social inclusion or area regeneration programmes. If businesses are to be persuaded to take a more active role in social inclusion initiatives they must perceive the benefits to be greater than the risk. This may be achieved through programmes which:

- encourage employers to develop their own initiatives in which they take the lead role
- ask the private sector to participate only in those aspects of SIP policy in which they have an active interest and mutual benefit can be achieved.

This may be effective in playing to the strengths of the private sector and reducing culture clashes and conflict between the public and private sectors.

2.34 Speak and Graham (2000) concluded there is a requirement for improved dialogue between area regeneration teams and private sector service providers. Regeneration initiatives could then negotiate with the private sector to deliver services in the area

2.35 Business in the U.S appears to have responded to the renewed government interest in urban policy, with many firms moving beyond social responsibility to what has become known as social innovation. Companies are increasingly viewing their involvement in social programmes as strategic business investments which provide them with an opportunity to develop ideas and find new markets. Moss-Kanter (1999), in her review of the more strategic approach being developed by firms, identifies the 6 key characteristics of successful private-public partnerships:

- a clear business agenda
- strong partners committed to change

- investment by both parties
- rootedness in the user community
- links to other community organisations; and
- long term commitment to sustain and replicate the results.

2.36 Perceptions of what the private sector would deliver to social inclusion may have been previously exaggerated leading to disappointment and frustration for all partners. What is clear is that there is a recognition within both private and public sector organisations that both groups have an important role in transforming areas and creating opportunities for the socially excluded.

SUMMARY OF KEY POINTS

2.37 As the partnership approach to tackling social exclusion has developed, there has been a growing appreciation of the potential contribution of the private sector. The public sector alone cannot produce sustainable social inclusion.

2.38 The research literature indicates that the motivations for private sector involvement are wide ranging, running from pursuing economic self interest to fulfilling a sense of corporate responsibility.

CHAPTER THREE: PRIVATE SECTOR INVOLVEMENT IN SIPS

INTRODUCTION

3.1 The purpose of this section of the report is essentially descriptive. It seeks to establish a *baseline* of private sector involvement in the SIPS in terms of both:

- the extent of involvement across the SIPS
- the nature of that involvement.

3.2 Some attempts are also made to analyse variations in private sector involvement between different types of SIP – distinguishing between the area-based and the thematic, and between new and well established area regeneration partnerships. There is, of course, a strong correlation between these two criteria as all the thematic SIPS are new.

SIP PERSPECTIVES ON PRIVATE SECTOR INVOLVEMENT

3.3 Over two-thirds of the SIP managers interviewed reported that the private sector received an explicit mention in their bid documents and implementation plans. This figure rises to 80% for former PPA and Regeneration Partnership areas. This feedback relates solely to the recognition of the importance of engaging with the private sector, rather than specifying the proposed *nature* and *extent* of the involvement or how the private sector will contribute to achieving the aims and objectives of the SIP. It is, however, revealing that nearly a third of Scotland's SIPS made no mention of a potentially key partner in their strategies and implementation plans.

3.4 Even where the private sector is mentioned it is not unfair to say that the bid documents and strategies tend to '*tick the private sector box*' rather than demonstrate an understanding of how the private sector can contribute to the inclusion process. The following quotes are typical examples.

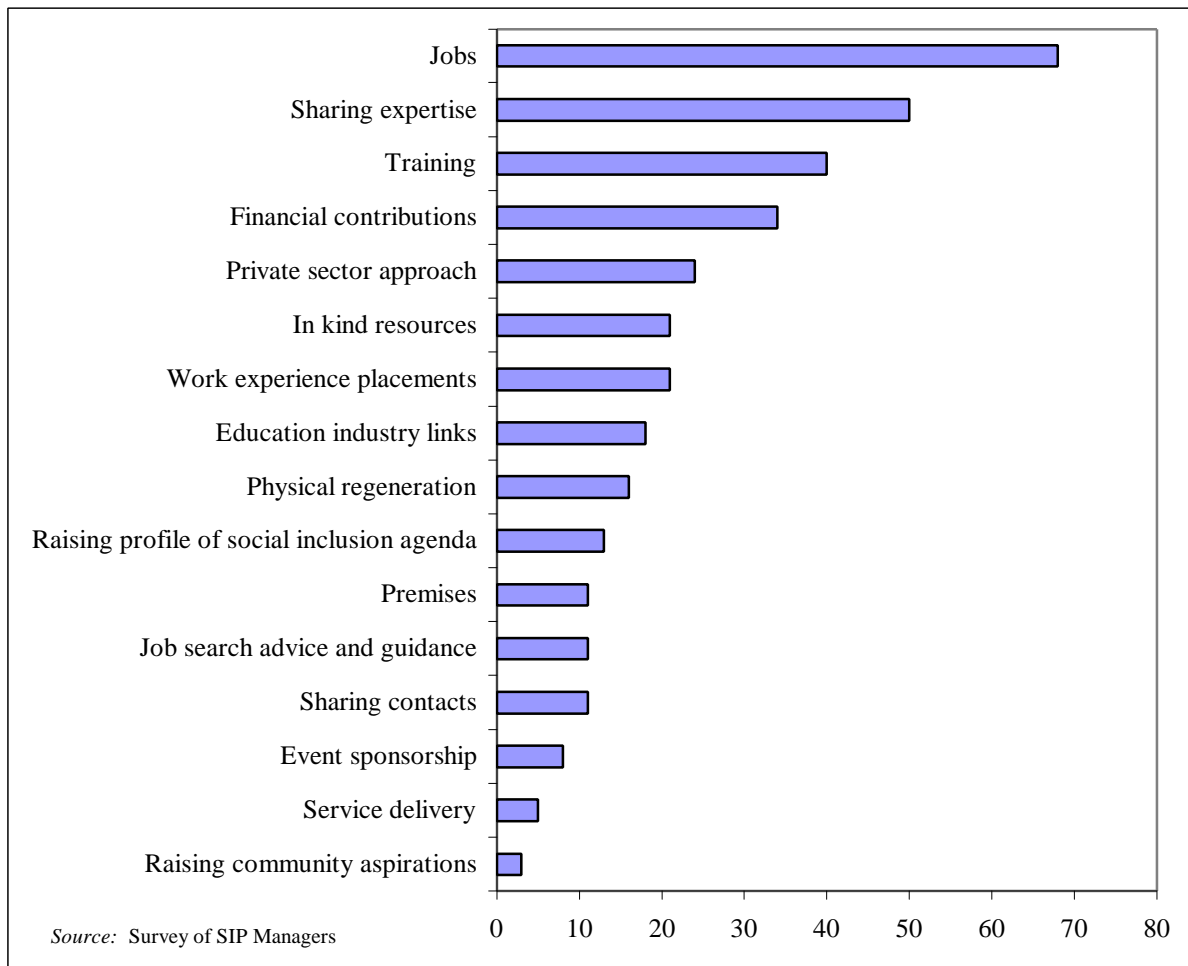
- '*New Structures will be developed to integrate private sector fully within the partnership*'
- '*The Partnership is considering the opportunities to engage the private sector in new and innovative ways...*'

3.5 Nonetheless, most SIP managers interviewed welcome the private sector's involvement and see various roles for them in achieving the aims and objectives of the SIPS. A handful sees the private sector *only* in terms of an *ad hoc* source of cash or in-kind contributions. One or two believe there is neither the need nor an appropriate role for the private sector in terms of meaningful participation in social inclusion. Chart 3.1 summarises the managers' views on the potential contribution of the private sector to achieving the aims and objectives of their SIP.

- The most important potential contribution of the private sector is perceived as a provider of jobs with 68% of managers citing this as important
- Half of the managers thought that the sharing of expertise was a potential contribution

- 40% see a private sector contribution in terms of training
- A third of managers view the private sector as a source of financial contributions
- A quarter consider that the private sector approach, in terms of how they go about their business, makes a valuable contribution to the SIP.

Chart 3.1: The Potential Contribution of the Private Sector (%)



INVOLVEMENT IN SIP BOARDS AND STRATEGY DEVELOPMENT

3.6 Membership of the Boards of agencies and initiatives working to tackle the physical and economic regeneration of local areas has been a traditional role for the private sector. Over half (57%) of the SIPs interviewed have at least one player from the business community represented on their Board. Two of the SIPs do not have business representation *per se* but claim to have a member of a local enterprise trust or development company to 'look after the interest of the business community'. In these cases the presence of an economic development agency 'representing' the views and interests of the private sector was seen as a viable option, or indeed a preferred option, to having a business representative on board. These quasi-private sector bodies have not been counted as private sector representation in any of the tables or charts in this report, however.

3.7 Although 19 of the SIP managers interviewed report no private sector representation on their Board, only 3 of the managers considered that private sector Board membership was

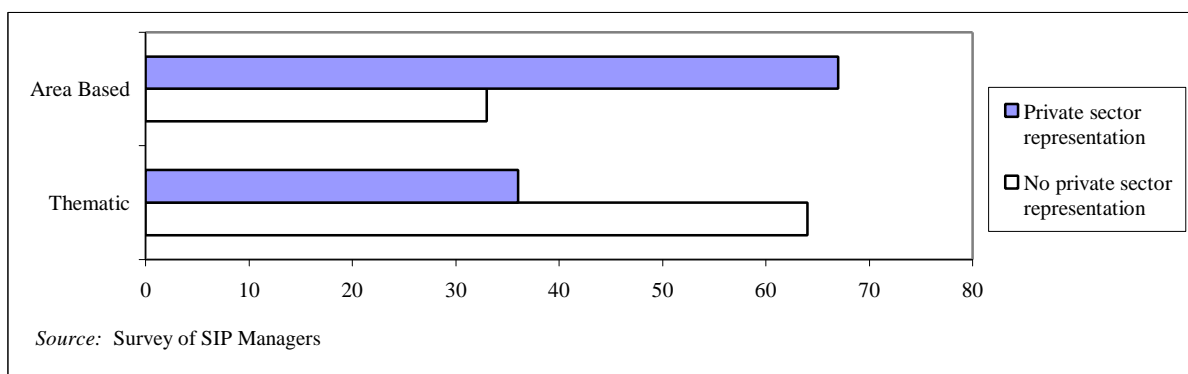
inappropriate. These managers felt that the place for private sector input was at *operational* level, making a direct contribution to the delivery of SIP programmes. The majority of SIPs without current private sector representation cited two main reasons.

- Lack of time at the bid preparation stage
- Board meetings tend to be protracted and cover a lot of operational issues considered irrelevant to private sector representatives

‘Board membership is too tedious and time consuming for the private sector. It is more effective to have them lower down the chain operating on a more practical level’

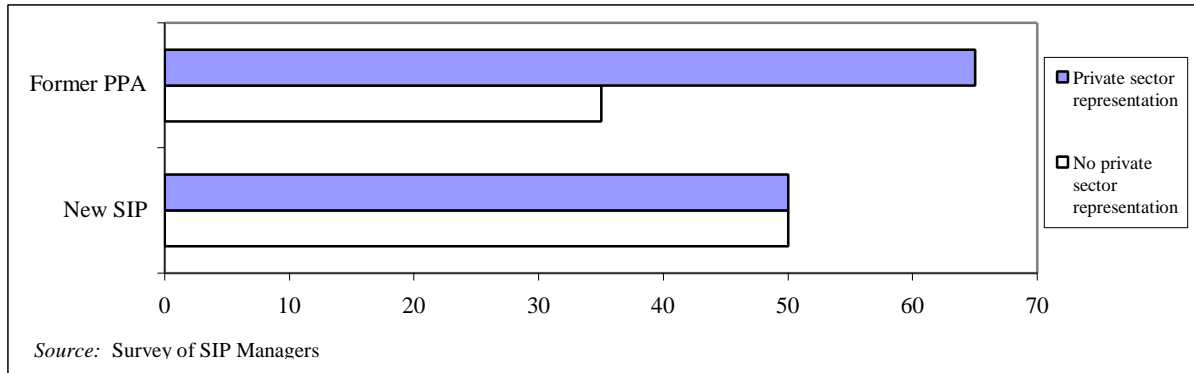
3.8 The amount of private sector representation at Board level differs both by type of SIP and by whether or not there has been a history of co-ordinated regeneration activity in the area. Chart 3.2 shows the level of private sector representation at Board level by SIP type. There is a much greater Board involvement for the private sector in area-based SIPs than in thematic SIPs. Two-thirds of the area-based SIPs have private sector representation as opposed to only 36% of thematic SIPs. In the case of some of the thematic SIPs the typical feedback was that the private sector did not have the necessary expertise with the difficult client groups involved to make a worthwhile contribution at Board level. However, this is to misunderstand the role the private sector can play in advising on and promoting employability, not to mention their skills in appraising options and strategic decision making. We need to work harder to get the private sector engaged with the thematic SIPs.

Chart 3.2: Private Sector Representation on Board by Type of SIP(%)



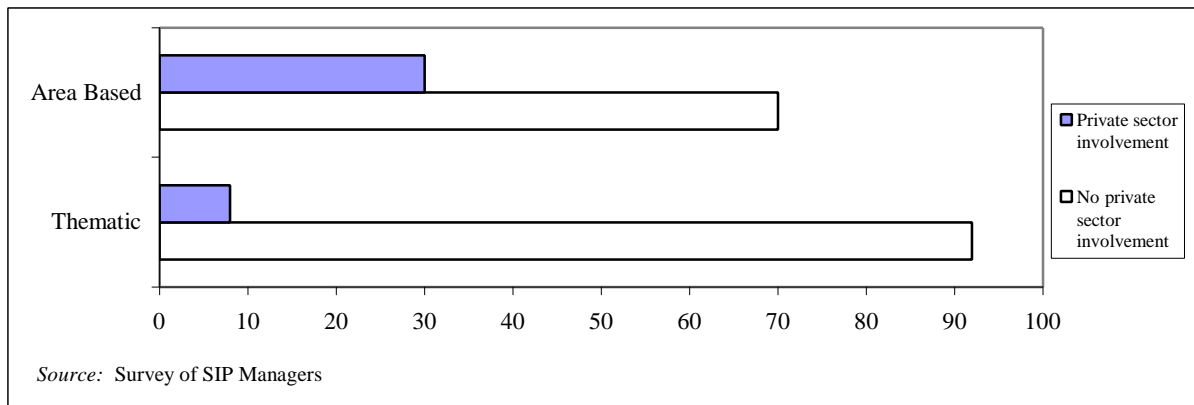
3.9 The SIPs that were former PPAs or Regeneration Partnership areas have a much higher incidence of private sector representation at Board level. Nearly two thirds of the former regeneration areas have private sector representation as opposed to half of the newly designated SIPs. This is consistent with the view that there was insufficient time at the bid preparation stage to line up private sector representation.

Chart 3.3: Private Sector Representation on Board by History of Regeneration Activity(%)



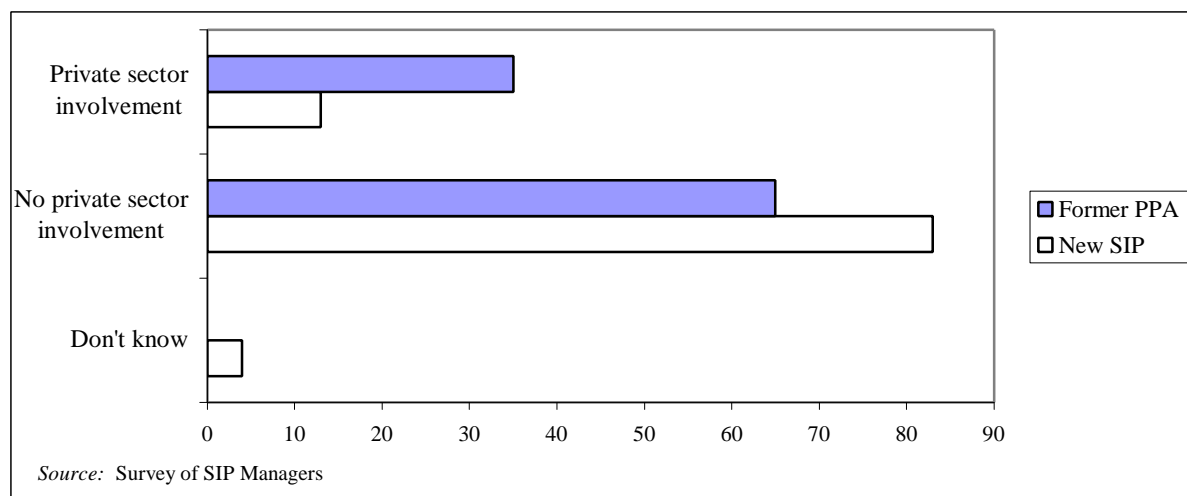
3.10 There are very few cases where the private sector has made a contribution at the strategic level with only 10 (23%) of the SIPs having involved business representatives in the strategy development process. Chart 3.4 shows that again the thematic SIPs were least likely to have this type of involvement with only one out of 13 respondents reporting any private sector input to strategy development, compared to around 30% of the area-based SIPs.

Chart 3.4: Private Sector Involvement in Strategy Development (%)



3.11 Chart 3.5 shows that those SIPs that were formerly PPAs or Regeneration Partnership areas were more likely to have some private sector input into strategy development with 35% involving private sector players as opposed to only 13% of newly designated SIPs. In the majority of cases this was not a conscious decision to exclude the private sector but rather the short timescale allowed for the preparation of the SIP bids necessitated an approach to existing partners. This was often coupled with the lack of an easily identifiable local private sector player to involve.

Chart 3.5: Private Sector Involvement in Strategy Development by History of Inclusion Activity (%)



3.12 Opinions were divided on the appropriateness of involving the private sector at a strategic level. On the one hand it was considered very important to have on board at the start all players who were likely to have a key role in achieving the aims and objectives of the SIP.

- *‘It is important to involve the private sector as part of the strategic development process and not to have them parachuted in as a player coming in on the public sector’s terms’*

3.13 On the other hand, there was an uncertainty about what the private sector could offer at a strategic level. This was particularly evident for a number of the thematic SIPs delivering services to a disadvantaged group of individuals, rather than into a locality.

- *‘You cannot ask the private sector to sit on the Board because they become frustrated; they are better at the sharp end’*

3.14 It has to be said that the majority of **private sector consultees** saw the role of business as making a contribution to delivering the SIP aims and objectives at an **operational** level. Although there was a willingness in the private sector to participate at strategic level a number of those involved were unaware of what their role was in the process.

- *‘Much of the discussions at Board meetings don’t involve me’*
- *‘I am not convinced my role on the Board is as effective as the grassroots work I do with other projects’.*

3.15 However, although there is little evidence of private sector involvement on SIP Boards influencing strategic development, private sector consultees feel that there is scope to bring **private sector approaches** to strategy formulation, project management and 'customer' driven service delivery to enhance the regeneration process, an approach which has been adopted at the Edinburgh Park Development.

Edinburgh Park Development

Five private sector companies are currently included on the leadership group of a new centre of excellence, which is being developed at Edinburgh Business Park on the western side of the city, designed to tackle:

- *recruitment, retention and workforce development issues faced by companies*
- *economic and digital exclusion facing high unemployment communities within the Edinburgh area*

British Telecom, K.S.C.L, the Royal Bank of Scotland, F.I. Group and I.C.L are all included on the leadership group and interest has also been expressed by Microsoft UK and Cisco Systems. The 5 companies, in partnership with EDI, are currently putting together a business plan for the organisation.

The centre will be unique in terms of its decision to adopt a demand as opposed to supply-driven approach. It aims to provide a high quality recruitment service to business with on-going support to recruits, as well as learning, training and meeting facilities for the businesses involved. The centre will be run as a business with all profits reinvested for future success.

A key influence on the ability to engage the private sector is clearly the very tight labour market in Edinburgh which makes recruitment and retention of employees difficult for businesses.

3.16 Wider **consultation** about strategy development with the private sector was more commonplace with 39% citing some form of involvement. This was usually through a ready-formed group such as a Chamber of Commerce or a Business Support Group. In the few instances where formal consultation meetings were held SIP managers reported a very low turnout from the local business community which they put down to a lack of interest from the private sector. Again those SIPs with a history of regeneration activity had greater engagement with the private sector with 50% consulting more widely with the private sector as compared with 29% of the newly designated SIPs.

TYPES OF PRIVATE SECTOR INVOLVEMENT

3.17 The private sector contributes to the SIPs in a variety of different ways. Some form of private sector involvement was cited by 72% of the SIP managers, although this means that 28% of managers reported no involvement. Almost half of the newly designated SIPs have no form of private sector input as opposed to only one of the former PPA areas. This clearly demonstrates the difficulties faced by SIPs that are building up links with the private sector from scratch, but also the greater problems in building connections between the private sector and the thematic SIPs.

3.18 The private sector is making a contribution to the SIPs in a variety of different ways, as Chart 3.6 shows. The main types of involvement can be summarised as:

- physical regeneration in terms of new build housing and renovation, retail and leisure developments and New Community Schools
- jobs for local people

- training
- raising employability of young people through a variety of initiatives and education industry links
- sharing of expertise through staff secondments or as required
- donations of goods and resources in kind
- cash contributions
- network building and facilitation

Chart 3.6: Type of Private Sector Involvement (%)

	Former PPA	New SIP	All
No involvement	6	46	28
Physical regeneration	29	14	21
Sharing of expertise	24	9	15
Training provision	29	5	15
Education industry links	18	9	13
Financial contributions	18	9	13
Resources in kind	18	9	13
Jobs	29	0	13
Building networks	12	14	13
Event sponsorship	12	9	10
Local labour agreements	18	5	10
Provision of premises	12	5	8
Environmental improvements	12	5	8
Pre recruitment training	12	0	5
Provision of work placements	12	0	5
Job fairs	0	5	3

Source: Survey of SIP Managers

Note: This table relates to respondents – in instances where managers cover more than one SIP area responses are recorded once only.

Physical Regeneration and Local Services

3.19 The private sector can play an important role in delivering a wider range of services such as housing, retail, leisure and transport services, into the SIP areas. Speak and Graham (2000) emphasise the impact of the reduction in or withdrawal of such services on socially excluded localities. The quality and cost of facilities – particularly retail and leisure – are often voiced as problems when communities are consulted about their areas, and the public sector needs the private sector's investment to tackle this problem in a comprehensive and sustainable way (Scottish Office, 1995a and 1995b). Investment from the private sector can help the public sector agencies achieve a much more substantial impact in terms of increasing the relative attractiveness and competitiveness of SIP areas and promoting the inclusion of specific disadvantaged groups. The pooling of private and public investment is a major potential benefit of partnership working.

3.20 Involvement in physical regeneration projects was the most prevalent form of private sector engagement in the SIPs, cited by 21% of managers.

- In the Stirling SIP contracts are awarded to local developers on the basis of adding value to the community through a programme of joint ventures. Contractors may agree to take on local labour or provide additional community facilities as part of the package.

- A Commercial Improvement Fund is operating in the Hamilton / Blantyre SIP in where there is a local agreement with shopkeepers to improve the appearance of the area by upgrading shop fronts. The shopkeeper must match the money from the fund.
- £30,000 of SIP funds were used to lever private sector funds to build a Learning Centre in Paisley now used by over 200 people per week.

Auchinlea Retail and Leisure Park

Capital and Regional Investment Limited are awaiting planning permission for a £60 million retail and leisure development park which is proposed for Auchinlea in Greater Easterhouse. The park, which would be built on a previously undeveloped site within the SIP area, will offer approximately 300,000 sq. foot of retail space and it is hoped that it will attract a number of new retailers to the area. In addition the park will also encompass leisure facilities, 3 restaurants and a hotel. When complete the park will employ up to 1,200 individuals, 400 of which will be in construction employment. Discussions are on-going to maximise the positive impacts on the local community.

Employment and Training

3.21 Reducing unemployment and increasing earned incomes are processes central to the battle against social exclusion. The private sector can play an important role in creating job opportunities for residents through business start-up or local labour schemes, and by enabling individuals to raise their employability through training thus providing access to sustainable employment.

- Rock DCM, a landscaping company, operates an Intermediate Labour Market programme in the Springburn and East Balornock SIP area in Glasgow. This Environmental Improvements Task Force is involved in site clean-up, maintenance and improvement, using local long term unemployed to carry out the works
- A 'Step-up' programme is being developed by Robertson Group Construction and Angus Council in the former Arbroath SIP area, whereby local people can gain work experience and training whilst carrying out physical improvements to the area
- North Ayr Partnership has recruited eight local employers from a variety of sectors, including health and the hotel and catering industry to take part in the Jobrotation pilot in which unemployed local residents will be provided with a period of employment while business staff are released for training

Dundee Employment and Aftercare Project

Whitfield Business Support Group Dundee Employment and Aftercare Project (DEAP) offers a comprehensive package of facilities to help jobseekers and job changers achieve their potential, including job shops offering information on the latest jobs, free newspapers and stationary and use of fax and facilities, C.V. advice, mock interviews and training. DEAP also offers a number of services to the employers including, advertising job vacancies within their local job shops, screening applications, carrying out initial interviews and running pre-recruitment training.

Raising Employability of Young People

3.22 Enhancing the employability of young people is important in breaking the cycle of social exclusion. It fits squarely with the prevention agenda which is a central part of the government's attack on social exclusion.

- A COMPACT is being developed in Tranent SIP to involve around 20 local businesses in providing work experience and guidance and advice to secondary school pupils
- Fife SIP negotiated a local labour agreement with Sainsburys in Kirkcaldy. The company agreed to guarantee an interview to any young person who successfully completed a pre-recruitment training course
- NEAR is in discussion with Royal Mail about using their internal work experience programme as a template for local businesses to demonstrate the relative ease with which businesses can provide meaningful work placements to young people.

On-Track

On-Track is a 3-year preventative programme which originated in the USA and is designed to address the needs of young people who have been identified as being at risk of failing to make a successful transition from school to work. On-Track comprises 3 key elements:

- *enterprise activities*
- *job competencies*
- *individual support*

Royal and Sun Alliance were involved with the UK pilot On-Track programme which was launched by Lancashire Careers service in 1990. The company sponsors a Key Skills Booklet on which the job competencies within the programme are based and, at the conclusion of the course, successful participants receive a certificate sponsored by the Royal and Sun Alliance that details the core and key skills which they have developed during the course. A critical element of the programme is that it guarantees to place at least 85% of those young people who participate into a job, training place or college course. North Hamilton and Blantyre SIP is currently piloting this programme and, if successful, it is anticipated that this will be rolled out across Lanarkshire.

Youthbuild Paisley

Paisley Social Inclusion Partnership is working with a local contractor and a number of other organisations to deliver a Youthbuild programme to young people within the partnership area. The programme offers 12-14 young people living within the SIP area an opportunity to enter into guaranteed employment with a local contractor and train towards obtaining a recognised construction related qualification. This programme differs from previous attempts to secure employment through construction training programmes in that the Youthbuild programme is written into the initial tender bids of the contractors. The decision to incorporate the programme into the initial bid shifts the focus away from reliance on 'best endeavours' on the part of the contractor by instead placing an obligation on them to abide by the terms of the bid. Trainees are recruited through the New Deal Voluntary Sector Option and work with the contractor for 6 months during which time the employers receive New Deal funding. The trainees are subsequently employed by the contractor for a minimum of six months and employers are entitled to access employment grant schemes during this period.

Cash, Sponsorship and In-kind Contributions

3.23 There can be a tendency to play down the value of (typically) smaller cash and kind donations, in the context of more strategic approaches to social exclusion. However, cash and in-kind donations can give an important boost to the services provided by the SIP. They can also help raise the profile of the SIP and pump prime innovative developments because the rules governing the spend are less tight than for public sector grants.

- Boots have provided £10,000 in cash contributions to a local project offering care and advice to pregnant teenagers in South Coatbridge SIP
- BT Scotland provides free premises and finance towards running costs for the Dundee Young Carers SIP
- Give Youth a Chance in Dundee intends to attract donations from the private sector to offer as incentives to disaffected young people
- Local industrialists in Girvan are to finance the building of a sculpture for the town as part of a Community Arts programme
- A £10,000 donation from Retail Property Holdings will help to finance the development of a CCTV initiative in Pollok

Castlemilk Electronic Village

A commercial provider of IT services was instrumental in helping to establish the Castlemilk Electronic Village, an IT training initiative managed by Castlemilk Economic Development Agency in conjunction with Glasgow Works. The aims of the programme are to make the 'global village' more accessible both to the long-term unemployed in terms of developing skills and to local businesses and organisations.

The IT company contributed both time and *specialist expertise* at the development stages of the programme as well as setting-up the computer systems within the village. An IT consultant within the company is now a member of the E.V. Works board, the commercial sister company of the Electronic Village.

To date 5 of the 6 'graduates' from the programme have found employment with one worker successfully making the transition to become a freelance consultant for a major IT retailer. The range of skills gained by the recruits has also proved attractive to employers within the expanding call centre industry.

An Overview

3.24 In the main, both the public and private sector consultees felt that social inclusion should not be seen solely as a public sector responsibility. There was a large measure of agreement on the need for the private sector to move away from the provider of 'charity' to develop its role as a player integral to the economic development and sustainability of local areas.

- *'Businesses need to be regarded as part of the community and a part of the prevention rather than the cure'*
- *'Involvement must go beyond tokenism if the private sector is to have an effective role'*

The kinds of involvement described above are evidence of the private sector moving more into the mainstream of the inclusion effort.

SUMMARY OF KEY POINTS.

3.25 Most SIP managers welcome the involvement of the private sector and see various roles for business in achieving the aims and objectives of the SIPs, but a handful of SIP managers sees the private sector only in terms of an *ad hoc* source of cash or in-kind contributions.

3.26 The most important potential contribution of the private sector is perceived as a provider of jobs with 68% of managers citing this as important.

3.27 Over half (57%) of the SIPs interviewed have at least one player from the business community represented on their Board, and 23% involved business representatives in the strategy development process.

3.28 The majority of private sector consultees saw the role of business as making a contribution to delivering the SIP aims and objectives at an *operational* level.

CHAPTER FOUR: MOTIVATIONS AND BARRIERS

INTRODUCTION

4.1 To gain the benefit of private sector involvement, the first requirement is to get businesses on board. To manage this process effectively, it is essential to understand both why some businesses are motivated to become involved and identify the barriers that get in the way of these businesses engaging with SIPs.

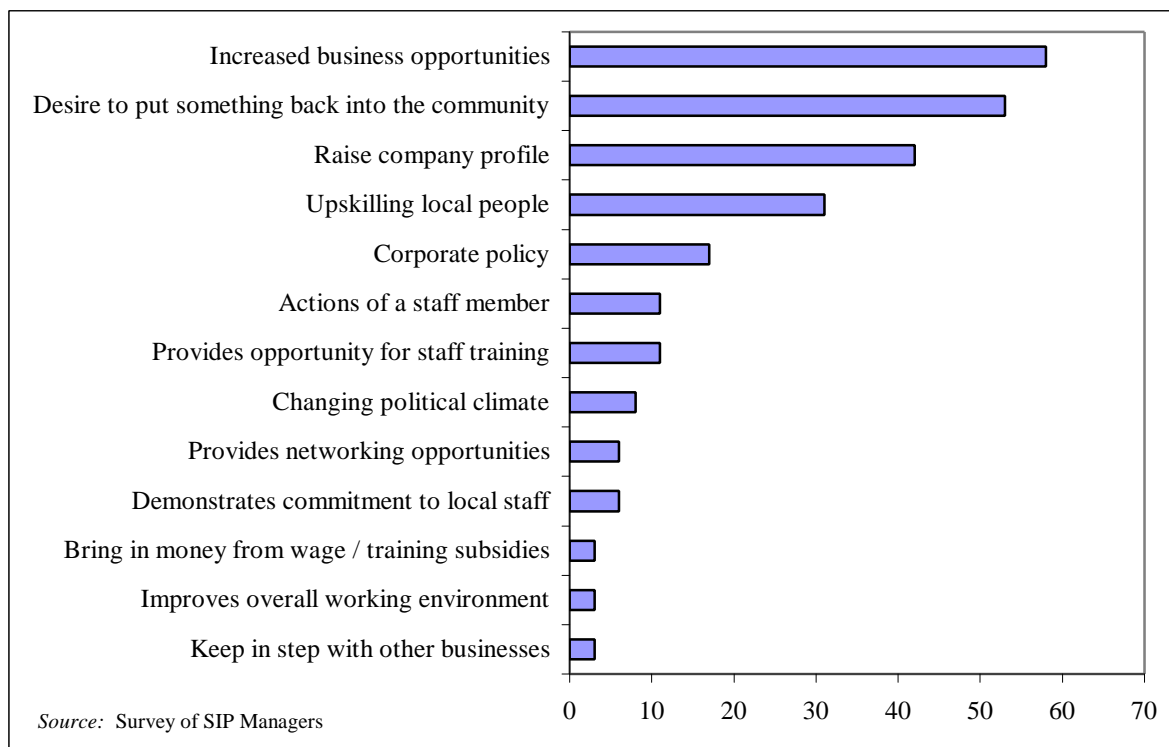
MOTIVATION FOR BUSINESS INVOLVEMENT IN INCLUSION

4.2 To connect with and engage businesses, SIPs need to have an understanding of the motivation of their potential partners with regard to social inclusion. SIP managers were asked their views on the motivations behind private sector involvement in social inclusion. A handful was highly cynical citing the sole reason for involvement as 'something in it for them'. The vast majority felt that the 'bottom line' must be a consideration in so far as businesses must operate at a profit, but that in most cases businesses want to contribute to the local community.

4.3 Chart 4.1 shows SIP managers' perceptions of private sector motivations in relation to social inclusion. The 4 main motivations, mentioned by 20% or more of managers, are listed below.

- ***Increased Business Opportunities.*** An opportunity to secure an increase in business is cited by 58% of the SIP managers as a motivation for private sector involvement
- ***Contribution to the Community.*** Over half of the managers believe that businesses feel a responsibility towards their local community and have a desire to 'put something back'
- ***Opportunity to Raise Company Profile.*** 42% recognise that involvement in local community activities can provide a business with good publicity, raising its profile locally and resulting in an increase in company profits
- ***Opportunity to Raise the Local Skills Base.*** Almost a third of managers consider that involvement in local training initiatives may help businesses actively seeking to recruit local labour and assist in addressing any skill shortages in the area.

Chart 4.1: SIP Managers' Views on Private Sector Motivation for Involvement (%)



4.4 A range of other motivations were reported by smaller numbers of SIP managers, including:

- **Corporate Policy.** Many larger companies have a programme of corporate citizenship in operation.
- **Actions of a Staff Member.** The actions of an individual or a group of staff can result in a business getting involved in its local community, with a staff member approaching the company management this is usually the direct result of personal experience
- **Changing Political Climate.** Private sector involvement in social inclusion is high on the political agenda at the current time. An opportunity to make a difference to a community or area can be attractive to a local business
- **Providing Networking Opportunities.** Company involvement in social inclusion issues can provide businesses with valuable networking opportunities with like minded companies
- **Demonstrating Commitment to Local Staff.** A business located in or drawing a high percentage of staff from a disadvantaged area may be more inclined to engage in tackling social exclusion to demonstrate a concern and commitment for the local area
- **Keeping in Step with Other Businesses.** Direct or indirect ‘pressure’ from the business community may result in getting other businesses involved in social inclusion initiatives. Higher profile businesses might not want to be out of step with other businesses in a climate where there is potential gain in being perceived as socially responsible

4.5 The private sector people interviewed during the study, the majority of whom are involved in SIPs through Boards, projects and initiatives, or through Business Support Groups, were asked to consider what they thought were the key motivations behind businesses involvement in social inclusion initiatives. Their views are summarised in the box below.

Private Sector Views on Motivations Behind Businesses Involvement in SIPs

1. Corporate Policy

Businesses strive to make a contribution to the communities upon which they depend for their business.

2. Recognition of Responsibility

Many larger companies have identified themselves as key players within the community. In addition to providing goods and services they now feel a responsibility towards community development. BT Scotland, for example, has built this into the company's Mission Statement:

- *'BT Scotland recognises that it is no longer simply in the telecom business, but should play a key role in economic regeneration'.*

3. Good Publicity

Private sector players are well aware of the advantages of high profile involvement and the subsequent increase in company awareness. Involvement may also lead to a greater likelihood of winning contracts in the locality.

4. Workforce Development

It can help to build up a pool of skilled and loyal workers, particularly important at a time of labour market tightening.

5. Staff Training and Development

Businesses that support volunteering and secondments see the benefits of involvement in terms of staff training and development. These businesses view this as a very cost effective form of staff training.

6. History of Involvement

A history of company involvement, either in the local area or with a particular client group, tends to encourage further involvement.

4.6 Comparing the views of the SIP managers and the private sector consultees, SIP managers by and large share the same views on the rationales for business involvement in social inclusion in terms of corporate philanthropy, a feeling of responsibility to the community and an opportunity to raise company profile locally. However, only in 4 instances did the SIP managers cite the additional benefits of staff training and development perceived as an important benefit by the businesses.

4.7 As labour markets tighten and recruitment difficulties grow it is reasonable to suppose that the workforce development motivation will become more significant as businesses pursue inclusion goals in part to try and increase the pool of productive and committed labour

on which they can draw. The FIT project in Dublin is a good example of this in relation to IT skills.

FIT Project

The FIT project - Fast-Track to IT – currently operating in Dublin is an industry led programme involving companies such as IBM, Oracle, Hewlett Packard, Corel, Microsoft, CBT Systems, CSC and Symantec, which aims to find employment for 3,500 long-term unemployed in IT related occupations over the next three years.

The programme is designed to meet the needs of the IT industry and as such the major companies have an important role both at board level and in terms of identifying areas of skills shortages, assisting in designing the training courses, providing work experience, approving industry-recognised certification, sponsorship and where appropriate participation facilities and equipment for training programmes. Funding for the programme has been provided jointly by the companies and the government.

4.8 The private sector has a complex relationship with its communities and the other partners typically involved in social inclusion initiatives. Additionally, there is seldom only one motivation for a business to become involved in a particular location or issue. Motivation will vary from business to business, and between staff within businesses. The public sector agencies trying to engage with the private sector must keep an open mind on the motivations of individual businesses and be alert to the complexity of these motivations. This confirms a point made by one of the Scottish Social Inclusion Network's strategy action teams (Scottish Social Inclusion Network, 1999)

BARRIERS TO INVOLVEMENT

4.9 SIP managers were asked to identify the barriers they perceive which make it difficult for businesses to engage in social inclusion initiatives. The volume and wide range of difficulties cited by the SIP managers provides an insight into the scale of the perceived problem in engaging the private sector. Their responses, shown in Chart 4.2, suggest that the barriers faced by the private sector can be divided into two broad categories:

- constraints *within the private sector*
- barriers associated with *working with the public sector*

Constraints Within the Private Sector

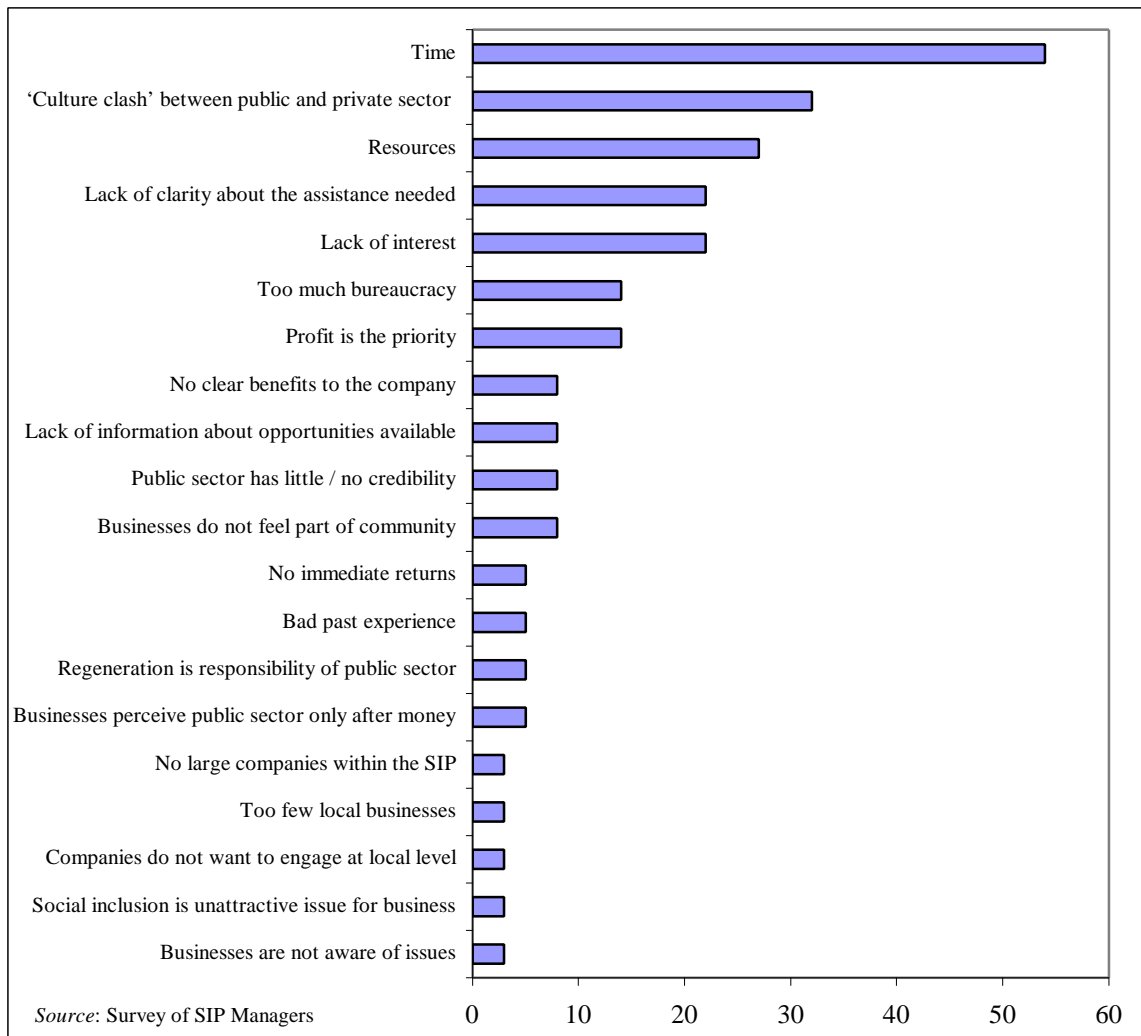
4.10 Three main types of constraints were perceived to operate within businesses making it difficult for them to engage with social inclusion initiatives.

- ***Demands on Staff Time and Resources.*** Over half of the managers recognise the difficulties posed by pressure on staff time, with 1 in 4 raising the issue of resources. Involvement in initiatives may be time consuming for those involved

and this represents a drop in productivity for a company. This is likely to be a particular problem for smaller businesses.

- **Lack of Interest.** 1 in 5 SIP managers felt that there was a lack of interest in issues of social exclusion in the private sector because there was no perceptible knock on effect for business. Some smaller businesses do not see the rationale behind intervention, working from the premise that *'I did it for myself, why can't they?'*
- **Profit is the Priority.** Five of the managers considered that addressing social inclusion issues is unlikely to be a priority for the private sector as business is mainly concerned with maximising profit.

Chart 4.2: SIP Managers' Views on Barriers to Private Sector Involvement (%)



A range of other factors were mentioned by small numbers of SIP managers.

- **Limited Responsibility.** The private sector may feel limited or no responsibility towards addressing the issue of social exclusion believing regeneration to be the task of the public sector.
- **Poor Past Experiences.** Businesses that have had previous involvement in an initiative or programme they considered to be ineffective are reluctant to re-engage.

- **No Local Business Focus.** In localities where there is no acknowledged business network, for example a BSG or an active Chamber of Commerce, it may be harder to identify appropriate businesses.
- **Detachment from Community.** Businesses do not always perceive themselves to be part of the community and therefore do not feel a responsibility towards its regeneration and sustainability. This may be particularly true in companies that do not draw their employees from the local area.
- **Bad Publicity.** Issues of social inclusion can be viewed as highly political and some businesses may fear adverse publicity from involvement.
- **Limited Authority.** Local managers are not always in a position to commit staff and resources to local projects as they are bound by Head Office policy. Larger companies may not want to engage at neighbourhood level, preferring to participate through national programmes such as New Deal.
- **Area Stigmatisation.** Many of the SIP areas are stigmatised and it may be difficult for businesses to overcome their own negative perceptions and preconceptions of an area.
- **Small Business Base.** There are seldom any big businesses located within the area-based SIP boundaries.

4.11 Many of these difficulties tend to be associated with the *size* of the business, with smaller businesses much less willing and able to participate in the first instance, and subsequently experiencing much greater difficulties in relation to sustained involvement.

Barriers to Working with the Public Sector

4.12 It is difficult to work on the motivations of the private sector except through a prolonged and persistent campaign of raising awareness. As the private sector's involvement in inclusion grows the hope would be that business to business networks will drive increased participation. However, how easy is it for the private sector to work with the public sector in tackling social exclusion? This is an area where the public sector can make a direct impact on private sector engagement. The SIP managers identified 4 barriers to private sector involvement associated with the way inclusion partnerships operate.

- **Clash of 'Culture'.** A third of SIP managers recognise that there is a perceived difference in the working practices of the public and private sectors. The public sector is perceived by the private sector to be slow, bureaucratic and inefficient, and as having a piecemeal approach to development rather than the longer-term strategic vision of the private sector.
- **Lack of Clarity.** 1 in 5 managers consider there is a lack of clarity from the public sector about the nature and extent of the contribution desired from the private sector. Businesses are unwilling to commit themselves without knowing exactly what is involved.
- **Partnership Working.** Five of the managers feel that partnership working is not attractive to the private sector as it is slow and cumbersome. There are problems with achieving a uniformity of direction and keeping things on track. *'Bureaucracy is a big turn off for the private sector'*.
- **Lack of Tangible Results** It may take considerable time to see any tangible results from an initiative, which may not sit well with the output driven nature of the private sector.

4.13 The consultations with the individuals involved in the SIPs from the private sector side were asked a similar set of questions around the barriers to engagement. The main responses are set out below.

Private Sector Views on Barriers to Private Sector Involvement in SIPs

1. Demands on Staff Time and Resources

A lack of time and resources to commit to involvement is a problem for all private sector players. Time represents money for a business therefore there is a need to ensure that involvement is effective.

2. Unaware of Opportunities for Engagement

Businesses are not aware of how to engage with the public sector. There is little or nothing available in the form of guidance and advice on where and / or how to become involved.

3. Lack of Clarity

There is a degree of uncertainty within the private sector as to the aims and objectives of the SIPs and the level of commitment that is required by private sector companies.

4. No History of Involvement

If a business has no experience of working with a client group or in a locality it is very difficult for them to identify the point at which they can effectively intervene.

5. Uncoordinated Approaches

Constant approaches by different groups looking for private sector involvement are a disincentive. *'The private sector can only do so much'*.

6. Unrealistic Expectations

The expectations of the public sector are often unrealistic both in terms of financial and time commitments. *'Just because a company is highly profitable they cannot be expected to throw bags of money at projects'*.

7. Bureaucracy

The public sector is characterised by bureaucracy and it is very difficult for the private sector to *'get in quickly and deliver'*.

8. Time Lag

It can take time to see the benefits of involvement in a social inclusion initiative, which may act as a disincentive to participation.

9. Difficult Client Groups

Not all socially excluded groups have the same appeal with some disadvantaged groups having a stigma associated with them. *'Big clean causes are more socially acceptable'*.

4.14 Demands on business staff time and resources and problems associated with the bureaucratic nature of the public sector were clearly flagged up as key issues on both sides. The SIP managers identified a much broader range of barriers to engaging the private sector

than was cited by the private sector interviewees. However, it is interesting to note the barriers raised by the private sector but not by the SIP managers. These included:

- the difficulty faced by the private sector in finding out *how to engage* with the public sector led inclusion initiatives
- the regular and *uncoordinated approaches* from different groups looking for a private sector input
- the sometimes *unrealistic expectations* on the part of the public sector as to what businesses can deliver

DIFFICULTIES FOR SIPS ENGAGING WITH PRIVATE SECTOR

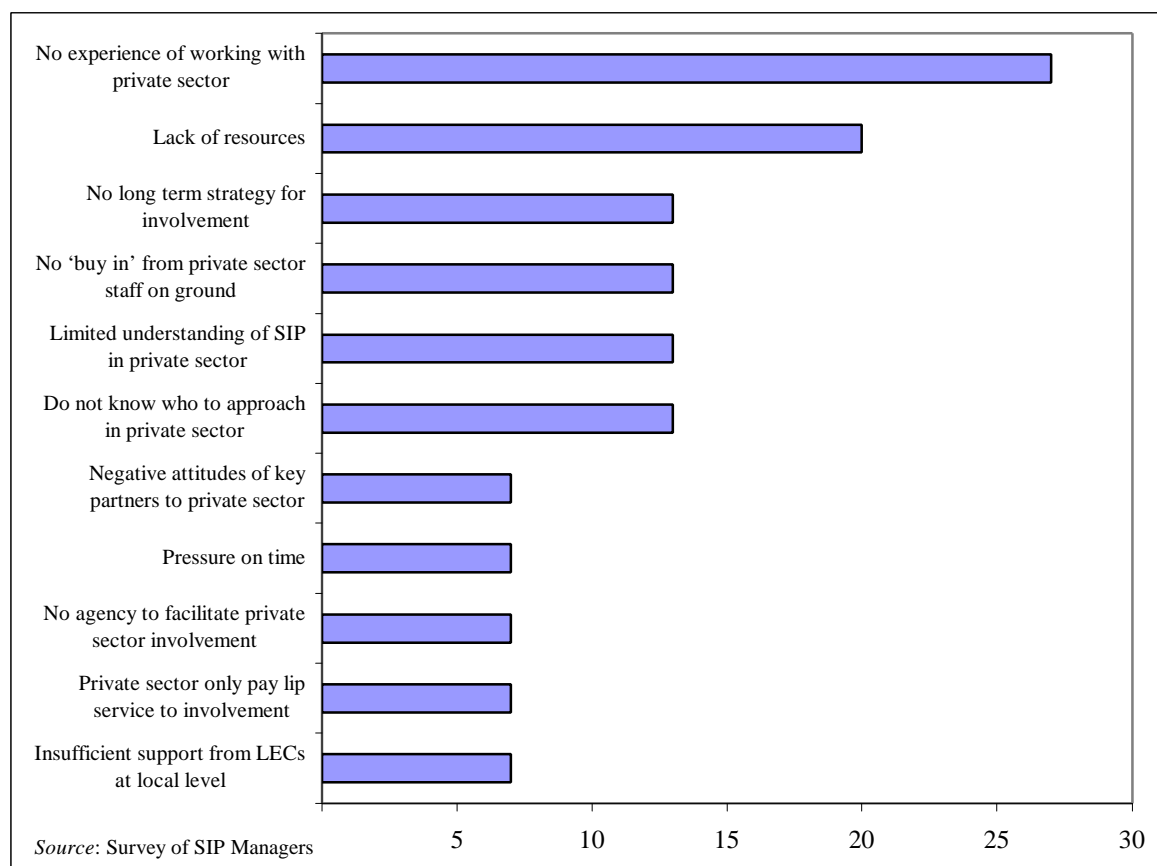
4.15 15 of the SIP managers cited difficulties in engaging with the private sector that resulted from issues related to the resourcing and operational aspects of the SIP. Chart 4.3 shows that the two issues of most concern were:

- *lack of experience.* Public sector employees have limited background experience in engaging with and working alongside the private sector
- *lack of resources.* Effective engagement with the private sector is time consuming and some managers do not have the resources to dedicate to the task

4.16 A number of other important considerations were raised including:

- the lack of a strategy for involving the private sector. Earlier the report noted how some SIPs did not mention the private sector in their strategies – and where they did the reference tended to be vague and general
- limited knowledge of who to approach in the private sector
- lack of ‘buy-in’ from private sector staff on the ground, despite a commitment to social inclusion at Board or Chief Executive level
- the limited understanding on the part of the private sector of the nature and role of SIPs

Chart 4.3: Difficulties SIP Managers Face in Engaging Private Sector (%)



SUMMARY OF KEY POINTS.

4.17 SIP managers by and large accurately perceived the rationales for business involvement in social inclusion.

4.18 The private sector has a complex relationship with its communities and there is seldom only one motivation for a business to become involved in a particular location or issues. It is important to guard against an oversimplification of the issues.

4.19 The barriers faced by the private sector can be divided into two broad categories:

- constraints within the private sector (eg. demands on staff time and resources)
- barriers associated with working with the public sector (eg. lack of clarity from public sector).

4.20 Many of the SIP managers cited difficulties in engaging with the private sector that resulted from:

- lack of experience
- lack of resources.

CHAPTER FIVE: SECURING INVOLVEMENT AND MAXIMISING IMPACTS

INTRODUCTION

5.1 The partnerships set up to tackle social exclusion are there to make a sustainable impact on the problem. So it is for each individual partner. Although there is a large measure of agreement that the private sector has a key role to play in the inclusion process, they will need to deliver results in the medium to long term just like the local authorities, the local enterprise companies and the other organisations around the table. However, the SIPs are mostly new and private sector involvement in social inclusion is still in its infancy – and so it is asking a lot to expect significant substantive private sector impacts at this stage. This section considers actual and anticipated impacts to date.

5.2 First, however, the businesses to need to be engaged. This section focuses on the engagement processes that seem to be most effective and highlights difficulties that remain to be overcome.

THE ENGAGEMENT PROCESS

Mechanisms

5.3 Although the nature and extent of private sector involvement differs greatly across the SIPs, the main mechanisms used to engage initial employer involvement are similar. Initial contact is usually made through:

- Business Support Groups where they are in existence
- the local Chamber of Commerce
- other 'ready formed' employer groups such as local business associations
- informal links
- an approach to a local business person - 'a champion of the area'

5.4 As SIP managers are aware of the difficulties of engaging with the private sector, it is a task that *'tends to get put on the backburner when there are other more pressing issues to be dealt with'*. It is worth noting that a strong partnership with a small number of businesses is often more effective than a more superficial relationship with a larger number of businesses (McGregor *et al.*, 1999). However, it is important for initiatives to draw in appropriate expertise as required, as this may necessitate building links with a range of businesses.

5.5 Putting participation of business in workshops and consultation meetings aside, only one SIP manager reported a failed attempt to involve the private sector and 2 cited instances in which a private sector player had pulled out of involvement with the initiative. From this it appears to be the case that the private sector can be persuaded to participate. The issues this section of the report addresses are how to get more and the right kind of participation.

Targeting Businesses

5.6 Targeting an appropriate business is vital to successful engagement. The businesses targeted should ideally have an understanding of the problems associated with social exclusion and a genuine desire to assist. To be of value to the SIP the private sector representative(s) must be appropriate in terms of being in tune with the broad strategic aims and objectives of the SIP. *'Although there is a place at our table we don't just want a bum on a seat'* On the other hand, there is also **value in the challenge** from a private sector Board member or partner who carries less inclusion baggage and can question why certain things are being done and the methods used.

5.7 Targeting should not be too restrictive. The private sector is not homogenous and businesses of different sectors and sizes have different contributions to make. Employers should be targeted in relation to specific tasks that need to be carried out, but within a holistic inclusion agenda the contribution of a range of different types of businesses will be needed.

5.8 Around half of the SIP managers have targeted specific businesses to engage in SIP activities. The businesses targeted tend to be **local** rather than within particular sectors. However, some managers have targeted or intend to target retail, tourism and call centre businesses because these are the **industries** that are perceived as having the **potential to provide entry-level jobs** for local residents.

TESCO and Seacroft Partnership

A local partnership in Leeds, the Seacroft Partnership, has successfully engaged TESCO in a pioneering job-guarantee partnership which has provided jobs for approximately 180 local unemployed people associated with the development of a new shopping centre in a rundown housing estate in Leeds.

Under the partnership, the Leeds District Employment Service and the local authority selected approximately 500 potential recruits to be put forward for an interview with TESCO. Some of these individuals were picked from those already registered in the Government's New Deal programme while others were selected from lists specifically compiled for the programme which anyone can join. Groups such as single parents, 18-24 year olds and over 50's, however, were specifically targeted by the programme.

Once they had been interviewed, successful candidates were placed on a 16-week training course designed in conjunction with TESCO staff and run by the East Leeds Family Learning Centre, a member of the Seacroft Partnership. TESCO staff regularly attend meetings about both the development and progress of the programme. Individuals successfully completing the course were guaranteed employment with the firm

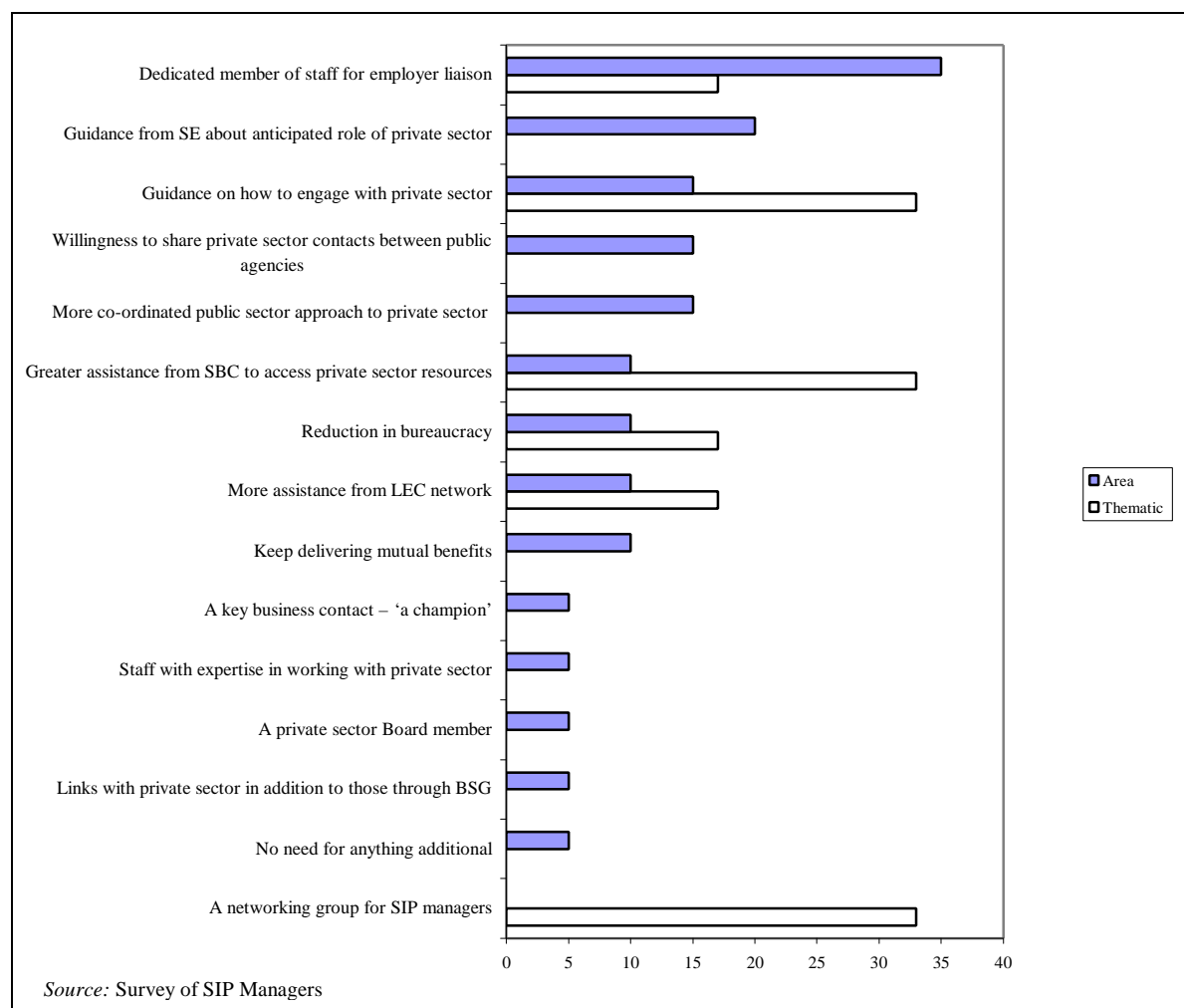
Discussions have taken place with a view to extending this approach to Glasgow.

SECURING AND SUSTAINING PRIVATE SECTOR INVOLVEMENT

5.9 SIP managers were asked what, if anything, they considered they needed to assist them in developing and subsequently sustaining private sector involvement within their SIPS. Chart 5.1 shows that the major concerns put forward by managers related to a lack of guidance and information, networking and access to resources. They articulated a number of needs.

- ***Dedicated Employer Liaison.*** The resources to support a dedicated employer liaison officer would ensure that the issue of private sector involvement was not '*put on the back burner*'. This type of post could have responsibility for more than one SIP area. This would also provide a single point of contact for the private sector wanting to engage with the SIP. '*If we are serious about private sector involvement we need to resource it*'.
- ***Network for Sharing Information and Good Practice.*** A greater degree of sharing of ideas and best practice would be beneficial to managers in supporting their current activities and developing new ones.
- ***Clarification of Private Sector Role.*** Managers would benefit from having some clarification from the Scottish Executive on the anticipated role of the private sector in delivering the aims and objectives of the SIP, and on the ways in which to engage, sustain and develop private sector involvement.
- ***Access to Expertise.*** SIP managers need access to the right staff with the necessary expertise and experience to link effectively with the private sector. To sustain the support of the private sector, SIPS must ensure that they have the expertise to build effective partnerships with employers.

Chart 5.1: SIP Manager’s Requirements for Sustaining and Developing Private Sector Involvement (%)



Private Sector Views on Successful Engagement

Private sector interviewees were asked what they would do if they were the manager of a SIP trying to engage more private sector businesses. Their suggestions mainly concerned the need to target the right people, and give the private sector more of a lead role.

1. Private Sector Driven

The private sector itself is the most effective vehicle for change because *‘it provides credibility and can bring its own agenda to the table’*. The public sector is not in a strong position to dictate to the private sector; it should give the **lead** to the private sector where this is appropriate.

2. Established Networks

There is a need to work through established networks such as Chambers of Commerce, SBC, CBI and existing business forums.

3. Present Opportunities

The private sector must be presented with opportunities to engage in SIPs. Currently these opportunities are not obvious. The where, why and how must be made clear to local companies.

4. Target the Right People

It is important for managers to remember that those on the ground are constrained by their position in a company. It may be necessary to get involved at a higher level as well to gain support for an initiative.

Engaging the Business Community

5.10 The involvement of key businesses in the activities of a SIP can provide credibility in the eyes of the local business community. A willingness to share information about existing business contacts and networks can also be a valuable asset in reaching a wide business audience. Business to business discussion on how to engage with the social inclusion agenda is a valuable way of bringing new businesses on board.

SME Template for Involvement

Scottish Gas, one of the largest suppliers of electricity and gas in Scotland employing between 3,000 and 4,000 individuals, is currently working with NEAR to design a template to act as a step-by-step guide to business involvement in social inclusion. As a company Scottish Gas is very aware of its important role within the communities where it operates and all projects in which Scottish Gas chooses to get involved must fall within the company's community involvement policy. The template aims to remove many of the barriers to participation currently faced by the private sector through highlighting to businesses, particularly small to medium sized businesses, the diverse ways in which they can participate in social inclusion.

Scottish Business in the Community

Scottish Business in the Community (SBC) is a company limited by guarantee with charitable status. Based in Edinburgh, SBC aims to engage business in the development of communities across Scotland. SBC was established in 1981 and is a sister organisation of Business in the Community, which operates in England, Wales and Northern Ireland. It is supported by contributions from most of the major businesses operating in Scotland, and currently has four full-time staff and four secondees from both the public and private sectors. The organisation operates a number of programmes including:

- ***Professional Firms Groups*** which are networks of businesses willing to provide free services to voluntary and community groups in Scotland
- ***A Partners in Leadership Programme*** that brings together business leaders and Head Teachers for structured exchanges of management and leadership experiences and best practice

- **Development Assignment Programmes** in which business employees are seconded to a community project for a minimum of 100 hours
- **Senior Executive Programmes** which provide retired volunteer executives to assist with requests put to SBC from community and voluntary groups

One of the key undertakings of SBC is the development of **Business Support Groups (BSGs)**, which were started up initially in the four New Life for Urban Scotland partnerships. These groups are chaired by a senior business person and run by a committee also of senior local business people. Each BSG aims to involve around 20-30 local companies that meet together on a regular basis to identify and address local needs. The BSGs work in partnership with public sector agencies and community and voluntary groups to tackle the needs of their local communities and are committed to supporting communities particularly in relation to the three key areas of:

- education and training
- employment and jobs access
- community development

SBC sees its role as nurturing and assisting BSGs to maximise the impact of private sector contributions and to make the assistance and the expertise of the business community available to the local area.

In June 2000 there were 11 groups operating in disadvantaged areas in Scotland. Each BSG has a manager to co-ordinate the daily running of the group on a part time or full time basis. There are three types of BSG manager:

- those supported by SIP funds
- those seconded from the public sector
- those seconded from the private sector

At the present time only the manager of Greater Easterhouse BSG who is seconded from Scottish Widows, is from the private sector, although four of the other BSG managers have had some previous private sector experience.

There is no single model for the development of a BSG as all BSGs are tailored towards serving their local area. SBC argues that it does not have the resources to create and support individual BSGs in each of the area-based SIPs in Scotland and is currently in discussions with Scottish Enterprise to look at setting up a network of area-wide BSGs across Scotland. These regional BSGs would cover:

- Ayrshire
- Lanarkshire
- Renfrewshire
- Glasgow
- Forth Valley

At a more local level there are discussions underway in:

- Aberdeen
- West Lothian
- Lochaber

SBC is working closely with the local enterprise company network, SIPs and local authorities in the above areas to move this idea forward. In these areas SBC is also tackling the issue of targeting local companies to raise the profile of SBC and the opportunities available for companies to participate.

INCENTIVISING ENGAGEMENT

5.11 SIP Managers were asked what they were able to provide by way of incentives to businesses to engage them in the SIP. Two thirds of respondents did not consider that they were in a position to provide financial incentives to private sector organisations to encourage involvement. There were some examples of the use of SIP monies to help bring the private sector on board, including:

- advice on leveraging funds from other partners on behalf of the private sector
- free use of training facilities
- the awarding of contract work locally where possible.

Jobrotation

The North Ayr SIP is currently involved in delivering a Jobrotation programme. Jobrotation projects are an effective source of private sector engagement because of the benefits which they accrue to the participating businesses. Jobrotation programmes benefit both business and the unemployed by placing long-term unemployed individuals into short-term employment within companies in order to release current employees for further training.

North Ayr Partnership has recruited 8 local employers from a variety of sectors, including health and the hotel and catering industry to take part in the jobrotation pilot. Twelve unemployed individuals from the area were placed with these companies after a 3 month period of intensive pre-recruitment training and are expected to remain with the companies for a further 9 months. A training programme for the day release of current staff has been worked out with each company. The Jobrotation scheme is on-going however, it is hoped that by the conclusion of the project the unemployed people will have secured 9 months of recent work experience and references with which to pursue further employment and the business will benefit from a more highly trained workforce.

5.12 Particularly in the case of major developments in terms of facilities, where a significant private sector investment is required, SIPs tend to work through their key partners, such as the local authorities and the local enterprise companies, to put together more substantial packages to help lever in the private sector investment. This typically involves confidential discussion and negotiation. A number of examples of this came up in the research process, but cannot be reported here.

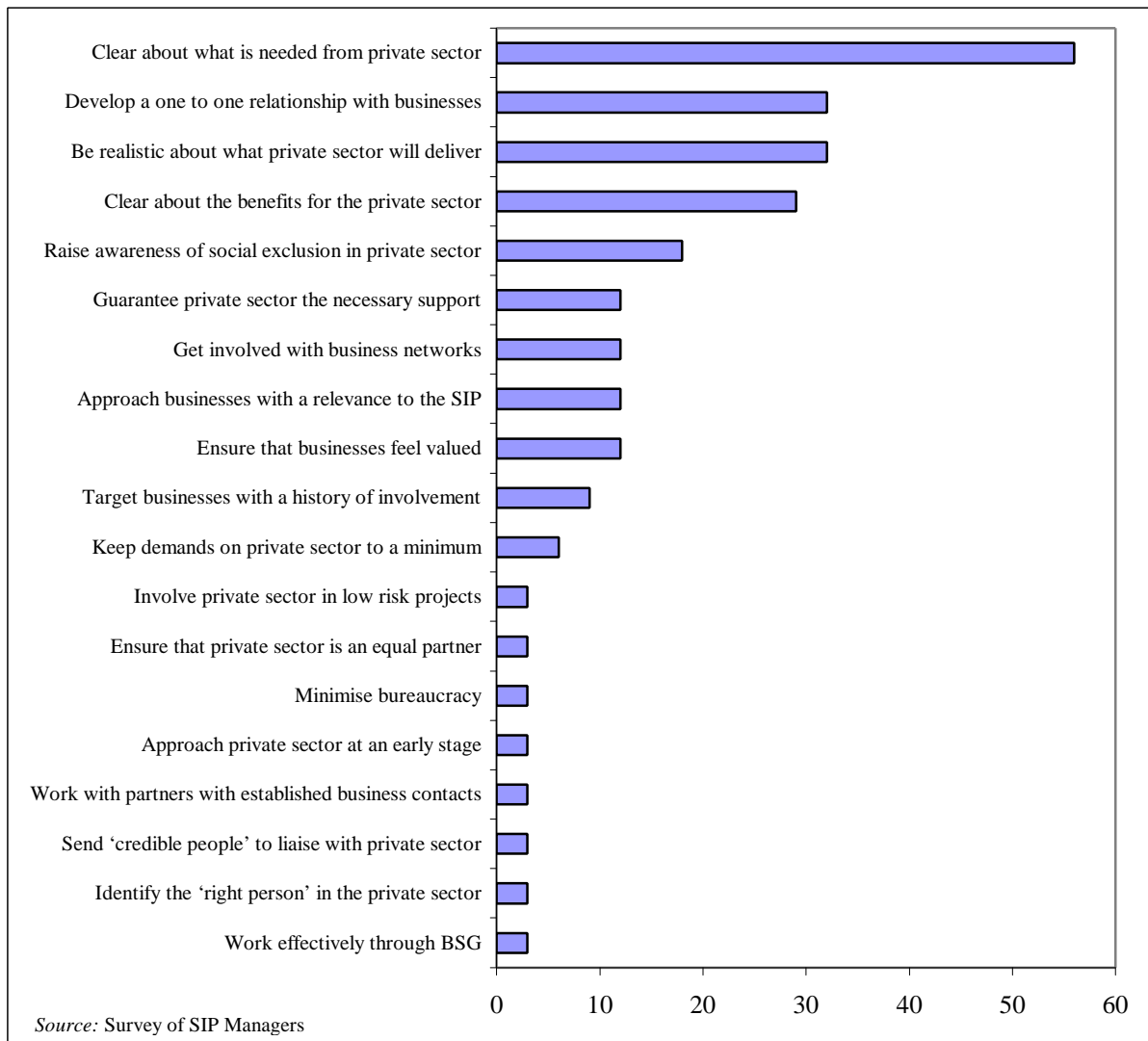
5.13 The vast majority of managers found it was beneficial to stress the positive benefits of participation to businesses as an incentive. Managers considered these non-financial incentives to be:

- free advertising and publicity
- a raised local profile
- a 'connection' to the community
- an improved operating environment
- a genuine opportunity to engage in policy making

MAXIMISING OPPORTUNITIES

5.14 Successful private sector involvement is achieved when the barriers to participation are accurately identified and subsequently addressed. It is vital to maximise the contribution of the private sector once it has been engaged. Although individual successes may be achieved through different approaches there appear to be a number of key factors that must be addressed in each instance. Chart 5.2 highlights what the SIP managers consider are important to achieve successful private sector engagement.

Chart 5.2: SIP Managers Views on Successfully Engaging the Private Sector (%)



5.15 In terms of encouraging private sector involvement the key factors cited by SIP managers were:

- **Clarity.** The private sector requires clarity in relation to *what* is needed and *how* their contribution fits in to the strategic aims of the SIP. This was considered important by over half of the SIP managers. There is also a need for clarity in relation to *when* and for *how* long private sector involvement is required

- ***Development of Personal Relationships.*** SIPs need to develop an atmosphere in which businesses feel comfortable by working hard at developing relationships with private sector players. It is important to build up a one to one relationship with business contacts and this was mentioned by a third of SIP managers.
- ***Realistic Expectations.*** The public sector must have realistic expectations of what the private sector can contribute. The private sector is '*constrained by what they do*' therefore any activities or involvement sought must be within the scope of the organisation involved and in keeping with company policy. A third of the managers raised this issue but it is important that all the SIP managers recognise this to maximise private sector contributions.
- ***Delivery of Mutual Benefits.*** Projects that can help to achieve the aims and objectives of both the SIP *and* the business are very effective. Nearly a third of managers cited the benefits that can be gained by businesses as an important factor in successful engagement.
- ***Guidance and Support.*** The private sector needs a guarantee of ongoing guidance and support in relation to any involvement. Engaging in a social inclusion initiative may be perceived as a risk to a business. Risk should be kept to a minimum.
- ***Appropriate Targeting.*** Targeting of appropriate employers for the task in hand is important in maximising the private sector input. Appropriate targeting may relate to one of the key themes of the SIP or may involve for example engaging large local employers or employers in growth industries with the potential to deliver jobs for local people.
- ***Co-ordinated approach.*** A co-ordinated approach from the public sector is needed to ensure that employers are not repeatedly contacted by different agencies.
- ***Equal Partnership.*** There needs to be recognition that the private sector can be a partner in economic development and should not to be viewed solely in terms of what it can offer.
- ***History of Involvement.*** Working with partners who already have a bridge to and credibility with the private sector can make it easier to secure further support. SIPs need to make effective use of other business organisations such as the Chamber of Commerce and BSGs that can be viewed as a '*fast track contact with the private sector*'
- ***Minimise Demands.*** Keeping the demands on the private sector to a minimum will keep businesses on board.
- ***Promotion of Good Practice.*** There is a need to demonstrate that the issues of social exclusion are relevant to the private sector and the ways in which assistance has been given and impacts achieved. SIP managers must effectively 'market' the importance of the social inclusion agenda to local businesses.

IMPACTS OF PRIVATE SECTOR INVOLVEMENT

5.16 SIP managers were asked to assess whether or not they considered that there had been any positive impacts of private sector involvement in their SIP to date. More detailed examples of good practice that have impacted some of the SIPs are detailed in Annex 4. Chart 5.3 summarises private sector contributions to date as perceived by the SIP managers.

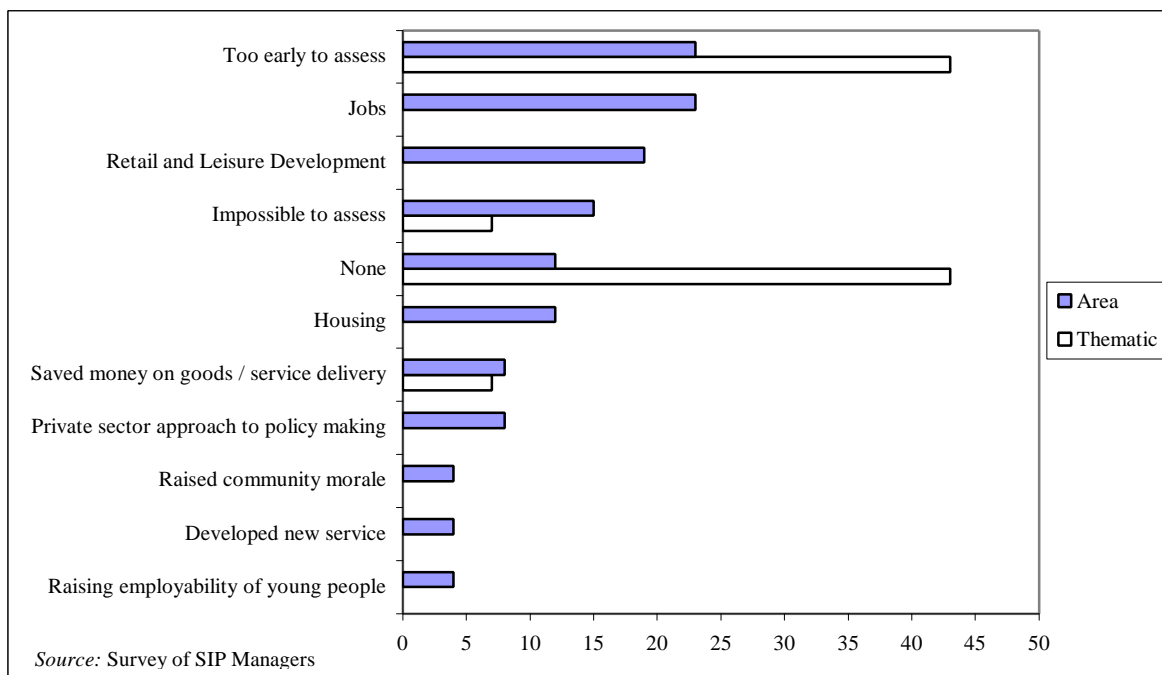
- Nearly a third of managers feel that it was too early in the life of the SIP to assess any possible private sector impacts
- 13% consider that it is impossible to quantify private sector impacts at all
- 1 in 4 of the managers think that there are no private sector impacts in the SIP. This accounts for only 12% of the areas-based SIPs, but 43% of the thematic SIPs
- Only 1 manager of a thematic SIP could identify any private sector impacts.

5.17 Where there is a perception of positive impacts these tend to be in relation to:

- job opportunities
- retail, leisure and housing developments.

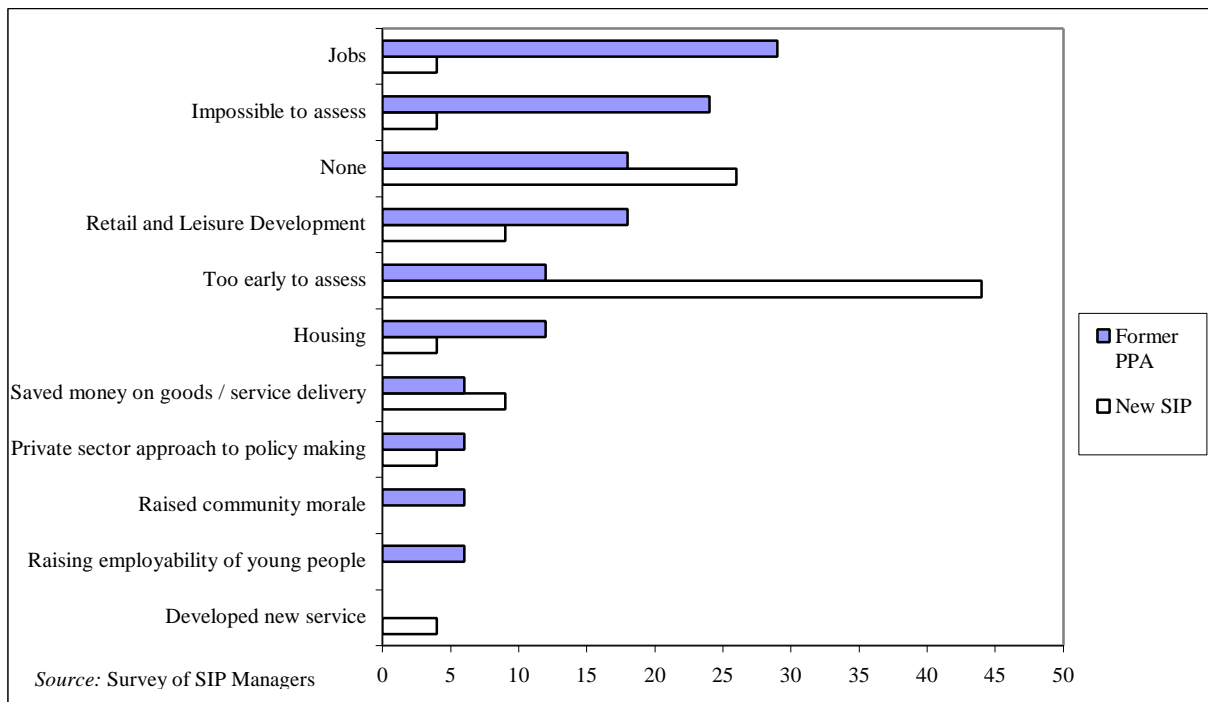
A range of other impacts was cited by small numbers of SIP managers, including raising the employability of young people. One of the thematic SIPs is involved in a Compact, but this is not yet fully operational and it is too early to judge impacts.

Chart 5.3: Private Sector Impacts by Type of SIP (%)



5.18 It is encouraging to note that Chart 5.4 highlights that SIP areas with a history of regeneration activity reported higher levels of impacts, particularly in relation to jobs. 44% of the managers of the new SIPs considered it too early to assess the impact of private sector input compared to only 12% of the managers of the former PPA and Regeneration Programme areas.

Chart 5.4: Private Sector Impacts by Former Status of SIP (%)



5.19 A number of SIP managers highlighted their concerns in relation to impact assessment in relation to private sector involvement given the varied nature of the SIPs.

- *'Private sector input is practical and not measurable.'*
- *'Quantifying is easy but this does not necessarily reflect the effectiveness of projects.'*

There is clearly a need here for the Scottish Executive to design and communicate measures which allow both the SIPs and their private sector partners to monitor and evaluate the impacts of businesses involvement.

SUMMARY OF KEY POINTS

5.20 In terms of encouraging private sector involvement the key factors cited by SIP managers were the need for:

- clarity on what is required from the private sector
- development of personal relationships

5.21 The private sector placed emphasis on:

- using established business networks where possible
- giving the private sector more of a lead role where appropriate

5.22 Nearly a third of managers felt that it was too early in the life of the SIP to assess possible private sector impacts, and a further 13% considered that it is impossible to quantify private sector impacts at all

CHAPTER SIX: DEVELOPING MORE EFFECTIVE PRIVATE SECTOR INTERVENTIONS

INTRODUCTION

6.1 This final section tries to rise above the facts, figures and detail of the earlier part of the report. Building on the base of this study and the extensive body of earlier research work, what can we say about securing a larger, more sustainable and more effective inclusion contribution from the private sector? The approach adopted is simple in an attempt to move behind and beyond the charts and the good practice case studies. Like most simple approaches we end up posing more questions than we answer – but hopefully set out an agenda through which the policy makers and practitioners can work.

GETTING MORE FROM THE PRIVATE SECTOR

6.2 In considering how the private sector can come to play a more effective role in social inclusion we need to first revisit some of the key issues raised in the body of the report. Perhaps the most important lesson is that the motivations and the contributions of the private sector are diverse. In these circumstances there is no tidy 'solution' to achieving:

- a greater degree of involvement; and
- more effective impacts.

The complexity is made all the greater given the wide range of different causal influences on social exclusion, and the wide range of interventions required.

6.3 One way to conceptualise what needs to be done is to ask the questions:

- what we would like to see the private sector do in relation to social inclusion?
- what would help to facilitate these contributions?

Below we try to answer these questions.

Winning More Private Sector Investment

6.4 One of the central problems in area regeneration, tackling the neighbourhood dimension of social exclusion, is the quality of the environment, facilities and services - broadly defined - available to local residents. Apart from their damaging and demoralising impacts on people who live in these communities, they create and perpetuate a hostile external image which makes it difficult to attract families, businesses and investors.

6.5 Investment in physical assets carries a risk under any circumstances. Houses built for sale can fail to realise the prices anticipated because the market turns down, for example. The risks tend to be greater in regeneration areas because of the negative images and uncertain futures they project. The public sector can reduce the risk by:

- investing heavily in supportive developments
- sharing the risks with businesses through subsidies such as GRO Grant or more customised 'deals'

6.6 It is difficult to see what innovation could be introduced here. It is perhaps an area best left to the efforts of local agencies who are well placed to assess whether their financial or other support will lead to *additional* investment by the private sector in social inclusion settings. The alternative would be to create national guidelines and possibly a national fund to pump prime this kind of investment.

Providing More Private Sector Services

6.7 Improving the physical infrastructure and local facilities lays a base for improved service delivery. However, it still requires businesses - shops, banks, chemists, etc - to go into these refurbished premises and spaces to deliver their services.

6.8 The reasons these services decline in terms of their availability and quality are strongly tied up with the decline of the communities themselves. Population decline and falling average incomes levels reduce the size of the market, particularly as most regeneration areas are not places where non-residents go to buy services. Other aspects of the operating environment, for example the risk of vandalism, will add directly or indirectly to the costs of trading there.

6.9 It seems to us that there is not much that can be done in this area of private sector activity until the regeneration process is well established, population has stabilised, operating circumstances have improved, etc. Improved private sector services will support the regeneration process, but it is hard to see them leading it.

6.10 However, it is possible to see alliances between, say, banks and community-based credit unions leading to the provision of better quality financial services in Scotland's poorer communities. This form of joint venturing would align the commercial skills of the banks with the customer interface and knowledge of the credit unions. It would also probably reduce the risks for the banks by operating through knowledgeable and reputable local intermediaries. There may be other cases where similar joint venturing would enhance local services.

6.11 The role of the public sector in all of this may simply be facilitation, and the raising of awareness about the potential of such arrangements.

More Access to Jobs

6.12 Physical regeneration is not sufficient. Sustainable employment at decent wages is the long-term solution to the problem of economic exclusion, whether it is based on neighbourhood or group disadvantages. The private sector is a major, albeit clearly not the only provider of employment opportunities.

6.13 The report has indicated a number of case studies where employers have made special efforts to recruit more excluded people. Indeed there is now a labour market imperative

helping to drive this trend, as the gap between unemployment and unfilled vacancies has narrowed significantly during the second half of the 1990s.

6.14 There are a number of ways of trying to expand and embed this type of activity within the business community. These include the following.

- Updating on a regular basis the type of publication produced by Scottish Business in the Community and Scottish Enterprise describing innovative case studies
- Inviting businesses who have innovated in this area of activity to bring on board another business to expand the pool of active private sector players on a business to business basis. This might be a rival, a supplier, or a business to which they supply
- Badge this type of activity with some form of recognition. Perhaps it could be built into the Investor in People standard

6.15 Another tack is to recognise that there are costs to businesses, particularly smaller business, in changing their practices and recruiting the more disadvantaged. The risks are also higher for the smaller business who recruits one disadvantage worker into a labour force of 6, compared to the large business recruiting one into a workforce of 1,000. The interventions here would be targeted at minimising the cost and reducing the risk.

- There is overwhelming evidence that employment subsidies are at their most effective when targeting small employers.
- The development of specialist intermediaries, combining the employer-centred expertise of recruitment agencies and the client-centred knowledge of local employment and training initiatives, could help reduce the risks for the smaller business hiring from the disadvantaged.

6.16 A more specific intervention possibility is raised around major developments. Edinburgh Park is mentioned earlier as a case study. A major public-private recruitment and training initiative was also organised around the Braehead retail development on the boundaries of Glasgow and Renfrewshire. The lessons from these initiatives are as follows

- The private sector employers going into the development need to provide clear and early guidance on their recruitment and skill needs to give good training lead times
- Where businesses are willing to revise their normal recruitment standards and processes, there is more scope for recruiting the socially excluded. City centre job interviewing and artificially high minimum qualification levels will tend to deter the excluded
- Business buy-in at *both* chief executive officer and local recruitment manager levels is essential. The Braehead development contains a number of major retailers who support New Deal on the national stage, yet not one person was recruited under New Deal at Braehead out of the first 2,500 engagements (Glass and McGregor, 2000)

6.17 These major developments offer a large volume of employment opportunities. One of these would be a good test ground for the new type of intermediary discussed earlier. The Edinburgh Park initiative is close to this model and should be evaluated carefully to establish effectiveness and any wider lessons.

Contributions in Cash and Kind – and Expertise

6.18 Contributions in cash and kind play an important role in resourcing local projects, activities and organisations. Evidence on these is presented at various points in the report. The contributions here are, however, in most instances no different from what the public sector provides. They simply create a bigger pot from which resources can be extracted. There is nothing wrong with this: pooling cash and resources is a clause rationale for partnership working. However, the cash and kind private sector contributions tend to be one-off, uncoordinated and not linked to any strategic objectives around the inclusion agenda being pursued.

6.19 However, as a particular example of in-kind contributions, the private sector has *specific expertise* it can provide to help promote inclusion. This comes in two types:

- specific 'technical' expertise - for example, a bank helping a credit union on risk assessments
- general private sector ways of working - for example, swifter and more goal driven decision making

This is an area which offers a lot of potential for development, and we can draw inspiration from exciting US examples, a number of which are described in the case study Annex.

6.20 Much of the intervention required from government and its agencies is raising awareness, particularly in the case of the more innovative private sector engagements where, essentially, they are plying their professional trade in the most difficult operating environments they are likely to find.

ORGANISING AN ENHANCED PRIVATE SECTOR CONTRIBUTION

6.21 In this section we consider whether there are lessons that need to be applied on how to organise more effectively the private sector's contributions to the inclusion process. We consider a number of issues.

National Versus Local

6.22 Earlier in the report, we reviewed the discussions inside Scottish Business in the Community on local versus regional delivery of their services. The starting question here is - what do we want the private sector to deliver? There is too great a tendency to design delivery structures in 'darkened rooms' without a clear appreciation of what it is these structures are meant to deliver.

National Level

6.23 There is scope for some major innovations at the Scottish level. The good practice case studies illustrate a number of possibilities. National agencies could work with major companies to develop and implant private sector led and delivered initiatives targeting:

- all area-based SIPs;
- a group of SIPs in specific localities;
- thematic SIPs where, as we have seen, private sector involvement is modest.

6.24 The emphasis would be on the development and implementation of approaches which are pathfinders and act as beacons for the wider business community. They might be distinguished by:

- the scale of intervention
- the quality of intervention
- the innovative nature of the intervention
- a combination of the above.

The key point is that they would be valued for their specific contribution – but even more so for their impact on the levels of awareness in the business community more generally about what they can contribute.

6.25 To make this happen, the ideal vehicle would be a *small task force* of skilled public *and* private players whose role is *facilitation*. They would act either in an advisory mode having made their pitch to a number of major businesses, or they could target key businesses with specific propositions based on models taken or developed from case examples from elsewhere. Additionally, they might be responding to ideas, requiring development, coming from the private sector. Their tasks are to:

- gain an audience for this general approach
- move forward quickly and effectively where interest is shown
- support quietly at the development stage
- withdraw and move on at the implementation stage.

Given the limited number of major private sector initiatives at the Scottish level in relation to social inclusion, it is clear that we have not yet found an appropriate mechanism for making this happen. Scottish Business in the Community, for example, is a networking organisation helping bring a large number of small private sector contributions to the inclusion process. To complement this, we need a task force that will facilitate the development and implementation of a *small number of high impact private sector interventions*.

6.26 The new task force should be located within Scottish Enterprise given their substantial involvement with the business community across a wide range of cluster and business development, and skills issues. Helping mobilise the business community also fits closely with their role in relation to economic inclusion.

‘Regional’ Level

6.27 There is a need for some kind of mechanism at the level of local economies or local labour markets, operating over areas containing a number of SIPs, as opposed to working inside of one. The delivery vehicle may well be similar to the one articulated above – a task force hopefully led by private sector people, but possibly including some skilled public sector officers. The target would be the development of initiatives or projects which could be delivered into all or most of the local SIPs – area-based and thematic. Edinburgh Park, discussed in the case-study section, is an example of this model.

6.28 The evaluation (Glass and McGregor, 2000) of the recruitment effort at Braehead underlines the importance of board-based partnerships at the outset to engender agency ownership, but the need for a *small and focused task force* of key private and public players to *make things happen*.

6.29 The ‘regional’ task force could focus on:

- major developments, such as Braehead
- recruitment and training opportunities in specific sectors (for example, call centres in Glasgow)
- education – industry links
- mentoring across a range of inclusion activities and client groups

There are economies of scale and momentum in such a model, and it can help reduce the level of repeat demands on the business community by operating an account management system. In the first instance, this approach could be trialed in two or three localities with a high density of SIP activity.

6.30 The model here is trickier to scope out because of the broader range of tasks envisaged. The regional task force could consist of a small number of key players, led by local business but including the local authority, the LEC and the Employment Service as the core group. The task force might then lead on major initiatives, such as a major development creating a large number of jobs. For the other activities, the task force might contract other organisations to deliver. For example, the service of finding mentors for the business community to work with schools, social economy organisations or small businesses might be run through sector-specific organisations, such as Education Business Partnerships or social economy support organisations, through SBC as a more generic business networking organisation – or a combination of the two. The appropriate delivery vehicle should be decided locally by people (in this case the regional task force) able to judge what the private sector could deliver to maximise its inclusion effort – and what organisation is most fitted to secure this delivery. Again it would be appropriate for Scottish Enterprise to lead here to maximise the national/regional connections, and facilitate the spread of good practice.

Local/SIP Level

6.31 There is still work to be done with and by businesses at the level of individual SIPs. The focus here will tend to be on smaller cash and in-kind contributions, but could also include major ‘deals’ to secure private sector investment in key local facilities or build employment and training links with prominent local employers. Currently, this is handled in one of two ways:

- the SIP has a BSG manager who is responsible for building links with the private sector around some of the activities discussed above
- the SIP manager, their staff, or partner organisations work with the private sector on an *ad hoc* basis

6.32 It is true to say, of course, that both approaches co-exist. The appropriate balance is probably for the BSGs to facilitate the flow of smaller scale interventions as the volume would be difficult for SIP managers to handle. The larger projects, including major

investment possibilities, should involve the SIP managers – and key public sector partners such as the LEC and the local authority – working directly with the businesses trying to do something significant for the SIP area or group. The one-off nature of many of these engagements means they can be handled in a less structured manner. Their success will often depend on good personal relationships between, say, a SIP manager and the managing director of a local business.

6.33 This type of activity will probably benefit from less rather than more organisation and structure. The evidence of our fieldwork was that a lot of this type of activity was ‘bubbling under’. We regard the involvement of the SIP managers in this as a healthy and educative process. One of the positive side effects is the development of more enterprising and business-like skills among the SIP staff or officers of partner agencies involved. There is probably little that needs to be done to change the ways of working here, although there may be merit in a mechanism that allows SIP managers to share good practice in working with the private sector.

PUBLIC VERSUS PRIVATE

6.34 With the development of interest in the role of the private sector in economic development, broadly defined, governments and their agencies have been keen to demonstrate private sector involvement. This has led to a tendency for the public sector to resource private sector involvement, both in cash and kind. This is the case in both the industrial and inclusion arenas. We noted earlier how, for example, the great majority of the staff working to Business Support Groups were drawn from public sector bodies. There are a number of difficulties with this.

- The experienced private sector input is diminished. It is a lot to ask someone out of local government to behave as if they had been used to working in a private sector environment
- The credibility of these types of initiatives is reduced - both in the public sector and the private sector

6.35 Although there is a role for the public sector in the *facilitation* of private sector networks and groupings with an inclusion purpose, to be effective the private sector needs to take full ownership and resource their activities.

6.36 There seems to be a significant difference between the UK and the US in the nature of business involvement.

- In the UK, projects or programmes are developed, in the main, by public sector bodies, local initiatives, etc - and employers are invited to participate
- In the US, employers decide they will contribute and then go about designing and managing their contribution, going to the public sector, where appropriate, for assistance

6.35 There are some - but not enough - good UK examples of the US model. We do appreciate that this is a fast moving area of activity and more innovative approaches may be emerging. However, we can do better, and larger employers - public as well as private sector - in particular have the resources and expertise to make a significant contribution. The

onus is on them to do more, as well as examine critically the contribution of the internal recruitment practices to maintaining the problem of social exclusion in its range of labour market manifestations.

SUMMARY OF KEY POINTS

6.37 Given the importance of private sector services for area regeneration, there could be more joint venturing between private and community-based organizations, for example, banks and credit unions.

6.38 The lessons of attempts to secure job gains for the excluded from major developments need to be communicated and implemented.

6.39 More use needs to be made of specific private sector expertise, both in a technical sense and in ways of working.

6.40 A more comprehensive national/regional/local structure for engaging the private sector could produce gains all round. The Scottish Enterprise Network should be asked to lead small national and regional task forces to facilitate a significant increase in private sector involvement and impact.

6.41 More of Scotland's private sector should follow the emergent US model where leading edge companies in the business community take a proactive stance.

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ANNEX 1: SOCIAL INCLUSION PARTNERSHIPS

SIP Area	Former Status	Location	Type
Arbroath SIP*	Arbroath Regeneration Programme	Arbroath	area
Argyll and Bute	New	Argyll	area
Blantyre / North Hamilton SIP	New	Hamilton	area
Cambuslang SIP	Cambuslang Regeneration Programme	Cambuslang	area
Clackmannanshire Strategic Alliance	New	Alloa	area
Craigmillar SIP	Craigmillar PPA	Edinburgh	area
Drumchapel SIP	New	Glasgow	area
Dundee (Old RP)	Dundee Regeneration Programme	Dundee	area
Dundee SIP	Dundee PPA	Dundee	area
East Ayrshire Coalfield SIP	New	Cumnock	area
Edinburgh Strategic Programme	Edinburgh Regeneration Programme	Edinburgh	area
Falkirk SIP	Falkirk Regeneration Programme	Falkirk	area
Fife SIP	Fife Regeneration Programme	Glenrothes	area
Girvan SIP	New	Girvan	area
Glasgow East End SIP	Glasgow East End PPA	Glasgow	area
Glasgow Smaller Areas SIP	Glasgow Regeneration Programme	Glasgow	area
Gorbals SIP	New	Glasgow	area
Great Northern SIP	Aberdeen Great Northern PPA	Aberdeen	area
Greater Easterhouse SIP	Greater Easterhouse PPA	Glasgow	area
Greater Govan SIP	New	Glasgow	area
Greater Pollock SIP	New	Glasgow	area
Inverclyde SIP	Inverclyde PPA	Greenock	area
Levern Valley SIP	East Renfrewshire Regeneration Programme	Barrhead	area
Milton SIP	New	Glasgow	area
Motherwell North SIP	Motherwell North PPA	Motherwell	area
North Ayr SIP	North Ayr PPA	Ayr	area
North Ayrshire SIP	North Ayrshire Regeneration Programme	Irvine	area
North Edinburgh SIP	North Edinburgh PPA	Edinburgh	area
North Glasgow SIP	Glasgow North PPA	Glasgow	area
North Lanarkshire SIP	North Lanarkshire Regeneration Programme	Motherwell	area
Paisley SIP	Paisley PPA	Paisley	area
South Edinburgh SIP	New	Edinburgh	area
Springburn / East Balornock SIP	New	Glasgow	area
Stirling SIP	Stirling Regeneration Programme	Stirling	area
West Dunbartonshire SIP	West Dunbartonshire PPA	Dumbarton	area
Dundee Young Carers	New	Dundee	thematic
Edinburgh Partnership for Excluded Young Adults	New	Edinburgh	thematic
Fife Ethnic Minority Capacity Building Programme	New	Glenrothes	thematic
Give Youth a Chance	New	Dundee	thematic
Glasgow Anti-Racist Alliance	New	Glasgow	thematic
Glasgow Routes out of Prostitution	New	Glasgow	thematic
Highland Wellbeing Alliance	New	Inverness	thematic
Moray Youthstart	New	Elgin	thematic
Pathways to Independence	New	Glasgow	thematic
Perth and Kinross	New	Perth	thematic
Scottish Borders SIP	New	Kelso	thematic
South Coatbridge SIP	New	Motherwell	thematic
Tranent Youth and Community SIP	New	Tranent	thematic
West Lothian SIP	New	Livingston	thematic

*No longer in existence

ANNEX 2: RESEARCH METHODS AND LISTS OF CONSULTEES

SIP Manager Interviews

The manager of each of the SIPs was lettered and subsequently invited to participate in a semi structured in-depth interview relating to the key issues of the study. Table x shows the number of interviews that were successfully completed

Status	Number
Completed	44
Refused*	3
Total	47

* Greater Govan, Edinburgh Strategic Programme and South Edinburgh Partnership did not have a SIP manager in place for the duration of the study and felt unable to participate in the survey.

Private Sector Interviews

The interviews with the SIP managers were the primary source of information on the key private sector consultees to be interviewed. 20 private sector representatives from a variety of business backgrounds across Scotland were interviewed for the study. These individuals represent businesses that are currently:

- engaged in the SIPs
- involved in non-SIP initiatives cited as best practice by SIP managers
- involved with BSGs

Consultees range from Community Investment Managers in large national corporations such as Boots and Whitbread to managers in local SMEs (small and medium enterprises). SIP managers and private sector consultees also suggested a number of individuals in the public sector that they considered it would be worthwhile to consult in relation to the study.

List of Consultees

Pamela Anderson	Ayr Chamber of Commerce
Vicky Anderson	Employment Service/West Fife BSG Manager
Janet Barnes	Business - Community Connections/Craigmillar and Edinburgh South BSG Manager
Bill Brough	Siemens
Liz Cameron	Paisley Chamber of Commerce
David Chalmers	Dunfermline Building Society/Whitfield BSG Chair
Jenny Clelland	Tranent Careers Service
Christine Doherty	Edinburgh Council Economic Development
Gordon Dow	Spectraglass/Perth and Kinross BSG Chair
Peter Garnett	Scottish Gas
Iain Gow	Alenia Marconi/ West Fife BSC Chair
Ken Graham	Whitbread
Sybil Gray	Madison Cable/ Dundee BSG Chair
Henry Grey	British Telecom
George Hall	Scotland Against Drugs

Tom Hardy	GlaxoWellcome
Robbie Hawthorne	Dumbarton Careers Service
Bob Hughes	H.M. Prisons/East End BSG Manager
Norrie Innes	Rock DCM
Alan Irvine	Scottish Widows/Easterhouse BSG Manager
Mark Laing	Simmers of Edinburgh/Craigmillar BSG Chair
Jim Lister	Paisley Partnership Officer - Youthbuild
Tom McAughtrie	Scottish Business in the Community
Stephen McLaren	Royal Mail
Kelly Mason	Angus Council
Alan Miller	Dundee Council Economic Development
Graham Mochan	Royal Bank of Scotland
John Montgomery	Allied Distillers/West Dunbartonshire Chair
Mark Mulhearn	Barrhead Business Links
Pat Ritchie	E.D.I
Jane Scott	Boots
Betty Shaw	Benefits Agency
Jim Tannoch	Rehab Scotland
Mike Tuffrey	The Corporate Citizenship Company

APPENDIX 3: BUSINESS SUPPORT GROUPS IN SCOTLAND

The following represents a comprehensive list of the Business Support Groups currently in operation in Scotland:

- **Dundee BSG** is managed by Gerry Hunter of Dundee City Council and chaired by Sybil Gray the Production Services Manager of Madison Cable Ltd.
- **Dundee, Whitfield BSG** is managed by Elizabeth Kane a recruitment consultant employed by the Dundee Employment and Aftercare Service and chaired by David Chalmers, the Deputy Chief Executive of Dunfermline Building Society.
- **Edinburgh, Business -Community Connections/Craigmillar and South Edinburgh BSG** is managed by Janet Barnes who is employed by the BSG and chaired by the Hon. Mark Laing, the Managing Director of Simmers of Edinburgh.
- **North Edinburgh BSG** is managed by Christine Docherty, a secondee from Edinburgh Council Economic Development Department and chaired by Peter Taylor of the Town House Company.
- **Glasgow East End BSG** is managed by Bob Hughes, a secondee from H.M.S Prison Service. The Chair of Glasgow East End BSG is currently vacant.
- **Glasgow Greater Easterhouse BSG** is managed by Alan Irvine a secondee from Scottish Widows and chaired by John Kerr, the Regional Director of Hewden Plant Hire Ltd.
- **Midlothian, Mayfield BSG** is managed part-time by Rodger Thom on a voluntary basis. He was previously employed in the financial services industry and chaired by Robin Mather, the General Manager of British Gas Services.
- **Paisley BSG** is currently without a manager but is chaired by Andrew Heron, the Development Manager of Tilbury Phoenix Ltd.
- **Perth and Kinross BSG** is managed by Ian Wightman who is employed part-time by the BSG and chaired by Gordon Dow of Spectraglass Ltd.
- **West Fife BSG** is managed by Vicky Anderson of the Careers Service and chaired by Ian Gow, Personnel and Facilities Director of Alenia Marconi Simulation and Training.
- **West Dunbartonshire BSG** is managed part-time by Drummond Stewart who also works part-time for the West Dunbartonshire Partnership and is chaired by John Montgomery, the Company Secretary of Allied Distillers.

ANNEX 4: EXAMPLES OF GOOD PRACTICE

INTRODUCTION

This section describes a range of private sector involvement in social inclusion. Some case studies are currently operating or are being developed in SIPs, or other similar areas. Other examples have also been drawn from UK and US literature. This is not designed to be a comprehensive list of good practice examples but to give a flavour of the many and varied approaches being taken. The case studies have been loosely categorised under the following headings:

- raising employability of young people
- improving access to jobs, employment and training
- area regeneration
- financial and in-kind donations
- businesses involving businesses

RAISING EMPLOYABILITY OF YOUNG PEOPLE

Case Study 1: ON-TRACK

Royal and Sun Alliance is one of the world's leading international insurance companies which covers Europe, the Americas and Asia-Pacific. The company has a long history of community involvement and works closely with a number of organisations within the UK.

Royal and Sun Alliance were involved with the pilot On-Track programme launched by Lancashire Careers service in 1990. Since then the programme has been implemented by a further 20 careers services throughout the country, many of which have close ties with Royal and Sun Alliance. On-Track is a three-year preventative programme which originated in the USA and is designed to address the needs of young people who have been identified as being at risk of failing to make a successful transition from school to work. On-Track comprises 3 key elements:

- enterprise activities
- job competencies
- individual support

Royal and Sun Alliance sponsor a Key Skills Booklet on which the job competencies within the programme are based. At the conclusion of the course successful participants receive a certificate sponsored by Royal and Sun Alliance that details the core and key skills which they have developed during the course. A critical element of the programme is that it guarantees to place at least 85% of those young people who participate into a job, training place or college course.

North Hamilton and Blantyre SIP is currently piloting this programme and if successful, it is anticipated that it will be rolled out across Lanarkshire.

Case Study 2: Compact

Tranent SIP has established a COMPACT programme in conjunction with the local Ross High School in order to increase the employment opportunities for disadvantaged young people in the area. A Compact is a partnership between local employers, schools, parents and young people which ensures that young people get the best possible preparation for their working lives and that business will have access to a good quality workforce.

The SIP has successfully involved over 20 employers in the COMPACT programme, many of whom were recruited via mailshots and presentations to businesses within the SIP area. A further 10 employers are currently in negotiation with the SIP. The COMPACT has been successful in recruiting a wide range of employers from a variety of industrial sectors. Companies involved range from large multi-national utility and financial institutions to smaller, more specialised local firms. Students are encouraged to visit colleges and work places in order to raise awareness of the benefits of education and training. Employers for their part provide information on their skill needs and assist the young people with interview techniques.

It is hoped that the COMPACT will raise the level of aspiration and attainment of young people within the area and provide a greater opportunity for securing long-term employment benefits. Employers are expected to benefit from a higher skilled workforce and the opportunity to contribute to the skills being developed in the young people.

Case Study 3: Youthbuild Paisley

Paisley SIP is working with a local contractor, D. Campbell, and a number of other organisations including the YouthBuilders Trust (YBT), an English based educational charity, the Construction Industry Training Board (CITB), local community groups, Scottish Homes, Renfrewshire Council, Renfrewshire Enterprise, Reid Kerr College, Employment Service, National House Building Council (NHBC), Paisley and District Chamber of Commerce and Paisley Threads to deliver a Youthbuild programme to young people within the partnership area.

The programme offers 12-14 young people living within the SIP area an opportunity to enter into guaranteed employment with a local contractor and train towards obtaining a recognised construction-related qualification. This programme differs from previous attempts to secure employment through construction training programmes in that the Youthbuild programme is written into the initial tender bids of the contractors. The decision to incorporate the programme into the initial bid shifts the focus away from reliance on 'best endeavours' on the part of the contractor and instead places an obligation on them to abide by the terms of the bid.

Trainees are recruited through the New Deal Voluntary Sector Option and work with the contractor for 6 months during which time the employers receive New Deal funding. The trainees are subsequently employed by the contractor for a minimum of six months and employers are entitled to access employment grant schemes during this period.

Ferguslie Park Housing Association has been selected to carry out the first stage of the programme and work on the scheme is due to commence in September 2000 with the construction of 40 unit new build. To date 10 trainees have been recruited.

During the second six months of the programme the trainees work towards their SVQII in General Building Work which is delivered in classroom port-a-cabins on site in order to overcome any barriers which the recruits may associate with mainstream education.

Case Study 4: Bell Atlantic's Project Explore

Moss-Kanter (1999) describes how, in 1991, Bell Atlantic launched its Project Explore in New Jersey, one of the first models for using computer networks in public schools. Through Project Explore Bell Atlantic installed computers in public schools in New Jersey and provided computers for 135 inner city students and their teachers to help move learning away from the traditional classroom environment.

Project Explore became a catalyst for increasing the use of technology to transform middle and high school classrooms, improving students' skills and involving parents in their children's education. Union City Schools, which were once threatened with state takeover, have since their involvement with Project Explore become national role models in communication and learning. Bell Atlantic has also benefited from Project Explore through refining its goals on video on demand, identifying a new market for learning and discovering new ways of handling data transmission.

Case Study 5: IBM's Reinventing Education Programme

IBM's Reinventing Education Programme aims to develop new tools and solutions for systemic change (Moss-Kanter, 1999). Since its launch in 1994 the programme has been implemented at 21 US sites and in four other countries.

Innovations resulting from this programme include the development of tools which have helped to connect parents digitally to teachers allowing them to view their children's work from home and compare it with the district's academic standard, a data warehouse which provides teachers with extensive information on students, software facilitating the development of a voice recognition tool to teach reading and the introduction of flexible scheduling to allow for an all-year round high school.

For IBM involvement in the programme has led to significant product innovation which has allowed them to maintain their position as one of the leading firms in this area.

IMPROVING ACCESS TO JOBS, EMPLOYMENT AND TRAINING

Case Study 6: Jobrotation

The North Ayr SIP is currently involved in delivering a Jobrotation programme. This is a national pilot which is being run by the SIP in conjunction with 40 partner programmes operating across Europe. Jobrotation projects are designed to benefit both business and the long-term unemployed by placing long-term unemployed individuals into short-term employment within companies in order to release current employees to take part in further training. The job rotation concept was originally aimed at unskilled workers but now applies to a variety of groups within the labour market and is particularly useful in assisting small to medium sized companies with their training needs.

North Ayr Partnership has recruited 8 local employers from a variety of sectors, including health and the hotel and catering industry, to take part in the jobrotation pilot. Twelve unemployed individuals from the area were placed with these companies after a three month period of intensive pre-recruitment training and are expected to remain with the companies for a further nine months. A training programme for the day release of current staff has been worked out with each company. The Jobrotation scheme is on-going. It is hoped that by the conclusion of the project the unemployed people will have secured nine months of recent work experience and references with which to pursue further employment, and the business will benefit from a better trained workforce.

Case Study 7: Dundee Employment and Aftercare Project (DEAP)

Whitfield Business Support Group Dundee Employment and Aftercare Project (DEAP) was set up by SBC in 1988, although its scope has subsequently widened to take in other areas of Dundee. The project is managed by a board of six directors coming from both the public and the private sector and employs four full-time recruitment staff, two of whom come from backgrounds in private sector recruitment work. It still remains a part of the SBC Business Support Group network.

In the first four years of its operation DEAP has placed 1570 individuals into jobs, 873 of whom remained in employment after six months. The cost of placing the 873 in employment was £326.

DEAP offers a comprehensive package of facilities to help jobseekers and job changers achieve their potential including job shops offering information on the latest jobs, free newspapers and stationary and use of fax and facilities, C.V. advice, mock interviews and training. DEAP also offers a number of services to the employers, including advertising job vacancies within their local job shops, screening applications, carrying out initial interviews and running pre-recruitment training. The DEAP project was highlighted in the Final Evaluation of the New Life for Urban Scotland Initiative (Scottish Executive, 1999) as an example of good practice for its range of pre-employment and vocational training options.

DEAP has recently obtained funding under the Social Inclusion Partnership Fund which will allow it to continue with its activities until March 2002.

Case Study 8: STEP-UP Project, Arbroath

Robertson Group Construction are currently working with Angus Council to deliver a training and employment initiative within the construction industry. STEP-UP, - Strathairlie Training and Employment Project for Unemployed People, involves the construction of 13 houses, three to be built by the contractor as a model for the trainees and the remaining 10 to be built by the group of trainees over a 12 month period.

The contractor will take responsibility for the overall site for the duration of the contract and will have the right to hire and fire the trainees if they break the site rules. The contractor is intended to put in the infrastructure and foundations up to the ground floor of the houses. However, all other work is intended to be carried out by the trainees with the exception of roof tiling, brick outer skins and connecting the central heating boiler and electrical distribution board. The trainees will be on a training programme with Angus Council for the first six months on site but will subsequently be employed full-time by the contractor

Case Study 9: Environmental Improvement Task Force (EITF), Glasgow North

An Environmental Improvements Task Force (EITF) has been established in Glasgow North with the intention of cleaning up sites within the Springburn and East Balornock SIP area which have been identified, through local consultation and a recent 'Eyesores Report', as constituting a blight on the local landscape.

The EITF in conjunction with the landscaping company Rock DCM as the lead partner, has established an Intermediate Labour Market (ILM) for local long-term unemployed individuals offering training and qualifications up to SVQ level II. Task force workers are employed at the minimum wage rate and assisted with the development of landscaping and site maintenance skills.

Through the Intermediate Labour Market it is hoped that the project will be able to deliver economic as well as environmental improvements to the area.

Case Study 10: Edinburgh Park Development

A number of major employers from Edinburgh Business Park are working in partnership with the EDI group, Edinburgh City Council, Scottish Enterprise Edinburgh and a number of other organisations to establish a centre of excellence for access to employment and learning at the park which is located on the western side of the city.

The centre will be unusual in terms of its decision to adopt a demand as opposed to supply-driven approach which will focus on the current and future needs of employers. It will attempt to connect up potential workers in the Edinburgh area, and more specifically the SIPs areas within Edinburgh, taking whatever steps necessary to ensure that they succeed in the employer to which they are matched. The centre aims to provide a high quality recruitment service to business with on-going support to recruits as well as learning, training and meeting facilities for the business involved. The centre will be run as a business with all profits reinvested for future success.

Five private sector companies are currently included on the Steering Group – British Telecom, K.S.C.L., The Royal Bank of Scotland, F.I. Group and I.C.L – with interest also expressed from Microsoft UK and Cisco Systems. The five companies, in partnership with EDI, are currently putting together a business plan for the organisation and some companies have already commenced their training programmes with others due to follow suit. It is hoped that the first trainees will be placed in jobs by Christmas 2000 and the centre will be ready for occupation in early 2001

Case Study 11: Castlemilk Electronic Village

Castlemilk Electronic Village is an IT training initiative managed by Castlemilk Economic Development Agency in conjunction with Glasgow Works. The aims of the programme are to make the 'global village' more accessible both to the long-term unemployed in terms of developing skills and to local businesses and organisations. The programme offers a range of services to the local area including web-site design, data entry, desktop publishing and direct mail which are intended to assist local businesses in becoming more IT aware and provide an 'electronic post office' within the area

Newell and Budge, a commercial provider of IT services, was closely involved in the development of the project providing both expertise, advice and setting up the computer network. Newell and Budge have retained their link with the programme through board membership of E.V. works, the Electronic Village's sister company.

The programme currently employs 16 long-term unemployed Glasgow Workers recruited largely from the local area. Workers vary in their experience in terms of IT knowledge, from those who have had no previous experience to those who have good educational qualifications but have been unable to translate this into employment, and in age from under 25s to those who have not worked for over 10 years.

To date 5 of the 6 'graduates' from the programme have found employment with one worker successfully making the transition to become a freelance consultant for a major IT retailer. The range of skills gained by the recruits has also proved attractive to employers within the expanding call centre industry.

Case Study 12: The Body Shop – Soapworks

Soapworks Ltd was established by the Body Shop in 1988 following a conference in London on the social responsibility of firms at which a community worker in Easterhouse challenged the founder of the Body Shop, Anita Roddick, to bring employment to Easterhouse (Scottish Business in the Community, 1999).

The Body Shop accepted the challenge and established a company in Easterhouse for the production of soap for the Body Shop range. Soapworks was established with an initial investment of £1 million which was used to fund renovations to create suitable premises and cover the installation of machinery. Initially 14 people from the local area were employed to work in the factory, the majority of which were previously unemployed.

Today the company employs over 100 people from the area, the majority of whom are recruited through the Employment Service, and has expanded both its premises and its production range. The company is now one of the largest employers in the Greater Easterhouse area and has a policy of employing no more than one person from each household in order to spread the employment opportunities across the community. In 1998, as a mark of its success, Soapworks began to undertake work for companies other than the Body Shop for the first time.

Soapworks works closely with local agencies such as the Easterhouse Business Support Group and the Education Business Partnership, and continues to see social responsibility as its core mission rather than a peripheral element of the business.

Case Study 13: FIT Project

The FIT project - Fast-Track to IT – currently operating in Dublin is a successor to the Tramlines programme which first operated in the Ballymun area of Dublin in 1996. The FIT programme is an industry led initiative that aims to find employment for 3,500 long-term unemployed in IT related occupations over the next three years. The programme is designed to meet the needs of the IT industry and has considerable input from the major players in terms of identifying areas of skills shortages and assisting in designing the training courses for delivery. Companies are also involved in approving industry-recognised certification for FIT participants and for providing work experience placements, sponsorship and where appropriate participation facilities and equipment for training programmes. The Board of FIT is made up of the CEOs of the affiliating companies which include IBM, Oracle, Hewlett Packard, Corel, Microsoft, CBT Systems, CSC and Symantec.

Funding for the programme is made up of affiliation fees from the participating companies ranging from £6K for smaller companies to £10-25k from larger companies. Local employment services funding and government funding has also been secured. The three year programme is estimated to cost £19.8 million to implement but will generate savings of £29.6 million through reduced unemployment assistance payments and increased income tax and PRSI revenues.

Case Study 14: Scottish Power Learning Unit

Scottish Power is one of the largest industrial companies in the UK with over 5 million customers across the country and activities which span electricity, water and waste services, gas, telecommunications, retailing and information technology (Scottish Business in the Community, 1999).

Scottish Power is involved in a number of initiatives within communities; one of its flagship community programmes is Scottish Power Learning. Established in July 1996, Scottish Power Learning is a partnership with the trade unions to provide education, training and employment opportunities for the staff of the company, their dependents, the company's suppliers and sub-contractors and residents of the many communities in which it operates.

Scottish Power Learning in partnership with the local enterprise companies and the careers service, provides 25 training places a year under the Skill seekers programme which offer up

to two years of college and work-based training and results in a vocational qualification at Level 2. In addition, the programme runs a network of 50 Open Learning Centres across the group's area of operation - six of which are to be used in the Department for Trade and Industry's initiative to promote greater access to information and communications technology and supports a wide range of training and personal development courses.

Case Study 15: A.G. Barr

A.G. Barr are the producers of IRN-BRU and have been established in Glasgow's East End for over 100 years.

The company employs 980 people, with the majority of the workforce coming from the surrounding area. A.G. Barr provides an important employment opportunity for local people in an area that has long suffered from high unemployment by offering positions to individuals with a lack of formal qualifications provided that they are enthusiastic and willing to learn. This policy has benefited the company in terms of a low staff turnover and a loyal and committed workforce and customer base.

The company is heavily involved in social inclusion issues, working closely with East End Business Community Partnership in business-education partnerships with local secondary schools, mentoring and conducting mock interviews with school leavers and assisting community organisations with local projects (Social Inclusion Conference, It is Your Business, February, 2000).

Case Study 16: TESCO

TESCO is currently involved in a pioneering new job-guarantee partnership which has provided jobs for approximately 180 local unemployed people through the development of a new shopping centre in a rundown housing estate in Leeds.

Under the partnership, known as the Seacroft Partnership, the Leeds District Employment Service in partnership with the local authority selected approximately 500 potential recruits to put forward for an interview with TESCO. Some of these individuals were picked from those already registered in the New Deal programme while others have been selected from lists specifically compiled for the programme which anyone can join. The programme, has, however, specifically targeted those from groups such as single parents, 18-24 year olds and over 50s.

Once they have been interviewed successful candidates are placed on a 16-week training course designed in conjunction with TESCO staff and run by the East Leeds Family Learning Centre, a member of the Seacroft Partnership. TESCO staff regularly attend meetings about both the development and progress of the programme. Individuals successfully completing the course were guaranteed employment with the firm.

Case Study 17: Braehead Shopping and Retail Development

The Braehead Shopping and Retail Development was a major construction project on the Glasgow/Renfrewshire boundary which provided around 3000 construction and retail jobs and a source of on-going service sector employment. The site is adjacent and accessible to a number of regeneration areas in both Glasgow and Renfrewshire. In order to maximise the take of local jobs the key partners - local authorities, local enterprise companies, careers services, local initiatives, employment service and the private sector – set up an on-site 'one-stop' facility, the Braehead Recruitment Centre (BRC).

The BRC built up a database of jobseekers that could then be matched with the spreadsheet provided by the private sector employers. The BRC worked closely with the employers to establish one-to-one relationships. For many of the larger companies the BRC handled the entire recruitment process from dealing with applications to setting up interviews. Private sector employers 'bought into' the process and provide £24,000 in cash contributions. 14% of those recruited into newly created posts at Braehead were from regeneration areas.

Case Study 18: Marriott Hotel and Pathways to Independence

The Marriott International Group operates a Pathways to Independence programme which teaches unemployed individuals job skills, life skills and work habits and guarantees them a job offer when they complete the programme (Moss-Kanter, 1999). Since its launch in 1991 the programme has been implemented in 13 US cities, and is now operating in Scotland as well.

The Pathways programme was a radical improvement on previous programmes which were often overly bureaucratic and consequently ineffective. Through their Pathways programme the Marriott group have been able to develop a programme which has created significant new jobs in poor communities.

The Marriott Group highlight significant benefits to themselves as a result of their involvement with the Pathways programme including new insights into training, job placement and supervision, a more stable workforce and high standards of service.

AREA REGENERATION

Case Study 19: The Blackburn Partnership

The Blackburn Partnership was established in 1988 with the aims of fostering economic regeneration, reducing unemployment, improving the quality of the local environment and encouraging working relationships between the public and the private sector (BitC, 1999).

The project was relatively new in its time in attempting to foster a partnership between the public and private sector and took some time to get off the ground. However, the partnership now employs 18 full-time members of staff and enjoys considerable private sector involvement including Whitbread, named as the Business in the Community company of the year in 1998, British Aerospace, North West Water, and Barclays Bank from which the current Chief Executive of the programme was originally seconded.

The project has helped to attract hundreds of millions of pounds into the borough which have helped to fund major improvements to the infrastructure including the redevelopment of Blackburn Shopping Centre and the M65 extension. A number of firms have also been encouraged to relocate to the area as a result of partnership initiatives such as the Guardian Angel initiative within which partners placed business managers with small firms in order to help them expand.

Case Study 20: Bank Boston and First Community Bank

Bank Boston launched the First Community Bank in 1991 as a way of targeting newcomers to the banking system, many of whom resided in the disadvantaged inner city areas (Moss-Kanter, 1999). Since its inception the First Community Bank has offered access to high quality financial services to disadvantaged minorities and inner city inhabitants which is helping to improve the surrounding neighbourhood.

From Bank Boston's point of view the First Community Bank has been the catalyst for a stream of innovations, many of which have been applied across Bank Boston's branches. First Community Bank has grown from its initial seven branches in Boston to 42 across New England, and is now the anchor for all community banking services within Bank Boston.

FINANCIAL AND IN-KIND DONATIONS

Case Study 21: Scottish Co-operative

United Norwest Co-op is dedicated to being a successful consumer co-operative serving the needs of its members and customers through being the premier community retailer, offering attractive membership benefits and supporting the local communities in which it trades (Scottish Business in the Community, 1999).

The Scottish Co-op is part of the retail division of CWS, which is the within the food division of United Norwest Co-op. It has recently begun to work with small co-operative stores providing advice, business support and equipment in order to assist communities all over Scotland.

The Scottish Co-op is also working with Greater Glasgow Health Board to develop an initiative whereby a community nutritionist is being jointly funded by the Scottish Co-op and the Greater Glasgow Health Board to provide good quality, affordable, healthier alternative foods such as fresh fruits and vegetables in communities where they are not traditionally available. This is a first for the retail industry and Scottish Co-op has found that these activities have helped to re-establish relationships with communities from which it had previously withdrawn.

Case Study 22: Royal Bank of Scotland and Money Advice Scotland

The Royal Bank of Scotland is involved in a number of social and financial inclusion initiatives including financial education in schools, supporting the New Deal, credit unions, providing basic bank accounts for those people who do not meet the usual account opening

criteria and providing refurbished computers for schools in deprived areas. The Royal Bank has recently provided over £50,000 to Money Advice Scotland to help fund its activities into the year 2000, and towards the provision of debt counselling and money management advice.

Money Advice Scotland, in partnership with Citizens Advice Scotland and the Federation of Independent Advice Centres, is the Scottish arm of the Money Advice Trust and the main provider of free impartial and independent money and debt services.

Financial difficulties caused by excessive debt can cause considerable strain leading to health and relationship problems and can in extreme cases lead to bankruptcy, homelessness and increased crime. The funding from the Royal Bank of Scotland is to be used to support three elements of the charity's work;

- staffing for an approved centre for training and accrediting money advisors
- the training of money advisors
- an annual conference

This will help to ensure continuity in the delivery of qualifications and maintain high standards in money advice.

The centre will train six assessors each year who will in turn assess 24 money advisors each dealing with an ongoing average caseload of 33 clients. Funding for the training provision will ultimately benefit thousands of people requiring money advice by allowing 180 advisors to be directly trained and a further 600 trained indirectly as a result.

Case Study 23: Conference Sponsorship

Scottish Telecom in conjunction with Rangers and Celtic Football clubs have agreed to sponsor Glasgow City Council's Enterprise for the Millennium Conference. This is a three day conference which is part of the economic regeneration strategy. It is intended to examine and highlight strategies relating to enterprise, employment, education and the impact they have on the indigenous and ethnic minority communities in Glasgow.

The Glasgow Anti-Racist Alliance SIP has provided free training for the staff of the companies involved as an incentive to secure their participation.

Case Study 24: Incentive Scheme

The thematic SIP 'Give Youth a Chance' has introduced an incentive scheme to encourage disaffected young people at risk of dropping out of education. The scheme works by targeting subjects or areas of interest to the young person and supporting this interest in exchange for realistic targets for the young person which are negotiated in partnership with their youth worker.

Businesses are approached to donate the incentives to the project on a case by case basis. Incentives vary according to the individual interests of the young person. However, examples include a visit to the Railway museum at York, cinema tickets, driving lessons and

computer games. Approaches are made to businesses at the point of need as it is rarely effective to 'bank' donations for future use.

BUSINESS INVOLVING BUSINESS

Case Study 25: SME Template for Involvement

Scottish Gas, one of the largest suppliers of electricity and gas in Scotland and employing between 3,000 and 4,000 individuals, is currently working with NEAR to design a template to act as a step-by-step guide to business involvement in social inclusion. As a company, Scottish Gas is very aware of its important role within the communities in which it operates and all projects with which Scottish Gas chooses to engage must fall within the company's community involvement policy.

The template aims to remove many of the barriers to participation currently faced by the private sector through highlighting to businesses, particularly small to medium sized businesses, the diverse ways in which they can participate. The important message in creating the template is that there is potential for all businesses to get involved in social inclusion initiatives. The template is still at the initial stage of development. Once the template has been completed it is to be distributed among local businesses with the explicit intention of encouraging them to sign up to some form of involvement. The completed template, with details of agreed business participation, will then be distributed to schools, job centres and initiatives involved in tackling social inclusion in order to create a more tangible link between the public and the private sector.

Case Study 26: BusinessLINC

BusinessLINC is a US programme launched jointly by the Department of the Treasury and the US Small Business Administration in 1998 that aims to improve the competitive strength of small businesses within disadvantaged areas through greater business-to-business relationships.

BusinessLINC recently commissioned a report (*ICIC Report, 1999*) highlighting 5 examples of the type of business-to-business advisory efforts currently operating in the US and the benefits which participation in these services can derive to firms. Some of the case studies highlighted in the report are sketched out below.

Chase Manhattan Bank's Business Resource Centre

Chase Manhattan Bank's Business Resource Centres which are part of the bank's Small Business Financial Services Division provide free advice, referrals and loan application assistance to current or potential small business owners. This service is important in helping potential business customers to 'get in the door', particularly those individuals with little or no prior banking history. Since their inception in 1994 the two centres, based in Mid-town Manhattan and Brooklyn, have provided assistance to over 5,000 small businesses, the majority of which are minority or women-owned or located in low and moderate income communities.

Through its outreach efforts Chase has acquired new clients and expanded its networks in the underserved minority, ethnic and women-owned business markets which have led to increased loan approvals and depository accounts. Chase reports that the centre has helped to bring in many new business customers while maintaining an equivalent rate of loan loss when compared with its conventional small business portfolio.

Turner Construction's James Walker Construction Management Training Programme

Turner Construction is one of the largest construction management companies in the U.S. employing around 2,500 people who oversee 1,000 projects at any given time. The company has an annual turnover of \$3.6 billion. Since 1968 Turner Construction's Cleveland office has run a Construction Management Training Programme designed to train local minority contractors in construction management. Turner Construction works with the city, local area institutions and banks to deliver a comprehensive 10-week training programme which covers topics such as marketing, procurement, contracts, contract negotiation, estimating and bidding, occupational safety, total quality management, taxes and tax preparation and small business financing. In addition to the classroom-based training the programme offers on-the-job training, field training and the possibility of the company being invited to submit a joint bid with Turner Construction.

Due to the success of the Cleveland project Turner Construction has subsequently created similar programmes in 30 of its 42 regional offices that have led to more than 7,000 contractors nationwide benefiting from the programme, some of which are now listed on the Black Enterprise Magazine's list of top 100 largest African American-owned companies. The Turner construction company believes that it benefits from the scheme through an expanded sub-contractor base which allows Turner to maintain their high quality and competitive prices. Turner Construction estimate that 80-90% of MBE/FBE's working on their sites in Cleveland have participated on the training course.

GM Minority Mentoring Programme

Since 1992 GM has operated a Minority Mentoring Programme that aims to help minority companies grow and develop to become more competitive. Through this GM has purchased more than \$1 Billion a year over the past ten years from minority suppliers.

In addition GM in partnership with Ford and Chrysler has implemented a two tier programme to expand opportunities for their minority suppliers. The programme's goals are to assist the minority suppliers to acquire knowledge, transfer technology and expand their financial partners through joint ventures, mergers, acquisitions and strategic alliances. GM has introduced a number of support programmes to meet its minority purchasing goals including a joint initiative with the Michigan Minority Business Development Council and the Automotive Industry Action Group which helped to reduce QS9000 certification costs for minority suppliers from \$42,000 to \$2,700.

As part of the programme GM buyers work with potential suppliers to prepare a five year business plan. If the buyer believes that the company can be a significant asset to GM they are then enrolled on a 1-4 day comprehensive development programme at which the suppliers

operations are assessed. Based on this assessment a team of GM supplier development employees are sent to work with the supplier to provide appropriate guidance and assistance.

For GM the minority supplier development programme provides a positive image for the company among the minority population but more importantly it has helped to break-down traditional perceptions of minority suppliers as being uncompetitive or surviving only because of mandated set-asides.

McDonald's Corporation's Franchise Support Programme

McDonald's provides a comprehensive and unique mentor-protégé programme for its 12,000 franchisees which make-up approximately 85% of all the McDonald's restaurants in the U.S. The McDonald's training programme is recognised as one of the most rigorous in the business and includes part-time hands-on training in a restaurant interspersed with classroom training which culminates with an Advanced Operations Course at Hamburger University focusing on management skills such as accounting, finance, HR management and marketing. The McDonald's programme is unique in that it lies at the heart of McDonald's core functions.

McDonald's has a long history of involvement in disadvantaged neighbourhoods, and actively seeks racial, ethnic and gender diversity among its franchisees. As far back as the late 1960's McDonald's was offering special training to African-American operators in isolated inner-city neighbourhoods which began with consulting services and eventually formed the basis for the Urban Operations Department which has since been incorporated into McDonald's comprehensive business development strategy.

McDonald's continue to support their franchisees once they have successfully purchased their restaurant and encourage business-to-business assistance among franchisees, often pairing franchisees in need of assistance with more experienced franchisees. A number of advisory groups have been established including the National Black McDonald's Operators, the Women's Operators network, the Asian Operators Association and the McDonald's Hispanic Operators Association.

McDonald's also assist individuals who are struggling to acquire the \$125,000 in personal assets that is a pre-requisite to securing a franchise. Through their Business Facilities Lease Programme McDonald's lease the seating, interior restaurant décor, kitchen equipment and outdoor signs to the franchisee instead of requiring that they be bought outright. McDonald's CEO Jack Greenberg sees McDonald's programme as benefiting the business from a moral, ethical and business standpoint.

NCR Corporation's Business Advisory Programme

The NCR Corporation is a worldwide provider of information technology solutions with annual revenues of \$6.6 billion. Through its Government Systems Corporation subsidiary NCR offers a Minority Business Agreement and also participates in the Department of Defence's Mentor-Protégé programme.

NCR joined the Mentor-Protégé programme when it became effective as a pilot in 1991. The programme is designed to expand the Department of Defence's base of quality and cost

effective suppliers particularly from small and disadvantaged businesses. Protégés taking part in the programme benefit from free management consulting services from the mentor firm as well as spin-off benefits including new and larger customer prospects as a result of being affiliated with the mentor firm and an increased degree of readiness in bidding prospects.

In return NCR look for firms with skills that compliment their own and are highly competent and equal in performance to their other suppliers. NCR benefit from creating long-term, mutually profitable relationships which provide them with access to a much more diverse racial and ethnic market. NCR estimate that they have accrued over \$5 million in new contracts over the last 18 months through the relationships that they have developed as part of the programme.