

In other cases the NCC were of the view that only where a judge considered that the plaintiff had behaved unreasonably should the payment-in/costs rule operate.

One of the novel suggestions in the Paper was the introduction of pre-determined fees for certain types of work such as divorce and personal injuries and for other cases an hourly rate should be disclosed. This was supported by the NCC.

### **Conclusion**

The Review hopes that decisions can be taken on matters discussed by the end of 1987. That remains to be seen. Understandably the NCC has approached the General Issues Paper from a narrower perspective than the Review Committee. The NCC place themselves in the shoes of the individual as opposed to the institutional litigant, whether or not he is legally represented. They are concerned with evidence that points to the fact that even in the small claims procedure two-thirds of plaintiffs are businesses; 85% of accident victims fail to claim compensation, and in housing matters the majority of private defendants make no court appearance at all. The judicial system is too daunting and too costly. By and large the problem areas have been identified and the NCC agrees with the majority of suggestions for reform mentioned in the General Issues Paper. The NCC were well aware that only political will can bring about meaningful changes. Whether or not that exists is anyone's guess.

## **THE 1987 PRESIDENT'S LUNCHEON held on Thursday, 10th December.**

### **"BUSINESS IN THE COMMUNITY" by Rt. Hon. Lord Carr of Hadley, PC.**

This is a subject in which I have been involved over the last six years or so in my capacity as Chairman of CBI's Special Programmes Unit and latterly as Chairman since 1984 until some two weeks ago of the British Organisation called 'Business in the Community' (BIC for short) and as the United Kingdom Member of the Board of the European Business and Information Centre Network (EBN).

The activities of the BIC are confined to Britain, although its example and experience have, I believe, been influential beyond its shores and the activities of EBN are of course European wide.

'Business in the Community' which was established in 1981 is a business led partnership of Private Sector Companies, Nationalised Industries, Local Government Associations, the Confederation of British Industry and The Trades Union Congress, and enjoys the support of all the major British Political Parties.

Nationally BIC provides liaison with the British Government on the provision of Central Government support to the work. It campaigns to increase the number of corporations adopting conscious social responsibility policies and assists them in developing these policies effectively. It also sponsors pilot projects particularly directed at the problems of depressed Urban areas and Ethnic Minorities. However BIC's principal mechanism of action has been the development of Local Enterprise Agencies.

The first Enterprise Agency was launched as recently as 1977 and the circumstances which caused its establishment were unfortunately not unusual. Substantial redundancies had to be declared by Pilkingtons, the Glass Makers, in their home base, the industrial town of St. Helens in North West England. The Company's response was to go into partnership with the Local Council and with other manufacturing companies and local banks in St. Helens to establish 'The Community of St. Helens Trust'.

The purpose of the Trust was to provide first-class business advice to small businessmen in an attempt to provide alternate local employment and this activity rapidly expanded to training and business education, and the provision of workshops and premises for small entrepreneurs.

The costs of the exercise were financed by the sponsoring companies and organisations with, in the case of St. Helens, Pilkingtons and the local Council bearing the lion's share. This pioneer Enterprise Agency attracted considerable attention and its example was soon being copied in other areas.

The leading partners in every case were locally based private sector Companies and the Local Authority. Inevitably, and most important, large nation-wide Corporations, notably for example the Banks, supported more than one Enterprise Agency in different localities.

To take another example, the British Steel Corporation, set about creating Enterprise Agencies in the 12 Steel closure areas in the Country, and the Coal Board have more recently also been taking a similar initiative in old mining areas.

Some tremendous strides have been made during the past five years. More and more Companies have come round to accepting that they do have a direct community and social responsibility, which goes beyond their obvious direct responsibilities of serving their customers, the paying of rates and taxes and the observance of their legal obligations. Moreover, they are finding that this greater involvement in a wider responsibility to the community is in their own business interests and not only a social obligation. Almost every sort of business, large or small, flourishes more when it can operate in a prosperous peaceful and self-confident community. It pays to help in bringing this about. This has always been understood by a few Companies but it is now understood by a much greater and ever increasing number.

A mere ten years after the foundation of the first Local Enterprise Agency at St. Helens, there are now about 250 Local Enterprise Agencies throughout the United Kingdom. The importance of the development of the Local Enterprise Agency movement can therefore scarcely be exaggerated. It is actively supported by over 3000 private sector companies whose total annual contribution in secondments and financial support is worth some £10 million with another £10 million a year coming from the Government and other agency partners to which Local Government is the largest single contributor.

Thus LEA's have become a vital factor in our success in halting and reversing the previous disastrous decline of the small business sector in Britain. Since 1980 new businesses have been growing at a net average rate of over 500 a week and Enterprise Agencies have been clearly the biggest contributor to the growth. Very recent evidence regarding Enterprise Agencies shows that on average each of the Agencies which were operating in 1983 (approximately 110 in number at that time) was launching some 80 small firms per annum. Moreover, the failure rate of these firms over the subsequent three years was only 15%. That is, putting it more positively, five out of six are still in existence. These figures, relating to survival of new enterprises, are more than twice as good as the national average in Great Britain for firms launched without the assistance of Enterprise Agencies.

The 3000 business sponsors of Enterprise Agencies believe that they are getting value for money in terms not only of jobs created but in the quality of the jobs concerned. This is shown by the fact already mentioned that five out of six of the small firms helped to launch by Enterprise Agencies are operating and thriving 3 years after their launch. Recent data also shows that the survival rate of small firms improves with the size of the firm concerned, measuring in terms of seed of venture capital, and with the size of the Enterprise Agency measured in terms of resources to assist the new entrepreneur.

It follows from this that the main effort of BIC in Britain is now concentrated much less on creation of still more new LEA's and much more on increasing the resources and range of services offered by the 250 Agencies which already exist. To begin with the main activity of LEA's was to give a free basic business advisory service to those wanting to start up a new business and to small businesses already in existence but running into problems. This service was and still is vital in increasing the rate of birth of new businesses and reducing the rate of failure of small businesses in their early years.

Now more and more Enterprise Agencies have also begun to branch out into new directions such as the provision of Manpower Training for new and existing businesses and the introduction of Potential Investors to Companies looking for money with which to start or expand. It is all based on local private/public sector partnership between Local Government, local business and locally Based Divisions or Branches of large National and International Corporations both in the Private and Public Sector, local professional people and locally active Voluntary Organisations. Such partnerships bring together in one local focal point a comprehensive combination of resources, knowledge and local commitment. So local Enterprise Agencies, BIC's main mechanism for action in its early years, are continuing to develop and will remain of major importance. They are however no longer the whole story of BIC's action campaign.

I would also therefore like to tell you about a number of BIC's other new initiatives for Corporate Involvement, some of which are still at a fairly embryonic stage. Perhaps the most immediately striking of these initiatives is the new 'one-town' partnership at Halifax in Calderdale which was launched by our President HRH The Prince of Wales at the beginning of last February. It represents a fascinating experiment in how various sectors of the Borough can get together and involve a number of BIC member companies in seeking to stimulate economic growth by concentrating their resources on one particular area.

With the full support of the Local Council and local business, several exciting projects have already got under way in Halifax.

1. The Rowntree Company for example has established a £200,000 fund to provide low-interest loans to help people do up shops, houses or buildings in Halifax on the basis that a clean, bright town inspires business confidence and investment.

2. A national 'Learning Centre' for children, part educational and part entertainment, is being set up by the Vivien Duffield and Clore Foundations and is expected to attract up to half a million people a year from all over Britain.
3. Perhaps most dramatic of all a local social entrepreneur, Ernest Hall, has transformed the world's largest carpet factory which was derelict, into a complex of 170 small businesses with 1,200 jobs.

There are also many other examples.

A rather similar principle also underlies the new series of more geographically limited neighbourhood economic development partnerships – the first of which is in Finsbury Park. Coming even closer to home, BIC has also introduced a campaign to increase community involvement right in the heart of the City.

We are encouraging every City firm and institution to adopt a community responsibility policy appropriate to their own circumstances – and to set a target for that involvement. The aim is to tackle the crescent of high unemployment which surrounds the City through a variety of projects like Small Business Development, Training for Employment, Partnerships and Local Purchasing. Already Lloyd's of London have agreed to provide £50,000 to help new small businesses in the East End to start up or to expand.

In July, the then Lord Mayor, launched the new 'Dragon Awards' for City Companies who make the most significant contributions to local community life and employment opportunities, Support is also being sought for the new 'London Compact', under which several large London employers have in conjunction with the London Enterprise Agency and the Inner London Education Authority agreed to offer employment to school leavers who meet certain standards and mutually set criteria.

May I end by summarising what it is I am urging Companies to do

I am *not* urging business companies just to be 'do-gooders' – but urging them to make an important investment in their own future.

BIC strongly maintains the point that the greatest single contribution which a Company can make to its employees and to the wider community in which it operates is

- TO STAY IN BUSINESS and to strive continuously to improve its competitive efficiency in order to maintain its present markets and win new ones.

An intensive pursuit by business of competitive efficiency is the only basis on which we can build a return towards a much fuller level of employment. It is in fact the condition precedent for maximising the number of jobs which industry and commerce will be able to provide in the long run. It is also the condition precedent for creating the increase in total national wealth which is necessary if we are to be able to afford to employ more and more people in the wealth-consuming sector of our society.

There is no shortage of jobs waiting to be done in Britain if and when we have the wealth to pay for them. The present trouble is that so much of what we see around us crying out to be done is wealth-consuming and not wealth-creating. But the political and social difficulty we have to overcome is that the pursuit of competitive efficiency, however beneficial in the long-term, is often extremely unpalatable and painful in the short run.

A lot of old jobs tend to die before new ones are born and there can be no advance guarantee of when, where and what the new jobs will be. So, if the *first* social as well as economic *obligation* of business is to achieve competitive efficiency, *the immediately complementary obligation* is to manage this change with great skill and sensitivity. Not only within each company but also by helping more widely in the local communities affected – above all by helping with all practical schemes for new job creation.

The founding of 'Business in the Community' in 1981 grew out of a recognition –

- that in order to flourish to the full, businesses need to operate in a prosperous, peaceful and self-confident community.
- that neither the normal working of market forces nor Government action on its own could deal effectively with the social consequences of rapid economic and technical change.
- and that therefore companies themselves needed to get involved in their own self-interest as well as for the public good and that they could do so effectively.

The evolution of *BIC* in such a short time from a tiny, untried organisation with a membership of a handful of companies to today's membership of nearly 300 of Britain's leading companies is a measure of the extent to which this recognition has taken root.