

se

social enterprise west midlands

SOCIAL PURPOSE | BUSINESS SENSE

GROW YOUR OWN

THE TIME IS RIGHT FOR
SOCIAL ENTERPRISE

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20 November 2008

Social Enterprise Day

Foreword

Welcome to the first edition of our new magazine, **se**, written for those with a keen interest in developing or working with the social enterprise sector in the West Midlands.

We took the step of publishing a magazine because it was felt there was a real need to showcase local social enterprises along with related news and information. We hope in this format, good practice and key developments can be easily shared so that the inspiring messages about this vibrant sector of our economy are given a greater profile.

It just so happens that we are launching **se** at a time when many are seeking a different way of doing business in the wake of the global collapse of traditional financial systems. While 10 years ago the term 'social enterprise' was almost unheard of in this region, now we see social enterprises competing in a wide range of markets from health and social care through to housing and food and farming.

So these are exciting times and many in the movement are rightly celebrating the opportunities this presents. Clearly there has never been a better time to establish the strongest possible link between social justice, environmental sustainability and business activity.

For those involved in this new wave of interest in social enterprise, this is just the beginning. There are messages that need wider promotion. So our goal is for **se** to establish itself as the magazine for social enterprise in the West Midlands, resulting in thousands more people knowing about the sector and committed to starting and growing new social enterprises.

Kevin Maton

Network Director

Social Enterprise West Midlands

The right time for social enterprise



Sally Edwards | sallyaedwards@btopenworld.com

Photo: © Edward Moss Photography www.edwardmoss.co.uk

I am delighted to have been asked to edit **se** magazine and through it have the opportunity to support the social enterprise sector in the West Midlands at a very exciting time in its development. As some of our articles show, with the right support, social enterprise is poised to take off over the next few years, as ethical trading and community spirit replace expediency and self-interest as valued qualities in entrepreneurs.

Our aim with **se** is to provide a focal point for sharing information, expressing ideas and showcasing achievement, in order to help the sector realise its full potential in the West Midlands – and continue to lead in the UK.

In our first issue we have articles on a broad range of topics and hope you'll find it an interesting read. Whatever you think, let us know – we're keen to make **se** as useful to you as possible.

The next issue will be out just before Voice09 and available at the conference. We will aim to show just what a lively and successful sector we have in the region, so do get in touch with any ideas you have for content. **se**



NEW ERA FOR SOCIAL ENTERPRISE

Kevin Maton,
Network
Director of
Social Enterprise
West Midlands.

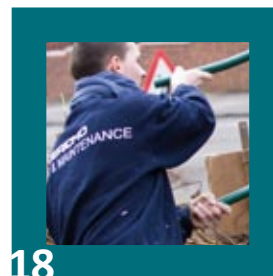
04



BUSINESS LINK COMES UP TRUMPS

There's never
been a better
time to start
grow your own
social enterprise.

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Micro-clusters
for success –
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Loan finance – Steve Walker looks and the pros and cons of borrowing for social enterprise.



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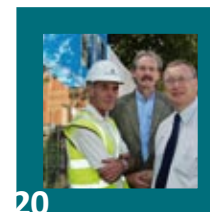
Social accounting is increasingly important as social enterprises need evidence of the impact of their work.



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SPECIAL FEATURE

All Saints Action Network is an established social enterprise with some ambitious plans.



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WEST MIDLANDS

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www.advantagewm.co.uk

Social Enterprise West Midlands is the regional strategic network and voice for social enterprise. The network is funded by Advantage West Midlands to advise on policy issues and promote the value and contribution of the sector across the region.

IN THE NEWS

POLICY MATTERS

FINDINGS

QUESTIONS ANSWERED

BUSINESS MATTERS

SPECIAL FEATURES

DO IT RIGHT

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Available in large print at www.socialenterprisewm.org.uk

A new era for social enterprise?

Kevin Maton Network Director, Social Enterprise West Midlands



Photo: © John Cairns www.johncairnsphotography.co.uk

While interest in ethical trading and corporate social responsibility has been growing steadily, the concept of social enterprise has been slow to reach mass consciousness.

Yet, in the same way as environmental sustainability and concern for the planet was catapulted into the spotlight by the looming spectre of negative climate change, the opportunity now exists for social enterprise to take centre stage, prompted by the shock of near global financial and economic collapse perceived to have been caused by individual and corporate greed.

A major shift is taking place in mainstream thinking, prompting debates around the need for more transparent business models, the way money is invested, the resilience social enterprises can give the economy in a recession and the role of social enterprise in maintaining and creating employment.

It is clear that there will be difficulties for some businesses and real opportunities for others. Now is the time for the social enterprise sector to make its voice heard and play a role in moving the thinking forward. It's time to demonstrate entrepreneurial flair and that a market-driven approach can be rooted in social awareness and responsibility. In future we may hope to see such businesses becoming more the norm than the exception.

In responding to an increase in the need for services such as assisting those without work, homelessness and other issues associated with a worsening economy, social enterprises are well placed to play a vital role. Those most heavily dependent on subsidy, however, in the form of grant funding are likely to find their positions most precarious, as central and local government cut back in order to service the debt they have taken on to support the banking infrastructure.

In this region, social enterprises are in a good position. We have a variety of alternative lenders with funding available, as well as a number of specialist individuals and organisations ready with the business and financial expertise to support them in taking advantage of current opportunities. And Voice09 comes to Birmingham next February, giving the sector an unprecedented opportunity to forge new relationships and show what it is, and is capable of, achieving.

The issue now is just how big a role social enterprise can play in the local economy. The belief is that through social enterprise we can grow a diverse and resilient economy that better serves the needs of an increasingly globalised world; one that combines wealth creation with social and environmental justice. Can we turn that into reality? **se**

“It is clear that there will be difficulties for some businesses and real opportunities for others. Now is the time for the social enterprise sector to make its voice heard and play a role in moving the thinking forward.”

What are social enterprises?

Social enterprises are businesses that:

- Trade for social and/or environmental purposes
- Reinvest profit back into the business or other related or unrelated activities
- Have ownership and governance structures based on participation and not for personal gain
- Compete in the market like any other business.

Well known examples include The Big Issue, Cafédirect and Jamie Oliver's restaurant, Fifteen.

Social enterprises are commonly defined as:

“...businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners.”

Voice09: an exceptional opportunity

10-11 FEBRUARY 2009 | INTERNATIONAL CONVENTION CENTRE, BIRMINGHAM



Subtitled 'Social Enterprise: the business revolution', Voice09 is the Social Enterprise Coalition's fifth annual conference for the social enterprise movement in the UK.

Advantage West Midlands, Birmingham City Council and Be Birmingham are sponsoring the event and worked hard to bring it to the region. It offers an exceptional opportunity for social enterprises in the West Midlands to showcase their work, network, catch up on the latest policy matters and thinking on best practice and find out what services are available to support them. Social Enterprise West Midlands will be organising a number

of fringe events to highlight the work of social enterprises in the region.

The keynote speaker will be Robert Eggers, founder and President of the very successful DC Central Kitchen in Washington DC, where unemployed men and women learn marketable culinary skills.

The conference will be addressed by a variety of inspirational social enterprise leaders, senior members of Government and other political parties as well as a wide range of social enterprise experts and practitioners. It will explore the issues key to social enterprises as businesses, what they are and what they stand for, and debate the big ideas for the future of social enterprise and how to achieve

maximum impact. This year's event will have a special focus on pushing the frontiers of where and how social enterprise does business, exploring new business models and ways of working.

Voice has grown considerably over the past five years and the programme for 2009 is shaping up to be the best and most interactive yet. More than 80 exhibitors and 1,000 conference delegates are expected to attend – so it's advisable to plan your attendance and book your place early! **se**

MAKING CONTACT

Voice09 | www.voice09.org

Social Enterprise Coalition | www.socialenterprise.org.uk

Social Enterprise West Midlands | www.socialenterprisewm.org.uk

i **SOCIAL ENTERPRISE COALITION** is the UK's national body for social enterprise. It works with members to inform the national policy agenda, share best practice and showcase the benefits of social enterprise.

Make the news

PRESS THE RIGHT BUTTONS | PRODUCE AND USE PRESS RELEASES EFFECTIVELY

As Voice09 makes its West Midlands debut next year, it's a great time to promote what you do. Press releases can be a highly effective method as they're inexpensive to produce, can help you reach a wider audience, increase your credibility and raise awareness of what you offer. So if you've got some interesting news, here are some tips – from Sarah Louise Taylor at Alpha Communication – to help you:

1. Collect contacts: Think creatively and come up with at least 10 publications, radio stations and/or TV programmes that you'd like to send news to. Call them directly or check their websites to gather the contact details of journalists, editors and news desks.

2. Follow the format: Most releases follow a standard format and should include your logo, the date, a straightforward title, the main story and the name and details of the person who can be contacted for further information.

3. First things first: When writing the main story, include the 'who, why, where, when and what' of your news in the first couple of paragraphs to convey your story quickly and clearly.

4. Keep it concise: Press releases are almost always shorter than two pages of A4 so keep them concise and remove unnecessary text.

5. Stay neutral: It's a journalist's job to write in a voice that's specific to their readership, so use a neutral writing style that's partway between formal and casual.

6. Incorporate quotes: Using snappy quotes from service users, staff members, or other relevant individuals or organisations can add a 'human touch' to a story and create credibility.

7. Call for action: Try to include a clear 'call to action' to potential customers, service users, etc, ie – 'come along and enjoy the event'.

8. Add extra appeal

It may be possible for you to add more interest to your press releases by linking your stories to wider current affairs.

9. Monitor coverage

After distributing a press release, check the media you sent it to for coverage. Collect clippings where possible and analyse which releases have been successful. Compare them with less successful ones so you can learn and strengthen your future efforts.

10. Stay in touch

Maintain contact with the people you send press releases to – if they cover a release, thank them, and if they don't try to find out why. Any feedback you can gain from the media will help you to improve your releases and ultimately help you decide what kinds of stories are newsworthy. **se**

MAKING CONTACT

Alpha Communication | www.alpha-comm.co.uk

Social enterprises illuminated

Last year Social Enterprise West Midlands launched the *Illuminate Social Enterprise* programme, which funded 20 projects all with the core aim of promoting social enterprise as a business model to a wide range of audiences.

Many of the projects produced resources, available free of charge for others to use – ideal for explaining the basics, case study examples and building up useful contacts.

Information booklets

Social Enterprise Making a Difference – Produced by Coventry and Warwickshire CDA.

Starting a Business or Venture the Social Enterprise Way – Produced by Go-Woman!

Unlocking Enterprise: A handbook for social enterprise development in Herefordshire, Shropshire and Worcestershire – Produced by Partners for Social Enterprise.

Audio programmes

Illuminating Social Enterprise – Six radio programmes covering a range of topics for aspiring social enterprises. Produced by Unity FM.

Short films

Focusing on Success, Social Enterprise in the West Midlands – Commissioned by SEWM and Advantage West Midlands.

Integrating Social Enterprise into the Curriculum – Commissioned by the Robert Owen Society.

Social Enterprise in Motion – Produced by BSSEC.

RESOURCES

Available from Social Enterprise West Midlands | www.socialenterprisewm.org.uk/resourcelibrary/ info@socialenterprisewm.org.uk / 024 7663 3911

Leading social enterprise development in the region

Ranjit Bansal Social Enterprise West Midlands



Photo: © John Cairns www.johncairnsphotography.co.uk

Social Enterprise West Midlands has a remit to promote and foster a strong, visible and sustainable social enterprise sector.

As a regional network, we facilitate projects and activities for the benefit of our members, voicing their collective interests at a regional and national level.

Since July 2007, investment from Advantage West Midlands has enabled the network to re-launch and establish itself as the regional body, providing central access to information, intelligence, resources, contacts, and sources of support for anyone interested in developing or working with social enterprises in the West Midlands region.

The support from Advantage West Midlands has been instrumental in enabling us to make such significant progress. From a small policy advisory group, the network has now grown to over 200 members, launched a regional website, organised the region's first social enterprise convention, led on regional consultations advising funders on the business support priorities for social enterprises and held the first open election process for SEWM's executive board.

This has been an exciting period for the region and we will continue to build on this work and support our growing membership. Support for sustainable social enterprise is a key element of the regional development agency's overall approach to

improve the competitiveness and growth of existing businesses and encourage the creation of new businesses throughout the region. High on our agenda is cultivating an environment in which social enterprises can develop and flourish by opening up opportunities and addressing barriers experienced by entrepreneurs.

To this end SEWM will be working to strengthen the capacity to support the development of social enterprises across the region, with the aim of encouraging greater levels of entrepreneurial activity within communities.

This will be achieved, in part, through the new Centre of Expertise for Social Enterprise – one of four centres established by the West Midlands Enterprise Board as part of their Enterprise Strategy, which seeks to encourage an enterprise culture and unlock the region's talent. The other three centres, already operational, focus on women, youth and minority ethnic business.

The Centre of Expertise for Social Enterprise, run by SEWM, is aimed at ensuring better integration of social enterprise into the mainstream policy and practices of business support and enterprise development. The Centre will provide expert advice and guidance on issues affecting business support for social enterprises and assist Business Link West Midlands in the delivery of its work.

So we hope everyone will use our information channels to keep informed and look for opportunities to be involved in what promises to be an exciting year ahead. **se**

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Social enterprise landscape

In the nursery at Bhat Singh Sabha, a social enterprise in Birmingham

QUICK GUIDE | STRATEGIC CONNECTIONS FOR SOCIAL ENTERPRISE DEVELOPMENT

There is a wealth of initiatives and organisations involved in supporting social enterprise in the UK. Our quick guide to the framework for that support starts with government policy which is channelled to regional and local level through a variety of routes.



Minister: In the recent cabinet and ministerial reshuffle Kevin Brennan was made Minister for the Third Sector in the Cabinet Office

Office of the Third Sector

As part of the Cabinet Office, Office for the Third Sector (OTS) sets national policy on social enterprise. Its **Social Enterprise Action Plan: Scaling New Heights** was launched in November 2006. OTS works in partnership with central government departments, local government and 45 'key strategic partners' to support the environment for a thriving third sector (voluntary and community groups, social enterprises, charities, co-operatives and mutuals).

Kevin Brennan, MP for Cardiff West, was appointed **Minister for the Third Sector** in October 2008.

www.cabinetoffice.gov.uk/third_sector

Advantage West Midlands

Advantage West Midlands (AWM) is the Regional Development Agency (RDA) for the West Midlands, one of nine RDAs established by government across England. Its role is to work with a range of public, private and third sector partners to lead economic development in the region and oversee the development and delivery of the **West Midlands Economic Strategy** – the framework of the region's growth.

AWM has been supporting the development of the sector since 1999, when it established the first regional network for social enterprise. The RDA recognises social enterprise as a viable business model that makes a significant contribution to the West Midlands economy and the important role they play in help those traditionally disadvantaged in the labour market, by providing opportunities and delivering better services to deprived or excluded communities.

AWM's approach is to mainstream sustainable social enterprise development and support within the broader enterprise agenda. Delivery of social enterprise and wider business support is primarily through AWM-funded Business Link West Midlands. A range of support to social enterprises is available through this service. AWM funds Social Enterprise West Midlands and other third sector networks including Regional Action West Midlands and West Midlands European Network.

www.advantagewm.co.uk

Business Link West Midlands

Business Link West Midlands offers impartial and expert information, support and advice to businesses and social enterprises in the region, with the aim of helping them to improve their business performance. It works with both start up and existing organisations.

Support to social enterprises includes a range of help and advice for organisations at different stages of the social enterprise journey, including pre-pre-start, pre-start, grass roots community based awareness, engagement/information and specialist advice, social enterprise modules, peer-to-peer support, counselling and mentoring.

www.businesslinkwm.co.uk

Social Enterprise Coalition

The Social Enterprise Coalition is the UK's national body for social enterprise. It represents a wide range of social enterprises, regional and national support networks and other related organisations. It works on behalf of members to showcase the benefits of social enterprise and share best practice. Political engagement has been the bed rock of the Coalition's work in promoting social enterprise and in pushing the issue up the policy agenda. Social Enterprise West Midlands, along with other regional networks and national bodies, sit on the Board of the Social Enterprise Coalition.

www.socialenterprise.org.uk

Social Enterprise West Midlands

Social Enterprise West Midlands is the regional body for social enterprise charged with promoting social enterprise, informing and influencing policy, facilitating network opportunities, and representing its members at a regional and national level. Members include social enterprises, business support agencies, local networks, public sector organisations and strategic bodies.

Elected Board (2008-2010): Freer Spreckley, Local Livelihoods (Chair) / Sarah Crawley, iSE (Vice Chair) / Jean Jarvis, South Shropshire Furniture Scheme / Paul Hanna, Birmingham Chamber of Commerce / Tamy Matanky, Coventry and Warwickshire CDA / John Mawson, University of Warwick / Graeme Perks, Skillbuilders CIC / Steve Walker, Aston Reinvestment Trust / Liz Watkins Young, Partners for Social Enterprise

www.socialenterprisewm.org.uk

Third Sector Research Centre (TSRC)

The University of Birmingham, in partnership with the University of Southampton, hosts the TSRC. It is funded by the OTS, the Economic and Social Research Council (ESRC) and the Barrow Cadbury Trust for five years initially from 2008-2013. Working with third sector representative organisations, including NCVO, ACEVO and SEC, its aim is to carry out world class research that analyses, maps and develops further understanding of the sector.

www.socsci.bham.ac.uk/research/Third_Sector_Research_Centre

Baseline survey for West Midlands

£5.7 BILLION | THE TRADED INCOME FOR THE SOCIAL ENTERPRISE SECTOR IN THE REGION

In order to gain a better understanding of the scale and characteristics of social enterprise across the West Midlands region and its economic value, Advantage West Midlands commissioned a mapping and baseline survey of the sector, completed in April 2008.

To be included, organisations had to meet four key criteria that defined them as social enterprises:

- Their regular, everyday, activities had to involve providing products or services in return for payment
- At least 25 per cent of their funding had to be generated from trading
- They had to have a primary purpose of pursuing a social or environmental goal, rather than generating profit
- They had to be re-investing any profit made in their organisation or community.

The research estimated that there are 5,554 such organisations in the West Midlands, generating a total of around £5.7 billion of traded income each year. They account for approximately 6.6% of all employment within the region, providing more than 156,000 jobs of which over 105,000 are full time. They also support over 210,000 volunteering opportunities.

Around 60% of social enterprises are operating in urban areas. Just over half are serving a local market, one in seven is operating regionally and one in ten is operating nationally. Over 76% are generating more than half of their income through trading and more than two in five expect their income levels to increase over the next five years.

Nearly 40% are working to benefit their local communities, with the remainder dedicated to specific groups such as children and young people (31%), people with disabilities (13%) or those on low incomes (5%).

At nearly 30%, the largest single type of service delivered falls into the cultural, community and faith sector, followed by social work at 18%, sports and leisure at 13% and training and education at 12%. Others include property management, health, finance and business support.



Gateway Family Services' Healthy Heart Service: providing mobile community-based blood pressure testing. Nearly 40% of social enterprises in the region are providing community services.

Photo: © Ian Cuthbert info@cuthbertdesign.com

Almost half are registered charities, a quarter are companies limited by guarantee and a quarter are industrial and provident societies. 36% are run by women and 4% by people from BME communities.

Collaboration appears to be low, with less than one in four organisations working with social enterprise partners in the region on a regular basis. Evidence suggests that those social enterprises that do collaborate experience fewer financial and operational issues.

56% said they had sought some form of financial support over the past five years, primarily in the form of grant funding. Of those that had made applications, over 60% had been successful. Some three in five indicated that they would require financial support in the future. 85% wanted grants, with the remainder requiring a combination of financial management support and help in accessing other kinds of finance.

Only 22% had accessed non-financial support in the previous year. Business Link was the single biggest conduit for this, but other sources included Local Authorities and other social enterprises. Over 20% regarded a lack of non-financial support as a key inhibitor to growth. The main areas in which support is required include: business planning and advice; marketing; training and recruitment; and public sector procurement. **se**

TEN KEY FACTS

- There are an estimated **5,554** social enterprises in the West Midlands
- Together they generate around **£5.7 billion** traded income a year
- They provide over **156,000** jobs and support over **210,000** volunteering opportunities
- Around **60%** are based in **urban** areas
- **36%** are run by **women**
- **4%** are run by people from **BME** communities
- **45%** are **charities**
- Nearly **40%** are delivering **community services**
- Over **76%** are generating **more than half their income** through trading
- Over **20%** regard a **lack of non-financial support** as a key inhibitor to growth

RESOURCES

Full research findings and summary report contact Alison Lawson at Advantage West Midlands | alisonlawson@advantagewm.co.uk / www.advantagewm.co.uk

Community Assets

Carrie Weekes Development Trusts Association

We asked Carrie Weekes, Regional Development Manager for the Development Trusts Association (DTA) West Midlands, to provide us with an update on community asset based development in the region, along with some of the highlights from recent research undertaken for Advantage West Midlands (AWM).

Background

Community Assets are land and buildings that have been created for the benefit of, or transferred to the ownership of, independent, not-for-private-profit community-based organisations – including social enterprises. They act as a focus for regeneration activity, a place for service delivery and a means of strengthening the long term financial viability of the organisations in receipt of them.

The role of the DTA

Asset-based development, through acquisition or transfer, is a key objective for many development trusts and remains central to the Development Trusts Association's work. We have within our membership over £489 million of community-owned assets in the form of enterprise parks, industrial buildings, visitor centres, medical centres, childcare centres, restaurants, office spaces and wind farms amongst others. All are contributing to the regeneration of local economies.

The role of local authorities

Asset transfer of public buildings is key. The Quirk report, published in 2007, looked at how more asset transfer could be achieved. As a result the DTA has been running a demonstration programme to help local authorities to do it successfully. In the West Midlands region, local authorities which have participated include Birmingham, Warwick District, Stoke-on-Trent, Worcester and Herefordshire – with several pilot projects acting as good practice. The next round of the programme will be open for applicants in November 2008.

Community Assets in the West Midlands

AWM commissioned the research to clarify its role in supporting community asset development (alongside partners) in light of the Quirk Review for the purpose of informing the development of a strategy and a specific programme to support community asset development in the region.

In the West Midlands there are a number of successful community asset projects, which have been supported by AWM and funded through a range of mechanisms including the Regeneration Zones (geographical areas prioritised for investment) and the Market Towns Programme. These include the Cottage Hospital in Ledbury – a project to develop managed workspace and housing led by the Ledbury and Area Development Trust, and the Work Space – an old school redeveloped as a multi-use office, conference and nursery facility in Wolverhampton undertaken by All Saints Action Network (see page 20).

What are the success factors?

Our research for AWM identified the following success factors:

- Feasibility support
- Excellent business planning support – the aim is to create community assets NOT liabilities!
- Specialist technical support – including legal and professional services
- Capital – for acquisition and development of buildings and land
- Partnership support – from local authorities and other statutory agencies.

What's next?

AWM is working closely with Birmingham City Council to develop its asset transfer strategy. Part of this activity will be to work with other local authorities in the region to help them to develop their asset transfer strategies.

At the DTA national conference in September 2008, Hazel Blears announced the setting up of a new dedicated Asset



Ledbury and Area Development Trust:
managed workspace and housing development

“Community Assets are land and buildings that have been created for the benefit of, or transferred to the ownership of, independent, not-for-private-profit community-based organisations – including social enterprises.”

Transfer Unit to provide a 'one stop shop' for support and advice on asset transfer. This will be managed by the DTA and their partners and will be up and running in January 2009. There will also be a CommunityBuilders fund of £70 million available from April 2009 and we will be helping organisations to get ready to apply.

This is an exciting time for community assets and we hope to see many more projects developing in the West Midlands over the next few years. **se**

MAKING CONTACT

Carrie Weekes, Development Trusts Association |
c.weekes@dtta.org.uk / www.dtta.org.uk

i THE DEVELOPMENT TRUSTS ASSOCIATION
is a network of community practitioners, dedicated to sharing skills and knowledge. In order to make our mission a reality we aim to help people set up new development trusts, help development trusts work effectively, influence others to support the development trusts movement.

Community Share Issue

Giles Simon Co-operatives^{UK}

If you're a member of a community group or fledgling social enterprise that needs to raise finance for a venture to benefit the community, what do you do? Look for a grant? Or a loan? How about getting the community itself to invest? Co-operatives^{UK} has just published a comprehensive guide to raising finance from the local community through a community share issue. We asked Giles Simon, Communications and Development Officer at Co-operatives^{UK}, to give us the highlights.

Community investment has been used to raise finance for community shops, wind farms, pubs, breweries, football clubs and land. Some have raised several thousand pounds, others millions.

Whilst there is a range of legal options for organising a community share issue, by far the most popular is the Industrial and Provident Society (IPS).

IPS legislation allows an individual to invest up to £20,000 in shares. Shareholders are members of the society and each member has one vote regardless of how much they have invested. Members can stand for election to the board and approve the rate of interest to be paid on shares.

In essence, here is what you do:

1. The germ of an idea

First, you will need to persuade other people that you have a good business idea with a clear social purpose. An IPS requires a minimum of three founder members, and a community share issue usually takes at least a year to organise.

2. Learn from experience

Get advice from others who have done an IPS share issue and specialist support from co-operative development workers.

3. Community support

You will need to win the support of your community for your proposal. Start building this support straight away, but don't start asking for money until your plans are ready.

4. The business case

Develop a clear business case so that people can be confident in the financial and social returns and understand any risks. The business case will be strengthened by engaging your community, as customers, service users or volunteers as well as investors.

5. Capital finance plan

In addition to community investment your start-up capital may include a mix of grants and loans, which will be easier to obtain if you can show you have community support.

6. The community investment proposition

There are technical questions to address with a professional advisor: Withdrawable or transferable shares? What interest rate should shareholders receive? Will the investment qualify for tax relief – a significant inducement for investors?

7. The community investment offer

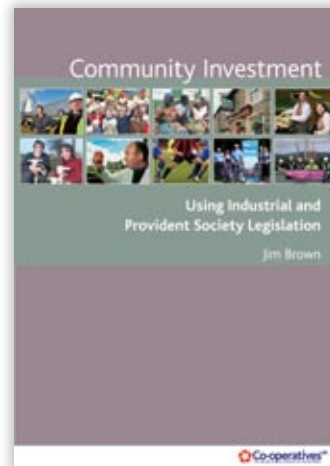
There are more technical questions to address before you make your offer. What sort of offer document should you produce? Do you need authorisation? Should you set a minimum investment level? Will you establish an offer period?

8. Legal registration

You should register your IPS before launching your community investment offer, and you need to choose between registering as a co-operative or as a community benefit society – Co-operatives^{UK} has model rules available and your advisor will help.

9. Launching your community investment offer

Launching a share offer takes time, energy and resources – make sure you can see it through to fruition. **se**



RESOURCES

Co-operatives^{UK} | 'Community Investment using IPS legislation' by Jim Brown, of Baker Brown Associates, is available from Co-operatives^{UK}, either to purchase or to download for free. 0161 426 2941 / www.cooperatives-uk.coop/live/cme2397.htm

Putting the wind in your sails: Community Share Issues have proved a popular model for community renewable energy projects.

Loan finance for social enterprise

Steve Walker Aston Reinvestment Trust



Photo (left): © Ian Cuthbert info@cuthbertdesign.com

Steve Walker, Chief Executive, Aston Reinvestment Trust

In spite of its ready availability, loan finance is not currently being widely used by social enterprises. Dr Steve Walker, Co Chair of BSSEC (Birmingham and Solihull Social Economy Consortium), member of the Regional Finance Forum, board member of Social Enterprise West Midlands and Chief Executive of ART (Aston Reinvestment Trust) answers some frequently asked questions, explaining how to go about securing loan finance and why it can be a good idea. ART lends to social and commercial enterprises in Birmingham and Solihull and has researched and piloted the supply of loan finance to the sector for the last 11 years.

Why would we want loan finance?

Loans can provide a social enterprise with more control over its direction and its future than relying on grant funding. Providing you can meet the repayments – and if you are trading successfully you should be able to prove that you can – they free you from restrictions on use, bureaucratic processes and onerous reporting requirements, as well as the vagaries of changing funding streams.

Loan finance is available for any business activity, including: purchasing, fitting out or refurbishing a building; buying vehicles, machinery or equipment; to assist with cashflow when waiting for grants or sales income to come through; funding growth, eg by paying additional wages; or starting new income-generating activities.

Where would we get it from?

There are a host of suppliers to choose from: the major high street banks – possibly using the Government's Small Firms Loan Guarantee (SFLG) scheme; specialist bankers to the sector – Unity, Charity and Triodos; national lenders such as Community and Cooperative Finance and The Social Enterprise Loan Fund (TSELF); as well as local alternative providers, usually known as Community Development Finance Institutions (CDFIs), which cover specific geographic areas. To find out which of the latter cover your area in the West Midlands see www.fair-finance.net.

What would be involved in applying?

Processes vary but usually start with either a business plan or completed application form. You can get help with producing business plans through Business Link, see www.businesslinkwm.co.uk or from other specialist support agencies and consultants.

Nearly all social enterprise lenders rely on personal visits to see the enterprise and meet the people involved, sometimes both executives and board members.

The key to securing loan finance is really to understand what you want the money for and how much. Explain that simply and also how you are going to repay it. It is also useful to consider what would happen if your plans went wrong and what your contingency might be. The lender will be interested to know!

How much could we have?

This varies from lender to lender, but the range can be from as little as £3,000 to over £1 million. However, expect the latter to be specialists requiring security and a very good plan!

What would the terms be?

As a guide, the smaller loans would be in a range of between six months and seven years. The main issue is affordability and that is what the lender will check. A property mortgage can, of course, run up to more than 25 years.

What if we missed a payment?

It is important not to just take the loan and forget about the lender, who should be seen as a partner. Lenders want you to succeed and by keeping them in the picture, even if a repayment is missed, you should find that you will get a sympathetic response and help. It is much better to tell the lender before it happens that there are problems. They could be the route to additional support for your enterprise, which might be crucial advice rather than funds. **se**

RESOURCES

Start here | www.westmidlandsfinance.com

Try these | www.fair-finance.net
www.businesslinkwm.co.uk

Introductory pack on funding and finance | www.ncvo-vol.org.uk/sfp/Introductory-Pack

Brief Guide to Loan Finance for Trustees | www.ncvo-vol.org.uk/sfp/loanfinance

Unlocking the Potential – a guide to finance for social enterprises | www.socialenterprise.org.uk

There's no doubt that it's becoming increasingly important for social enterprises to be able to provide evidence of the impact of their work. In this special feature, we take a look at the latest thinking on how to do it, an example of a social enterprise that has recently adopted a system with great success and where to go to get help with introducing it.

SOCIAL ACCOUNTING

Alan Kay and Mike Swain
Directors of the Social Audit Network UK

Measuring the common good

If social enterprises claim to operate for the common good then it is essential that we, as a society, can see clearly what benefits they deliver. There are two currently accepted approaches to measuring social impact:

Social Accounting and Audit (SAA) and Social Return on Investment (SROI). Both have their uses and both have different but complementary features to offer.

Social Accounting and Audit

Social Accounting and Audit (SAA) has been developed as a framework to enable more effective organisational planning. It allows an organisation to build on existing documentation and reporting and develop a process whereby it can account for its social, environmental and economic performance and impact and engage in a dialogue with its stakeholders. It then reports on that performance and impact and has these written social accounts independently audited. An action plan based on the report is then used to help the organisation improve its performance as part of its annual cycle of planning. Most organisations keep social accounts for a period which runs concurrent with their financial year, reporting on both processes at their AGM.

Social Return on Investment

Social Return on Investment (SROI) is an approach that tries to understand and manage an organisation's activities through a process which tracks the impact of investment. Like Social Accounting and Audit, it makes use of the opinions of stakeholders. However it focuses on putting a financial value on the important impacts identified by those stakeholders, which do not necessarily have market values. The end result of an SROI exercise is a number expressed as a ratio identifying the value that a funder can get from every

£1 that it invests in the organisation. It does also 'tell a story' and has a number of shared characteristics with social accounting. A combination of the story and number shows how one can understand the social value created and how it can be managed.

Common ground between the two approaches

Earlier this year, supporters of SAA and SROI met and identified six common principles and one additional each for SAA and SROI. They are:

- **Stakeholder engagement** – engage with and consult stakeholders.
- **Scope and materiality** – acknowledge all the values, objectives and stakeholders of the organisation before agreeing which aspects are to be included in the social accounting process.
- **Understanding change** – articulate clearly how activities work to achieve the stated objectives of an organisation and evaluate this through evidence gathered.
- **Comparative** – make comparisons of performance and impact using appropriate benchmarks, annual targets and external standards.
- **Transparency** – demonstrate the basis on which the findings may be considered accurate and honest; and show that they will be reported to and discussed with stakeholders.
- **Verification** – ensure appropriate independent verification of the social accounts.
- **Embedded (SAA only)** – ensure that the process of Social Accounting and Audit becomes embedded in the life cycle of the organisation.
- **Financial proxies (SROI only)** – use financial proxies for indicators in order to include the values of those excluded from markets in the same terms as used in markets.

Some differences

For Social Accounting and Audit, the approach used is strategic. Its purpose is to provide the social enterprise with a planning tool that helps it to take a view year on year about how it is

performing. Social accounting, because it offers a 'framework approach', also allows for other social impact measures such as Investors in People and PQASSO to be incorporated into its report. It includes external verification.

For SROI, the aim and purpose of the current approach is linked to the idea that a financial indicator may be found for a change that is achieved (sometimes using a proxy if no actual indicator is available). The approach is therefore much more about determining the value of investment based on proxy indicators across one or more projects that the organisation operates linked to the investment made by external funders. SROI has not yet developed any external form of verification.

Value to funders and investors

SROI is attractive to investors, funders and contractors, especially in the public sector, because it speaks the language of business and gives them a number. SAA demonstrates that the organisation has a clear understanding of what it does and that it can demonstrate that its stakeholders are fully engaged in influencing change in the organisation across all its objectives. **se**

MAKING CONTACT

Social Audit Network | www.socialauditnetwork.org.uk
Social Return on Investment UK Network | www.sroi-uk.org



Photo: Stan Fairgrieve/istockphoto.com

Get into pole position with social accounting: Go karting for young people is just one of the value-added activities which make Bloomsbury Cyber Junction's social balance sheet add up.

BCJ accounts for itself

Bloomsbury Cyber Junction (BCJ), based in Nechells, Birmingham, has recently adopted a system which incorporates both SAA and SROI.

BCJ was set up in 2000 by local residents to provide a centre for computer-based activities and learning and to boost employment opportunities for local people. It now works with nearly 700 teenagers and adults each year, offering training, computer courses, advice, guidance and youth activities.

"Our system takes into account the social and economic impact of our work with individuals, as well as our environmental impact," explains Heidi Harris, who led BCJ's introduction of the process. "It only took us six months to implement and we are now able to demonstrate the value of our work with facts and figures, which is important to our partners and users as well as to funders and customers."

"Take Freda, a recent client, as an example. She was very nervous and quiet when she enrolled on our Level 1 CLAIT computer course, but during the course she gradually became more confident, her self esteem and communication skills improved and she successfully completed the course. She is now working part-time in an administration role and is more financially independent."

"The social benefit for Freda can be documented using corroborative statements from those who know her and are working with her. The

economic return on what has been spent supporting Freda can be calculated using a recognised formula. The investment in Freda's training and support was £3,657, the added economic value, factored over a five year period, totals £33,086, which equates to an SROI of £9 – ie a return of £9 for every £1 spent."

For some of BCJ's other services the SROI works out far higher. For young people who return to education or gain employment, for example, the SROI is nearly £40 for every £1 invested. Overall for all services, BCJ can demonstrate that it has an SROI of over £20.

Having become interested in social accounting as part of its continuous quality improvement programme, BCJ was able to enrol on a training course run by the social enterprise support agency iSE. "This provided us with valuable assistance," says Heidi.

Sarah Crawley, Chief Executive of iSE and Co-Chair of BSSEC (Birmingham & Solihull Social Economy Consortium), believes it is essential to widen adoption of social impact techniques in the third sector. "The government is increasingly interested in social impact measurement and wants to see more organisations able to evidence the impact of what they do. At the moment, far too few social enterprises can," she says. "It is particularly crucial for those who want to take advantage of growing opportunities to secure work from the public sector." **se**

“It only took us six months to implement and we are now able to demonstrate the value of our work with facts and figures.”

MAKING CONTACT

Ceciel Harris at BCJ | 0121 250 5533 / ceciel@bcjunction.org / www.bcjunction.org

Getting started

iSE is the lead agency in the **Birmingham Social Accounting Network** and a member of the West Midlands Social Accounting Cluster. Social enterprises wishing to learn more about social accounting can be supported through iSE's new Social Enterprise Hub. Contact David Lane on 0121 771 1411, email david.lane@i-se.co.uk or see www.i-se.co.uk

Support is also available from the **West Midlands Social Accounting Cluster**, which is the regional representative of the Social Audit Network. Contact Iftikar Karim on 01902 556680, email iftikar.k@asan.org.uk or see www.asan.org.uk

GROWING, LEARNING

Since its launch three years ago, the Community Interest Company (CIC) model has come under much scrutiny from within the social enterprise sector – not least in recent months following the sale of ECT Recycling CIC to a private company. Here, CIC Regulator SARA BURGESS talks to SE about its success so far and highlights some of its key challenges for the future.

"The Community Interest Company model has been incredibly successful, with the number of registrations exceeding all expectations. There are over 2,000 CICs operating today in various sectors including environmental improvement, community transport and fair trade.

"A recent landmark for the sector has been the introduction of the CIC forum, which has been organised by the Social Enterprise Coalition to provide an opportunity for those involved with CICs to discuss some of the key issues they face, increase collaboration and share best practice. At the first forum event, held in London in May 2008, attendees identified the need for greater recognition of the CIC model as a trustworthy brand in order to generate confidence amongst funders, and the need for greater recognition of the model across all levels of government. These are both issues we're seeking to address

by more widely promoting the model. In particular we've been talking to local authorities about what can be done to enable funding for CICs. We're also talking to some universities and colleges, to get CICs onto their agenda, and have made connections with regional development agencies to push forward the model.

"There's a waiting list to join the forum, so there's clearly a need, but what's so positive is that CIC's are talking to each other locally by holding events and networks and more recently an association of CICs has been established. As CIC Regulator my tasks are to deliver the legal duties required of my position, promote the model, and protect the model to ensure it's not abused, however I'm also personally very passionate about CICs so would be interested to see an independent body taking up a campaigning role.

"Undoubtedly the model will continue to evolve as we're still learning. In response to feedback and discussions, we're now looking at ways to make minor tweaks to it.

"Tax relief is a key discussion topic. The CIC model doesn't enjoy the same tax advantages as a charity, because CICs are competing in a commercial world and so it would give them an unfair advantage. However, we are looking at the possibility of at least helping CICs with tax in their early stages.

"There's also an ongoing debate about the limitations of the dividend cap and the barriers that may create for private investment. Opinion is divided as to whether it's a positive or a negative factor. Those opposed to it are generally potential investors. Our view is that the dividend cap is part of the CIC statement and serves to protect the asset lock, thus making it fundamental to the model. However it's something that we'll keep looking at and the forum will ensure that it continues to be debated openly within the sector.

"Developing the dual opportunity of both funding and trade income is also a challenge for some CICs, and while it's great that some are able to access funding and grants, as CICs it's important that they also look at ways of developing different income streams to ensure their long-term sustainability.

"The take up of the CIC model limited by shares is much less than that of the CIC model limited by guarantee and we need to encourage more companies to look at that option and not be frightened of it. A lot of people don't recognise the benefits of investment of shares and some funders can be hesitant about companies limited by shares, because they assume they're making private profit whereas this isn't the case with the CIC model. Again, this is an area where increased awareness is needed.

What are CICs?

Community Interest Companies

(CICs) were introduced by the UK Government in 2005 – the first new legal structure in over a century. They can be limited by guarantee or by shares and are intended to provide the flexibility and certainty of the company form, but with some special features to ensure they are working for the benefit of the community. For example:

- Their assets are locked to prevent demutualisation and windfall profits from being paid to directors and members without

the balances and checks of mutuality and charitable status.

- If a CIC is dissolved, its assets must be transferred to another asset locked body, such as a charity or another CIC.
- An annual report must be placed with companies house for public scrutiny.
- Its founders can both sit on the board – retaining strategic influence and control – and be paid.
- Directors' pay and dividends payable are regulated.

Are CICs being kicked out?

The Charity Commission and Office of the Third Sector are consulting on another new structure, the Charitable Incorporated Organisation (CIO). We asked legal expert SIMON LEE, of Anthony Collins Solicitors, a few key questions about it.

Why have CIOs?

To understand the CIO, you first need to understand 'limited liability'. This concept treats an organisation as separate in law

AND EVOLVING

"Regarding recent developments involving ECT Recycling CIC, the view of the Regulator is that the CIC operates in a commercial environment and this is business. I will be monitoring the situation closely to ensure that the new owner observes the responsibilities placed on the

company as a CIC. However as far as the law and regulations are concerned we do not see that there has been any breach.

"In the future we'd like to see more detailed social reporting from CICs than they are legally obliged to provide. As well as documenting the social benefits

delivered, social auditing can help CICs progress and develop by monitoring their performance. Generally, we'd like to see more CICs blowing their own trumpets!" **se**

MAKING CONTACT

CIC Regulator | www.cicregulator.gov.uk



Skillbuilders: Rory Bunting and Andy Link at Riverside Inn, Ammestry, Shropshire.

“Developing the dual opportunity of both funding and trade income is also a challenge for some CICs, and while it's great that some are able to access funding and grants, as CICs it's important that they also look at ways of developing different income streams to ensure their long-term sustainability.”

i **SKILLBUILDERS CIC** supports the next generation of artisans, providing structured vocational training for young people in traditional artisan crafts such as food production and cookery, traditional business skills and furniture manufacture. www.skillbuilders.org.uk

from the people who run it. Therefore unless (broadly speaking) the directors behave criminally or so carelessly that they are negligent, then the organisation alone remains responsible for any debts or other liabilities that it incurs.

Companies have limited liability but charities (in themselves) do not. Understandably trustees can be nervous of taking on potentially unlimited liability, so many charities are also companies. This gives limited liability, but means that an organisation must send annual returns, accounts and other papers to Companies House (which regulates companies) and a separate set of documents to the Charity Commission. The CIO will give a charity

limited liability without it needing to also become a company. The CIO will only be regulated by the Charity Commission.

When is it the best option for social enterprise?

The right legal structure for any organisation depends upon a variety of factors, such as aims, objectives, source of funds, and how the surplus is to be spent. On this basis, the CIO (when available) should be considered alongside other options for social enterprise, such as a company (whether or not a CIC), or a co-operative. Conversion to (or from) a CIO will often be possible so it's not set in stone and can change as an organisation evolves.

The end for CICs?

CIOs are different to CICs and are an alternative not a replacement. Also, current law says that you cannot be both a charity and a CIC: it is either or neither. It is not expected that this will change with CIOs.

RESOURCES

The Charity Commission | www.charity-commission.gov.uk/registration/charcio.asp or 0845 015 0010 and quote 'URN 08/Z2'.

MAKING CONTACT

Simon Lee, Anthony Collins Solicitors: more on CIO or legal advice on social enterprises | simon.lee@anthonicollins.com / 0121 212 7451

GET A FRESH PERSPECTIVE

GRADUATE
WORK
EXPERIENCE
PLACEMENTS

Taking a graduate on a short-term work experience placement can inject new ideas and enthusiasm into your enterprise and help you to tackle projects or backlogs that you just haven't had the time to get around to.

Graduate Advantage is a not-for-profit initiative, funded through Advantage West Midlands and supported by 12 of the West Midlands' universities. The Graduate Advantage team, based at Aston University, will work with you to develop a vacancy, advertise and promote it, search out suitable candidates and create a shortlist for you – free of charge. Placements can be from four weeks to 12 months in length and can be either part-time or full-time. You will need to arrange a rate of pay for the student or graduate, and Graduate Advantage will advise on appropriate rates based on skill requirements and affordability.

Doula Consultancy Services, based in Coventry, has recently taken on two students to improve its marketing communications and would highly recommend the experience.

A doula is a childbirth partner who provides support to the mother before, during and after the birth. Doula Consultancy Services operates across the UK and is unique in using its profits to enable women who are socially disadvantaged to access doula care and training.

As a new social enterprise, the company wanted to raise its profile across the UK. The staff, whilst being experts in their own field, lacked strategic marketing and business know-how. So they decided to look for graduates with the

appropriate skills to review their current offer and make recommendations.

Rachel Negro and Harpreet Bhopari were sourced through Graduate Advantage. They were studying Business Management and Marketing Management respectively at Coventry University and were taken on for six weeks during the summer of 2008.

Drawing on their academic knowledge, Rachel and Harpreet quickly carried out a review, identified a variety of cost-effective marketing communications activities that would help to raise Doula Consultancy Services' profile and set about implementing them. These included: copywriting direct mail shots; organising involvement in the National Childbirth Trust Awareness Day; running a promotional coffee morning; creating and placing press advertisements; rewriting the Doula training manual; contacting national baby and pregnancy focused companies; and updating Doula's online presence.

Marcia Blackstock, Managing Director of Doula Consultancy Services, was amazed by the range of work achieved. "They made such a lot happen in a short space of time," she says. "Even before the end of their six weeks we noticed an increase in enquires, because more people knew about us."

Rachel and Harpreet have really left their mark, providing a business and marketing plan to ensure that the momentum continues. Key relationships have been instigated and communication continues. Marcia feels that the founding members of the team were "too close to the business. It needed a fresh perspective to critically analyse and make sense of

the improvements that were needed. They have done this and more."

Doula's relationship with Rachael and Harpreet is set to continue. Rachael is investigating the industry for her dissertation, whilst Harpreet will be returning on an ad-hoc basis to continue on special projects. Both candidates exceeded expectations, not just with their theoretical knowledge but, in Marcia's words, with their "flexibility, eagerness, willingness to research and understand. They grasped the key principles then ran with them".

Regeneration placements

If your organisation is in the regeneration sector, RegenWM also offers a placement service for graduates and undergraduates in the West Midlands. Again, RegenWM will work with you to put together a suitable placement, tailored to meet your needs. They then circulate an advert to graduates or undergraduates registered on their database, help to co-ordinate the recruitment process and can provide informal support when the placement begins. In this case there is no fixed type of placement, location or duration. From eight week placements to permanent jobs, from paid to voluntary, it's up to you – and the service is free. **se**

MAKING CONTACT

Graduate Advantage | www.graduateadvantage.co.uk/enquiries@graduateadvantage.co.uk / 0121 204 4767

RegenWM | www.regenwm.org/elaine.bird@regenwm.org / 0121 202 3260.

BUSINESS LINK COMES UP TRUMPS

Birgit Kehrer has been gardening since she was five and a vegetarian cook for about 20 years. She had an idea to turn her twin passions into a business, but wasn't quite sure how to go about it. She was introduced to Business Link via Sandwell Women's Enterprise Development Agency (SWEDA) – a social enterprise – and has described the help she received as “second to none.”

Having been through the initial ‘Diagnostic’ assessment, Birgit was allocated business adviser Jo Burrill. The pair worked through a business plan, financial forecasts and how to translate what Birgit was already doing into a business. She also attended a course to really pull everything together – and BSustained was born.

The business involves taking fresh fruit and vegetables, including Birgit's own home grown organic produce, to schools and community centres and giving cookery demonstrations that teach people how to prepare and eat healthy food on a budget.

“I suppose I'm a female version of Jamie Oliver,” Birgit says, “trying to connect to people from all backgrounds. My main passion is healthy living and especially the five-a-day message for people on a budget. I work with all sorts of groups from homeless people who have recently been re-settled, to single parents, people on low incomes right through to schoolchildren and their parents. I choose not to drive so when I go to the workshops, I walk there and wheel all the food in my trolley – or my moving office as I like to call it.”

“I suppose I'm a female version of Jamie Oliver, trying to connect to people from all backgrounds.”

Grow your own: Birgit Kehrer (right) on her allotment with Business link advisor, Jo Burrill

Jo comments: “Birgit has touched on a really sound, but simple, business idea. Healthy eating is big on the agenda and the work she does in the community is always warmly received.”

Birgit is looking at a range of ideas for future expansion, including after-school clubs, which parents can attend to learn how to cook healthily rather than relying on quick-fix, convenience meals. She has worked with some schools to set aside plots for children to grow their own vegetables and has found allotments to grow the food for her other community groups.

Birgit is currently in the process of turning BSustained into a social enterprise. “It is important to me to put something back into the community rather than taking all the profit out of the company,” she says. **se**

MAKING CONTACT

BSustained | www.bsustained.co.uk

Business Link

If you are thinking about starting up a new social enterprise, or changing an existing business into a social enterprise, Business Link offers:

- Relevant, up-to-date information
- Taster workshops
- Foundation for business training courses
- Specialist training related to key aspects of setting up and running a social enterprise
- One-to-one guidance
- Ongoing support

MAKING CONTACT

If you're think about starting a social enterprise | 0845 113 1234 for a free start-up pack or visit www.leapstart.co.uk or text the word leap to 80010.

Existing enterprises | www.businesslinkwm.co.uk

“The programme has shown that social enterprises can have confidence in their business capability, as well as in their service delivery skills, and ultimately it's demonstrated that when enterprises speak with one, clear voice, better results are achieved for all.”

Learning from the
REALiSE project.

STRENGTH IN NUMBERS

As one of the largest initiatives of its kind in the West Midlands, the REALiSE social enterprise support programme has been keenly observed by those both inside and outside the sector since it was launched in 2007.

The programme has a clear mission – to improve the capacity, capability and competitiveness of social enterprises operating in some of the most deprived areas across Birmingham and Solihull. However, while its core aim is similar to that of many programmes across the UK, what's unique about REALiSE is its approach.

Delivered by Birmingham Chamber of Commerce, the main focus of the programme has been the creation and development of 'micro-clusters' which are essentially groups of emerging, new and well-established social enterprises that operate in the following sectors: employment and training; health and social care; environment and sustainability; business support; and education, culture and sport.

Each of the clusters is led by pioneering social enterprises and, with ongoing support from the Chamber, cluster

members have been working together to develop inter-trading agreements, form tendering partnerships to help them bid more effectively for public sector contracts, and design and deliver projects that support and promote social economic renewal in the community. All of the participating enterprises also have access to specialist business advice as part of the programme and are encouraged to network and share best practice.

Shariat Rokneddin of Birmingham Chamber of Commerce says: "REALiSE is piloting clustering among social enterprises. It has been tried in the private sector for many years with varying degrees of success. In the private sector it is normally either focused on R&D, to reduce the cost and the risk, or occurs during difficult market conditions. Collaboration stops when profits are threatened.

"This is not the case with social enterprises, which are focused on delivering their outputs, for example jobs, education, health and a better quality of life for those facing some sort of disadvantage. Collaboration amongst social enterprises enables them to offer a complete service to their customers

and makes it easier for the customer to buy from them. A larger group of social enterprises also reduces the risk of non-delivery from the customers' perspective, both in terms of capacity and financially.

"Another important outcome of clustering in the social enterprise arena is the business development that results through learning from one another. This manifests itself through achievement of quality standards when one organisation helps the other. Of course, social enterprises still have to be commercially aware and balance the books. But as an observer, it seems to me that, clustering has much further to go amongst social enterprises than in the private sector."

With a budget of £9million, part-financed by the European Regional Development Fund, expectations of the programme have been high, but as a pilot it's the lessons learned that will be of particular interest to the sector when the programme draws to a close later this year.

Tessa Griffiths of Future Health & Social Care CIC – lead of the Health and Social Care cluster – explains: "Most of the cluster members have benefitted from being involved with the programme in



Jericho Foundation's repair and maintenance team at work

a variety of ways, particularly those that are making the journey from charity to social enterprise. It can be difficult to get groups of enterprises to work together and it takes time to establish trust, develop relationships, and find a common base. One of the big advantages, however, is that the programme has created a dialogue between many like-minded organisations and there will be continued collaboration after the programme ends."

The programme's success stories to date include the launch of a Social Enterprise Hub in Birmingham. Designed and developed by i-SE, the lead of the Business Support cluster, the Hub draws together the expertise of cluster members and offers high quality incubator space, meeting and training rooms, a library of resources as well as business support services for new and existing social enterprises and trading voluntary sector organisations in Birmingham. The Hub was officially opened by Councillor Paul Tilsley, Deputy Leader of Birmingham City Council, on 25 September 2008. Speaking at the launch, Sarah Crawley, Chief Executive of iSE, said: "We have been dedicated to growing the social economy for the past 10 years. It's been

challenging, but I feel that our time has come. The Hub really enhances our offer and will help us to build capacity in the sector. The next three years will be exciting as we prove to you all what we can do."

Members of the Employment and Training cluster have also made some key achievements as a result of working together. Steven Simpson of the Jericho Foundation, which leads the cluster, says: "The cluster brings together the specialist services of 15 leading social enterprises and the members now inter-refer and ensure that clients needing support get the right intervention quickly. The cluster recently won a tender with the Learning and Skills Council for the delivery of outreach and bespoke training provision and has established an ethical employment agency that provides a cutting edge service that matches unemployed people from disadvantaged backgrounds to employment opportunities in the Birmingham area."

As well as direct programme outcomes, clustered working is also creating benefits beyond its remit. Anita Halliday of St Paul's Development Trust, lead of the Education, Culture and Sport cluster, says:

"Beyond any doubt, member agencies – 20 in our cluster – say that the finance that has come to their groups and to the services for their clients, has been the major advantage of clustering. Thus, they have found that big contracts or commissions through a consortium are a route to investment income."

"However, as an additional outcome, the programme has shown that social enterprises can have confidence in their business capability, as well as in their service delivery skills, and ultimately it's demonstrated that when enterprises speak with one, clear voice, better results are achieved for all." **se**

MAKING CONTACT

REALiSE | www.realiseonline.org

Birmingham Chamber of Commerce & Industry | www.birmingham-chamber.co.uk

Future Health & Social Care | www.futurehsc.com

iSE | www.i-se.co.uk

The Jericho Foundation | www.jcp.org.uk

St Paul's Community Development Trust | www.stpaulstrust.org.uk

As part of a series of case studies highlighting successful social enterprises in the West Midlands, here we look at **All Saints Action Network (ASAN)** and find out how the organisation has undertaken a large-scale development project that aims to positively change the future of its entire community.

ASAN is a community development trust that seeks to improve the quality of life for those who live and work in and around the All Saints area of Wolverhampton.

It was initially established by a group of local residents in 1995 that were collectively passionate about making a positive difference in their community. It has since grown into an organisation with around 30 employees and a turnover of £1m.

ASAN's four main objectives centre around: improving local services, developing enterprise, training and capacity building, and creating a sustainable approach to all of its activities. To help it achieve the latter objective, ASAN established a wholly-owned trading subsidiary that drives forward its business activities, and one of the biggest remits has been the development of a community-owned asset base. In pursuit of this, the organisation sought to acquire a local former primary school from its local authority that had become surplus to their requirements in 2001 due to falling rolls.

Mike Swain, CEO of ASAN, says: "At the time when the school premises became available, we were already in the process of looking for suitable assets to acquire locally that we could use to provide

valuable services to the community and strengthen our sustainability.

"As the school is adjacent to ASAN's Southside Sports, which are all weather flood lit facilities, we felt that the building could be used to complement the sports facilities and offer further community space. It was an ideal building for us."

In 2002, ASAN developed a feasibility study and a business plan outlining the viability of the premises as a managed workspace that could be used by voluntary and community organisations, small start up businesses, and training organisations. It also outlined that as well as providing affordable workspace units, it would offer business support, conference facilities and childcare on site.

Mike says: "Key to the thinking behind the planned development was the desire to create space for local entrepreneurs as well as a focus for community enterprise in Wolverhampton."

Following its careful planning process, negotiations with the then owner of the school, and with significant grant aid from Advantage West Midlands, ASAN finally secured ownership of the building in 2002. This however, was only a small step towards realising its aim to create 1,200sqm of refurbished managed workspace and

2,000sqm of reclaimed land, along with the creation of 11 new jobs and the provision of skills development training for 420 people in the local area. ASAN also envisaged that its new premises would be used to help it assist around 18 local businesses and create 35 childcare places.

The next, and somewhat sizeable, task for the organisation was to raise enough funding to refurbish the premises and implement its plans. After a lengthy and complex process of seeking and securing funding, five years after acquiring the building ASAN finally achieved the mammoth task of pulling together the public funding it required.

Mike says: "The overall funding we've needed for the purchase and refurbishment has come to around £2.3m, and we've secured this from a number of sources including the New Deal for Communities programme, Advantage West Midlands, Wolverhampton Network Consortium, Sport England, Early Years Partnership, a combination of loan and grant finance from the Adventure Capital Fund, and some of ASAN's own reserves. From this process we've learned that it's essential that an organisation embarking on such a large development project needs to have a reasonable understanding of how

THE BIG

1995

ASAN is established by a group of residents angry at the closure of the Royal Hospital and determined to make changes to their community.

2000

First member of staff employed to co-ordinate a programme of activity.

2001

First formal business plan developed.

2002

First social accounting and audit process completed. ASAN takes on management of the now empty All Saints Primary School.

2004

Lease negotiated with City Council on land adjacent to school and all weather flood lit sports facility built with funds from Sports Lottery and Advantage West Midlands.



Mike Swain, ASAN's chief executive, on-site with contractors at The Work Space

IDEA

to manage complicated funding packages and complex requirements from funders.

"We've also found that it's occasionally necessary to bring funders together to discuss the project and that confidence in your capacity to manage the funding is key to ensuring that this can work."

In 2007, ASAN put the refurbishment contract for the former school premises out to tender, and in October that year the work began. Less than 12 months later the premises were open for business and, what's now aptly named The Work Space, is providing space for local entrepreneurs to start new businesses, as well as a base for the All Saints Children's Centre which includes a new nursery.

Mike says: "It is clear that attracting this level of investment to the project and the resulting uplift in terms of the local environment is very important to the future wellbeing of the local community. The Work Space is a key investment in the area offering local people both competitively priced childcare and infrastructure for business on their doorstep." **se**

Speaking from experience

Some snippets of valuable advice from ASAN for any enterprises considering a large-scale development:

- Develop a clear strategy that outlines what you want the project to achieve and how it will meet these objectives - this is essential in helping you stay 'on track' throughout what could be a long development period.
- Produce a thorough feasibility study to map out if and how the project will be viable - this will help you to decide whether or not to pursue the project. It will also largely form the basis of a business plan, which you'll need to produce to secure finance.
- Appointing a project champion is critical - somebody needs to take responsibility for keeping your organisation focused on the project and ensuring that stakeholders are engaged in the project.
- Be prepared to wait! Large-scale projects often take a great deal of time to come to fruition, but ultimately it's better to allocate the time needed to deliver a successful project, than rush development and fail to meet your objectives.
- Don't give up! There will be plenty of challenges along the way but if you believe in the project, have a clear strategy, and support from your stakeholders, you'll get there in the end.
- Keep everyone informed - ensure that you establish clear communication about the project and its developments to all stakeholders and ensure they're not left out of the loop.
- Ensure that you have the knowledge and capacity to manage complicated funding packages - for larger projects it's often necessary to bring together different groups of funders and this requires careful organisation.
- Integrity it everything - it's important that as many stakeholders as possible perceive the project as important if they're to stay on board.

2005

Negotiations commence to purchase school buildings using funds from Advantage West Midlands.

2006

School purchased with a funding package from the local New Deal for Communities programme (ABCD), the Adventure Capital Fund, Sport England and the European Regional Development Fund.

2007

The refurbishment works go out to tender and a contractor is appointed.

2008

By September 2008, the building works are completed and ASAN moves into its first capital asset.

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