
EVALUATION OF THE SUPPORT FOR ENTERPRISING COMMUNITIES PILOT PROJECT

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Introduction

This report evaluates a set of pilot projects supporting social enterprises. It was co-ordinated by Department for Education and Skills with the DTI Small Business Service/Social Enterprise Unit, Office of the Deputy Prime Minister and the Active Communities Unit in the Home Office.

Social enterprises are defined by the Government, as "businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners." (DTI, 2002).

The central aim of the project has been to assess the quantity, quality, and accessibility of the support available to social enterprises. Where this is lacking alternative approaches were examined by each of the four pilots. The pilot projects covered support for social enterprises with a variety of different objectives including supporting ethnic minority women, reducing social exclusion in ex-coalfield areas and improving services and economic opportunities in rural areas. A fourth pilot worked with larger social enterprises which were selected for their potential and willingness to achieve rapid growth particularly through procurement of public sector services.

Key findings

- Social enterprises have a wide range of impacts on deprived areas and groups in terms of services provided, employment and building social capital. Appropriate support can expand their impact considerably
- The long term prospects of social enterprises are strengthened through improved pricing strategies and marketing. These issues are similar to other small businesses but support needs to be adapted to a social enterprise context.
- Building skills and confidence is best delivered through counselling and advice, with group training being more appropriate for developing technical or sector specific skills.
- There is a need to further develop the skills and experience of those delivering support to social enterprises through training programmes and sharing experiences.
- Co-ordination of the wide range of support for social enterprises requires a trusted broker that does not also compete in the provision of support

Existing support provision

There is a wide range of support provision for social enterprises, including:

- Specialist social enterprise support organisations, voluntary and community sector support organisations.
- Sector specialist organisations operating at regional or national scales.
- Mainstream business support organisations such as Business Link Operators, enterprise agencies and
- Colleges, further/higher education institutions and training organisations funded by Learning and Skills Council, often offering sector specific training.
- Public sector bodies such as Regional Development Agencies, local authorities and county councils are also involved through setting local policies and provision of funding support.
- Support from private sector solicitors, accountants and specialists consultants is very important, although banks involvement with lending is minimal at present.

However, the level of support varies dramatically with geographical gaps and duplications occurring particularly where there has been short term funding for specific support measures.

Evaluation methodology

The project has developed a range of participatory evaluation tools and criteria. These are designed to include the views of the recipients of the support, and to track the changes in behaviour within supported social enterprises. Changes in the performance of social enterprises were measured with a view to evaluating both social and economic services offered, employment impacts and wider benefits to the communities in which the social enterprises operate. Those delivering and receiving support were given the opportunity to contribute to the design of the evaluation and the analysis of the results.

Summary of impacts

Despite the short time between support delivery and evaluation, there has been a considerable impact on the behaviour and performance of social enterprises. To a large extent these impacts have been of a qualitative nature such as improved skills,

self confidence and wider community benefit through delivery of services and increasing social inclusion. Some quantitative measures can also be drawn out as shown in the table below.

Table 1. Preliminary quantitative impacts attributed to the support (three months after the end of the support)

	Wider Market Focus Pilot	Rural pilot	Coalfields pilot	Black and Minority Ethnic pilot	Total
No of social enterprises supported	7	14	15	14	50
No of social enterprises reporting behavioural change	5	9	14	10	38 (75%)
No of social enterprises reporting incr. financial sustainability	5	7	9	4	26 (51%)
Total number of new jobs	36	16	3	4	59 jobs
Full time equivalent jobs	24	13	2	4	43 jobs

NB. These figures refer to the impacts that recipients felt were partly attributed to the support, or where support had encouraged the changes to be made sooner and to a greater extent.

Lessons and recommendations

Support required

1. Social enterprises involved in this project had not actively sought out social enterprise support but benefited from the support after being identified and approached by support providers.

Recommendation 1. There should be more proactive promotion of social enterprise approaches to existing voluntary organisations and those thinking of starting an organisation

2. Skills such as bookkeeping, marketing and pricing services were found to be lacking. These issues are also commonly found in mainstream micro-business. Training and advice needs to be adapted to meet the needs of social enterprises as they may be representing a wide range of different stakeholders, reinvesting their surplus and combining social and

environmental aims. Rural social enterprises face particular constraints in relation to the limited size of their local markets. In coalfield areas, this is aggravated by concentrations of considerable poverty.

Recommendation 2. Social enterprises in their early stages require micro-business financial skills adapted for a social enterprise context

3. The pilot projects found that confidence building was particularly important for those setting up organisations or under financial pressure. This was particularly important for voluntary staff and board members who may not have previous business experience.

Recommendation 3. Confidence building is especially valuable and requires longer term involvement of advisers

4. Many of the larger social enterprises were involved (or attempting to be involved) in delivering services for local authorities. In principle, social enterprises can offer additional value over conventional businesses because of their wider social aims. However, local authority staff may not recognise this or be unclear of the legal position when considering higher priced offers. Social enterprise also require financial support and advice in preparing bids.

Recommendation 4. Procurement of contracts from local authorities offers potential for rapid growth of social enterprises although there is a need to raise awareness of the social enterprise model amongst local authority officers.

5. Social enterprises were found to bring a wide range of social benefits and contribute to social inclusion. These impacts need to be recorded and presented to customers and policy makers in order to demonstrate the value of using the social enterprises' services in future. Social auditing is one approach for doing this.

Recommendation 5. Social enterprises should be encouraged to demonstrate their wider positive impacts to customers, and policy makers

Delivery of support

6. In each of the pilot projects distinctions were made in the type of support. Three types of support were identified as being important: enterprise counselling, social enterprise specific support, and sector specific advice. The pilot projects found that one to one enterprise counselling support had a greater impact than group training programmes, although such counselling requires frequent visits and continuity. While social enterprise experience and knowledge of different types of social enterprise models is significant, this project has shown that it is more important for support providers to have good counselling skills, the ability to listen and empathy. Counselling approaches tend to be more expensive than less intensive forms of support and may require the limited resources for social enterprise support to be targeted.

Recommendation 6. Building up management skills is best carried out through counselling and advice.

7. Support from someone with knowledge of technical aspects of the social enterprise forms and management is particularly important for those organisations that are starting or aiming to grow rapidly. This support can come from a specialist adviser or from the person delivering counselling or sector specific support.

Recommendation 7. Specialist social enterprise advice is needed for developing legal structures and organisational forms

8. Sector specific support is easier to deliver through group training and was found to be provided to employees and volunteers by existing training programmes delivered by colleges, universities and other training organisations. Smaller social enterprises reported difficulties in covering for staff undertaking training away from the workplace.

Recommendation 8. Support for training providers in those sectors with a strong social enterprise presence (such as childcare) should be continued with additional resources allocated to social enterprises to offset fees and to replace those undertaking training.

9. There is a need to build the skills and experience of those individuals offering advice and training to social enterprises. In particular those offering sector specific training and advice (such as in the childcare sector) should have a greater understanding of the needs of social enterprises in their sector. The partnership approach of sector specialists working in tandem with social enterprise specialists was found to be useful in terms of building capacity of sector specialists.

Recommendation 9. Develop the skills and capacity of those support providers working with social enterprises through developing courses, accreditation programmes and including social enterprise issues in existing further and higher education programmes

10. A variety of networking activities were trialled by the pilot projects. More formal workshops were found to be more readily accessible during evenings. Informal interaction around training programmes and through co-location in an incubation unit was also found to be of considerable value.

Recommendation 10. Networking should be encouraged in all support programmes as it has the potential to build up skills and identify new opportunities.

11. Existing support is patchy and fragmentary, both geographically and with respect to support types. There are also areas where there is duplication at particular times as new projects start and old ones are still operating. The patterns of support provision appear to be shifting constantly with a wide variety of funding streams, and therefore require ongoing mapping.

Recommendation 11. Regular mapping of gaps and duplications within a sub-region is required

12. Social enterprises reported that they felt confused by the variety of support but also wanted specific support that was tailored to their needs. This issue should be overcome through the brokerage system, with Business Link Operators signposting organisations to appropriate support providers. In future BLOs

will no longer be providing business support services themselves but their role as a broker will present challenges as they are not perceived as the 'first point of contact' by many social enterprises or voluntary/community organisations wanting to develop social enterprise approaches.

Recommendation 12. The support options available to social enterprises need to be clearly presented, using trusted brokerage systems. There may be a need for parallel brokers from sector specific organisations that are often the first point of contact with support infrastructure.

13. The impact of social enterprise support includes services, jobs and wider community benefits, many of which take time to be established. Therefore both quantitative and qualitative impact measures or indicators are required, collected over a longer timeframe. The extent to which employment, services and the wider benefits to the community, benefit disadvantaged groups also needs to be considered. Even where organisations do not survive, over the longer term, considerable benefit may remain in terms of skills and social capital.

Recommendation 13. Evaluation of the social enterprise support needs to consider a wide range of social and economic indicators over a range of time periods.

Additional Information

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