

Social enterprise in the service of the public

An exploration of the benefits and barriers for social enterprises in designing and delivering public services in Wales



A report prepared for the Wales Co-operative Centre by CM International and Rocket Science



Wales Co-operative Centre
Canolfan Cydweithredol Cymru

CM International is a leading strategy consultancy that has for over 25 years worked with public organisations, private companies and third sector organisations, to provide the strategic information and insights upon which key decisions are successfully made. Our work provides us with a unique perspective. We deeply understand how our clients effectively deliver public services, help shape the fortunes of their communities and localities and cooperate with partners such as local authorities, government agencies and private companies.

The research team was led by CM International's UK Partner and Director, Meirion Thomas, and Eva Trier, a CM International Senior Consultant with extensive strategy experience and active involvement in a number of social enterprises and third sector organisations.

CM International's research partner, Director of Rocket Science, Alistair Grimes contributed his great knowledge and understanding of social enterprise and wide experience of the ways in which the challenge of public service delivery has been addressed in Scotland and English regions.

This report has also benefited from inputs from many individuals and organisations. We would particularly like to thank the social enterprises featured here as case studies that shared with us their experiences and approaches. They greatly informed our thinking regarding the opportunities and also the challenges, faced by social enterprises, in the delivery of public services.

Contents

Foreword 04

Executive Summary 05
 Opportunities, benefits and barriers for a partnership approach to public service design and delivery

1

Setting the scene 08
 Social enterprise activity in Wales

2

Social enterprise in the service of the public 12
 Market makers and market exploiters

3

Benefits provided by the social enterprise business model 16
 Trust, efficiencies, flexible capacity and scale

4

Building enabling relationships with social enterprise 22
 The key ingredients – intelligent commissioning, sharp focus on outcomes and appropriate level and scale for delivery

5

Realising the benefits 28
 Specific recommendations for action for social enterprises, public service commissioners and sectoral support organisations

References 31

Annex: The nine case studies 32

Bibliography 52

Foreword

Derek Walker, Chief Executive, Wales Co-operative Centre

Social enterprises provide services to the public in a wide range of areas. These social businesses are already delivering high quality services and supporting public bodies to meet the needs of citizens.

With increasing pressures on the public purse and a commitment by policy makers to design services around the needs of citizens, it is clear that social enterprises continue to have an important role to play. The role of social enterprises should not be to achieve cost savings by driving down terms and conditions of employment. Instead, the flexibility of the social enterprise model should be harnessed to improve quality and achieve innovation.

This report looks at the barriers to the involvement of social enterprises in complementing the delivery of public services. The report makes recommendations for realising these opportunities. For those that want to learn more about the sector it sets the scene and provides case studies from across Wales.

At the Wales Co-operative Centre is a passionate advocate of the economic and social value of social enterprises.

As the largest provider of specialist business support to social enterprises in Wales, the Centre has developed a unique knowledge of the sector. We use this knowledge to increase awareness and understanding of the additional value that social enterprises can bring to the economy and in complementing the provision of public services.

Our role is not to influence political decisions that public sector organisations might take regarding the externalisation or out sourcing of services. Rather we are a source of expertise for all those interested in the social enterprise sector. We can help public sector organisations make informed decisions.

It is the social ethos of social enterprises that delineate them from conventional forms of business. The value added of social enterprises, through their distinct business model, can create cost effective services based around people and sustainable outcomes.

Executive Summary

Opportunities, benefits and barriers for a partnership approach to public service design and delivery

In recent years, employing social enterprise as a way to deliver better and more efficient public services has been of interest to governments and commissioners of public services across the UK. By releasing the entrepreneurial instincts and innovative talents active in society and communities, it is hoped social enterprise will contribute to a major shift in the design and delivery of services for the public. In Wales there are already many good examples of social enterprises delivering public services.

In practice, social enterprises can struggle to live up to their billing, as there remain inherent tensions between those commissioning public services to deliver efficient and rationalised services and the social enterprise commitment to achieve core objectives whether social, community or environmental.

To realise the potential of a wider social enterprise involvement in public service delivery, in Wales, this paper examines nine case studies. We review their role and capabilities in delivering services and chart a way forward to strengthen the relationship between commissioners and social enterprise. The full case studies can be reviewed in the annex of the report.

The research brief was to undertake qualitative case study research to explore and reflect on the benefits that social enterprises can create in the delivery of public services. A long-list of social enterprises throughout Wales was considered in areas ranging from community transport and care homes to community safety and waste management. Many examples of outstanding practice were uncovered and, ultimately, the selection was guided by a mixed portfolio of activities and settings.

Social enterprises take many legal and organisational forms and may have origins in different traditions and contexts. What unites them is the commitment to the public interest or as referred to in this report beneficial social impact. Social enterprises work in

diverse ways and adopt distinctive business, operating and financial models. Therefore while social enterprises will typically concentrate on their core business of delivering services to the community, they build business models that allow them to be sustainable while contributing to social and economic inclusion as well as to equality of opportunity.

From the perspective of public service delivery, these features represent important added value because they allow social enterprises to contribute to citizen-centred service delivery, which places citizens' long-term needs at the core of service design and delivery.¹ Because they rely on a number of important underlying benefits that are not readily available to other public or private sector organisations, social enterprises are in a position to allow citizens to take on a greater role in actually delivering some services.

Firstly, social enterprises are in a foremost position to **build trust** with the communities and citizens that they serve allowing them to effectively engage with citizens and public service users. This is because of their close relationship to communities through which they are better able to provide responsive services that meet people's needs.

Secondly, social enterprises can create the **opportunity for efficiencies** to arise. This is not primarily because of cost savings, but from the unique way in which social enterprises are able to finance their assets and resources. Innovative financing models and access to a wide range of funding sources from social investors to trusts and foundations allow communities to lever these resources in ways that would otherwise not be accessible to public services.

Thirdly, social enterprises can offer additional and more **flexible capacity** to deliver a public service than would otherwise be possible. Indeed they often combine paid staff with volunteers and incorporate working 'across functions' as a norm for example.

Finally, social enterprises can offer new responses to the **dilemma of scale** by offering local services while achieving efficiency gains from larger scale delivery and cooperation with other agencies and social enterprises. For instance they could work as consortia across boundaries.

In Wales, Local Service Boards are increasingly recognising the need to integrate services at the point of delivery allowing the **most appropriate level and scale for delivery** to be identified. This has focused minds on developing new models of delivery to integrate provision across different public sector providers. For example, a way to strengthen responses to scale from the social enterprise perspective is offered by adopting a ‘social franchising’ approach. This is a model of business replication that is defined much like an ordinary contractual franchise, but crucially with clearly defined social or environmental benefits.

There are already signs that both social enterprises and public service delivery commissioners are building relationships that enable social enterprises to be effective delivery partners to the public sector by adopting an ‘**intelligent commissioning**’ approach. This involves commissioners identifying the most appropriate level and scale for the delivery of public services and developing a sound understanding of all providers in the market. This allows them to adopt a supply chain development approach to achieving the best results for citizens by running pilot projects to test a new service, for instance. Further by considering a portfolio investment approach to social enterprise, public service commissioners can balance what they commission, what they grant fund, what they purchase and what they invest in order to obtain the policy and community gains.

In the debate around public service reform, a sharper **focus on outcomes** is also beginning to be embedded more generally in interactions between commissioners and the deliverers of public

services. For example, we highlight the use in Torfaen and Cardiff of ‘results-based accountability’, an approach that starts by identifying the desired outcome and works backwards to identify the most appropriate type and mix of resources, inputs and combination of services to secure the outcome.

The social enterprise business model charts out new ways of funding public services. Generating revenue from trading in a market place or using sources of finance other than public subsidies (e.g. loans, community shares and other equity-type finance) distinguishes the model from grant-funded third sector activities. This provides food for thought as to how markets can be levered to create benefits for those who need them.

Our recommendations

We recognise the need to be bold and specific in this report, and offer a number of recommendations for action by social enterprises, their representative organisations, public service commissioners and others.

A. Adopting an intelligent commissioning approach

Social enterprises should:

- work with public service commissioners to achieve the objectives of a partnership approach; invest time and effort to build relationships with public agencies who procure services;
- be clear about the innovative dimension they bring to public service delivery and define a business model that has a clearly recognisable value proposition;

Public sector commissioners should:

- obtain good quality intelligence about social enterprise capabilities and partnership working experiences; nurturing social enterprise capabilities and adopt a ‘portfolio investment’ approach, a mix of commissioning, investment in and grant funding of service delivery;

- be intelligent and informed about which services they wish to procure; seize the opportunity to achieve social enterprise-based innovation and understand the outcomes and impacts arising from these services;
- identify and realise opportunities to work with social enterprises in piloting new models of service delivery;

The Wales Co-operative Centre should:

- partner with Welsh Social Enterprise Coalition support social enterprises and commissioners in learning from each other and developing innovative commissioning and procurement approaches;
- should lead social enterprise support providers and the Welsh Government in embedding a clear ambition for social enterprise activity in all policy and support programmes;

B. Achieving a sharper focus on outcomes

Social enterprises should:

- clearly articulate and provide evidence of the outcomes they achieve and the added value provided to their community, using appropriate measures and performance frameworks;

Public sector commissioners should:

- continue to address the barriers faced by social enterprises when tendering to deliver services to commissioning/procuring services to achieve a balance between securing the best price and obtaining community benefits, policy gains and meeting social needs;

The Wales Co-operative Centre should:

- support social enterprises in developing and using appropriate outcome measures, and integrating appropriate performance frameworks into business planning and development;

C. Identifying the most appropriate level and scale for delivery

Social enterprises should:

- explore consortium or social-franchising inspired approaches to collaboration by working with other social enterprises who are addressing similar social needs and target groups who use a similar philosophy or business model;
- develop their understanding of how a 'social franchising' inspired approach can help social enterprises respond to public sector requirements regarding scale and efficiency;

Public sector commissioners should:

- consider whether their commissioning and procurement practices allow consortia of providers to become effectively engaged;
- explore dividing contracts into lots and the value of having a range of providers;

The Wales Co-operative Centre should:

- work with Welsh Social Enterprise Coalition to act as a bridge between social enterprises and those procuring public services, in networking and collaborating to promote the innovative potential of social enterprise delivery of public services;
- undertake research and development work to increase the understanding of Welsh social enterprises of how different models and approaches can be used to scale up activities;
- support social enterprises in identifying and realising consortium and partnership opportunities.

Setting the scene

1



Setting the scene

Social enterprise activity in Wales

Across the UK, interest in using social enterprise as a way to unlock the potential to deliver better, more efficient and often by implication lower cost services has never been more obvious.

By releasing the entrepreneurial instincts and innovative talents active in society and communities, it is hoped social enterprise will achieve a major shift in the design and delivery of services for the public.

In Wales, new models of delivery in the public services are being advocated, as part of the drive to “efficiency and innovation”². This is bound up in a broader agenda that seeks to better organise and deliver public services, and in the continuing debate around ‘citizen-centred’ public services.

The reform of public services is approached simultaneously from two ends. The reorganisation of the delivery structures for public services is expected to deliver savings and introduce innovative services that focus on greater effectiveness, which in turn are expected to achieve better and more focused outcomes.

The recent Simpson report ³ illustrates the complexity of the debate. Its remit is to examine how “local government might perform better if it were to review and realign the commissioning and delivery of some of its functions”. While there is an inevitable focus on a process of rationalisation, it also offers an opportunity for social enterprises and those who advocate a role for them in delivery to make a case for how they might contribute to the agenda, for instance by offering different approaches to the challenge of reconciling scale efficiencies with proximity of the service to the citizen. Looking at the bigger picture and longer term developments, the innovative potential of social enterprise delivery might be vital in addressing some of the overarching shifts and pressures from tight public finances to demographic changes such as the ageing population.

In practice, social enterprises can struggle to make their mark. One reason is because of the inherent tensions between the pressure on commissioners to deliver efficient and rationalised public services and social enterprises’ commitment to the ‘triple bottom-line’ of social, economic and environmental returns that often require a longer term perspective than the realisation of financial returns.

Social enterprises often struggle to make their mark... And yet, social enterprise is promoted as a model to deliver public services because they speak to a number of public service objectives.

And yet, social enterprise is promoted as a model to deliver public services because:

- Social enterprises reach and engage local people in ways that neither the public nor the private sector can, which helps the targeting and take-up of services as well as offering different ways of involving users and citizens in conversations about the development and delivery of public services.
- Social enterprises offer novel combinations of skills and capabilities that meet the needs of particular groups by seeing and responding to different areas of need and the linkages between them.
- Social enterprises offer flexibility for new approaches without the profit motive distorting implementation, and by acting as a trusted partner to trial and deliver new activities.
- Social enterprises bring innovative capacity and momentum usually finding new ways of responding to an issue and leveraging in different forms of finance.
- Social enterprises play a key role in regeneration by acting as role models for community enterprise and ensuring that the money spent on public services circulates in the local economy.

In this paper, we review social enterprise's role and capabilities in delivering public services. We consider nine case studies of Welsh social enterprises already engaged in the agenda and use our analysis to chart out a way to strengthen the relationship between commissioners and social enterprises, so the potential of a wider social enterprise involvement in public service delivery might be realised.

Our brief was to undertake qualitative case study research, to explore and reflect on the benefits that social enterprises can create in the delivery of public services. In selecting appropriate case studies, we first developed and considered a long-

list of social enterprises throughout Wales that are delivering public services in areas ranging from community transport and care homes to community safety and waste management. We found many examples of outstanding practice though ultimately our selection was guided by achieving a mixed portfolio of activities and settings.

Four key criteria were also considered:

- Welsh Government policy priority areas of health, social care and employability
- the scope to reflect on different business models and their sustainability
- the prospects of replicating the business models used by the case studies;
- and, geography.

As a result of these considerations we chose the case study examples summarised in the table below.

	Activity	Location	Scale of activity *	Key partners	Motivations and objectives
The Green Valleys	Community climate change engagement and renewable energy	Brecon	Ca. £40,000 per month** ; £500,000 community loan facility	Brecon Beacons National Park Authority & Finance Wales	An enterprise with a commitment to community engagement in sustainable development and climate change.
Vi-ability	Employability	North Wales	£135,000 expected to rise to ca. £500,000 in year 2	Football Clubs	Combines concern for social and economic inclusion with a tailored commercial offer catering to a specific market segment.
Grow Enterprise Wales (GrEW)	Employability	Rhondda Cynon Taff	Ca. £2.4 million	RCT Homes Housing Association	
Wellbeing Regeneration	Health Care/independent living	Carmarthen	30 satellite clinics, 1600 regular customers	Hywel Dda Health Board Local authority	Providing foot care services to older people which contributes to independent living objectives.
Swansea Care and Repair	Independent Living	Swansea	Ca. £45,000 for the first month of trading***	Swansea County Council and ABM Health Board	Supporting independent living for older and disabled people.
Vale of Clwyd Mind	Non-residential mental health	Denbigh	Ca. £1.0 million	Betsi Cadwaladr University Health Board, Denbighshire County Council	Delivering independent living and training activities to support the inclusion of people with particular needs.
Menter Fachwen	Non-residential social care and community enterprise	Gwynedd	Ca. £600,000	Gwynedd Council	Contracted to deliver various services to public sector organisations allowing a focus on the delivery of services within the community.
Nofit State Circus	Youth and community education	Cardiff	Ca. £1.6 million	Arts Council for Wales, Cardiff County Council	Deliver community arts projects utilising circus skills. Finding approaches that are financially sustainable.
ProMo Cymru	Youth outreach, advocacy and enterprise	Throughout Wales	Ca. £1.3 million	Welsh Government, Cardiff County Council, Blaenau Gwent Council	Working with disenfranchised young people to convert their creative abilities into an opportunity for skills development and enterprise activities.

* Annual turnover unless indicated otherwise

** Company started trading in November 2010 and annual turnover figures are therefore not available yet.

*** Trading arm established in April 2011.

These case studies form the core of the discussion in this report and demonstrate the generic key features and typical diversity of social enterprises in terms of the social needs and community benefits they have set out to address. These range from sustainable development, climate change, waste reuse and recycling to independent living, community and personal support for excluded and disadvantaged groups.

Social enterprise in the service of the public

2



Social enterprise in the service of the public

Market makers and market exploiters

Discussions about ‘what is a social enterprise?’ are often inhibited by disputes and debates that are more exhausting than exhaustive. So here we have used the same broad definition as the Welsh Government:

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

(The Social Enterprise Action Plan 2009, Welsh Government, p. 8)

Therefore while social enterprises may have the same legal form as other third sector organisations with charitable status or being a company limited by guarantee, they operate as businesses. Albeit they are companies with a different financial model which typically uses a cross-subsidisation approach, a wider range of objectives, ‘the triple bottom line’ and a different attitude to profit which is re-invested rather than distributed to shareholders.

What unites social enterprises is the commitment to a beneficial social impact. It is this that one local authority official who was interviewed for this report described as ‘the shared values’ between the public sector and social enterprises.

The precise ways in which the joint commitments to delivering beneficial social impact and commercial rationales are integrated into the social enterprise business model depend to an extent on the precise origins of the social enterprise. Those that emerge from the voluntary sector typically retain a strong emphasis on their social objectives and working with volunteers, whilst others are essentially businesses that use a market model to effectively meet societal needs.

Two distinct social enterprise business models with two distinctive approaches to sustainability: Market makers or market exploiters. The distinction between ‘need’ and ‘market’ has an important bearing on the business model for a social enterprise. For market mechanisms to be effective in meeting a social need, a funder investor must be willing and able to pay for the service.

While some social needs, such as for small loans to low income groups, can operate largely without any public sector facilitation or funding, other needs such as affordable childcare for low income groups cannot be turned into an effective market. This is because of a lack of purchasing power by those in need of the services. Therefore, while the former may

What unites social enterprises is the commitment to a beneficial social impact which they succeed in integrating with commercial rationales.

require new hybrid forms of markets to allow communities and individuals to help themselves, the latter set of social needs frequently require a public subsidy and intervention.

One way of thinking about social enterprise activities in public service delivery is as either 'market-making' or 'market-exploiting'. This is important when it comes to understanding the diverse ways our case study social enterprises have found to generate income and create a sustainable business model.

Market makers in our case studies include Swansea Care and Repair, GrEW and Vi-ability. In pursuit of achieving community benefits, they have all 'made markets' that allow them to generate income to be used as a cross subsidy for the activities that they deliver as a public service.

Through a trading arm, **Swansea Care and Repair** has made its market out of the provision of a range of services including a healthy homes check, which identifies the need for repairs, and maintenance or adaptations that can prevent accidents or worsen existing health conditions. Profits are channelled back into Care and Repair Swansea to enable the development of additional services for the elderly and people with disabilities.

GrEW was established to develop a market for maintenance services with low skill requirements. GrEW's business model allows the enterprise to support and nurture volunteers and employees, as a route out of worklessness with the ability to confidently deliver on large scale contracts.

Vi-Ability has identified a particular market niche for its support for young people facing worklessness and economic exclusion. Combining its founder's expertise in the commercial management of football clubs with the development and marketing of associated qualifications, it is not only highly attractive to the young people themselves, but also makes for a commercial offer that did not previously exist.

By contrast, Market exploiters have identified an already existing market for a public service that allows them to exploit their specific blend of capabilities or approaches to offer unique, value-added goods or services to the wider benefit of the community. From the cases included in this research, a number of examples of market exploiters emerge including ProMo Cymru and Vale of Clwyd Mind.

ProMo Cymru generates its revenue through service contracts and project funding. The focus fully rests on creating benefits for young people. The combination of technical expertise in digital media and the principles and practice of youth communication allow ProMo Cymru to deliver services from school-based workshops to substance misuse advice.

Vale of Clwyd Mind has very successfully developed a core portfolio around the delivery of non-residential care to people dealing with mental health issues. This has created the platform for the development of a wider range of services that make the most of the organisation's key expertise around developing mental health services in a rural setting. The strong awareness of public sector markets and sophisticated positioning in that market place allows Vale of Clwyd Mind to respond flexibly to changing circumstances such as the recent commitment to cross boundary commissioning in North Wales.

Evidence shows while social enterprises typically concentrate on their core business of delivering services to the community, they build business models that allow them to be sustainable while contributing to social and economic inclusion.

Both market-making and market-exploiting approaches offer a way to lever the innovative potential of agile social enterprises operating in a marketplace, but their interests and objectives closely match those responsible for providing or commissioning services for the public and their communities.

A business approach that is unique to social enterprises active in public service delivery

The ability of social enterprise to deliver services via sustainable business models and address economic, environmental and social issues is achieved in some instances by explicitly creating employment opportunities for those who are disadvantaged in the labour market. Also it is affected by acting as role models for community enterprise, and both approaches ensure that the money spent on public services circulates in the local economy. The end result is a contribution to regeneration objectives before even considering the actual services delivered by the social enterprise.

Other social enterprises make this viable by generating income from a wide range of activities, while also meeting a social need as their core business. Here the activities may not relate directly to the target group or the social objectives of the organisation, but the income acts to 'cross-subsidise' the activities that are designed to meet its social objectives. From a public service delivery perspective these features represent real and important added value contributing to citizen-centred service delivery, and helping integrate the formal and informal economies where citizens can take on a greater role in actually delivering some services. Finally, the social enterprise business model begins to chart out new ways of funding public services. Generating revenue from trading in a market place or using sources of finance other than public subsidies like loans, community shares and other equity-type finance distinguishes them from wider grant-funded third sector activities, and provides food for thought as to how markets can be levered to create benefits for those who need them.

The social enterprise business model begins to chart out new ways of funding public services. Generating revenue from trading in a market place or using sources of finance other than public subsidies distinguishes them from wider grant-funded third sector activities.

Benefits provided by the social enterprise business model

3



Benefits provided by the social enterprise business model

Trust, efficiencies, flexible capacity and scale

So what is it that allows social enterprises to 'square the circle' of being responsive to the needs of communities and individuals while successfully integrating market disciplines into the way they operate?

Trust, efficiencies, flexible capacity and scale.

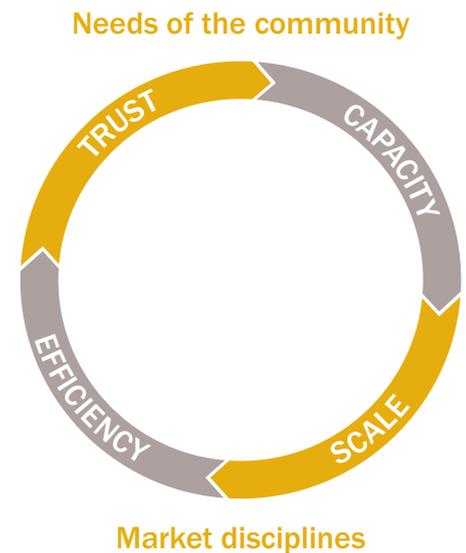
One key capacity that social enterprise can mobilise is their strong relationship with a particular community of need. Building trust with the community is a key dimension allowing social enterprises to effectively engage with citizens and public service users.

Physical proximity to and embeddedness in the community together with a clear focus on meeting a particular community need are important in nurturing trust in social enterprise.

For Swansea Care and Repair, trust is pivotal and is a fundamental requirement for elderly and vulnerable people, in contracting small repair works within their own homes. The exclusive focus on this group has allowed Care and Repair to incorporate trust into the way they engage with elderly people and the procedures underpinning engagement. All workers are CRB checked and trained in risk management. In addition, soft skills such as empathy and understanding are a key criterion for staff recruitment.

Nofit State Circus has a strong commitment to and understanding of the Adamsdown and Splott communities in Cardiff. A perception of circus artists breaking the mould and leading unconventional lives allows the enterprise to act as role model for individuals who may find themselves in difficult circumstances. As a result, Nofit State training courses have long waiting lists.

Menter Fachwen is firmly located within the Perris Valley community it serves. Its mission has developed naturally by alignment with developments within the community. For instance, in response to an identified gap it has developed an IT suite which is available to the whole of the community. Similarly, the mix of services on offer in the three cafes it operates are designed to meet the needs of the particular location in which they are based.



By the same token, social enterprises are often able to link commissioners and users of public services by providing an important interface between them. From a service commissioner perspective, giving citizens a voice in this way represents real and important added value, as it contributes to citizen-centred service delivery. For example in people-based activities such as in mental health or social care settings, a close trust-based relationship between the social enterprise and the users of a public service are an important part of the added value and benefits that can be created for public sector commissioners.

Prior to the procurement of the Welsh Government's youth information services, **Promo Cymru** has successfully used the consultation process to feed in its in-depth understanding of the precise communication needs and preferences of young people in Wales, which was gained from its long-standing focus on and trusted relationship with young people.

Wellbeing Regeneration creates an effective link between its community on the ground and the local health board's partnership approach to identifying and responding to the needs of communities and individual citizens using the service. It is the strong local presence and extensive engagement with its community that allows Wellbeing Regeneration to accrue a more detailed appreciation of the precise needs of the users of its services.

A degree of caution is necessary in highlighting the efficiencies that are possible through social enterprise delivery of public services. Efficiencies can arise from the potential of social enterprises to deliver public services under a different cost model. However, it is important to note that this is not simply about short-term cost savings that could be achieved by reducing prices and terms and conditions of employment or delivery, at least on paper. Instead, the social enterprise model levers and finances assets and resources in new ways,

while conceiving the corresponding returns on investment in new ways by providing returns through community benefit innovation and more effective services. This contributes to efficiency by improving the effectiveness of services and the beneficial social impact, rather than rationalising the delivery of existing services.

One of the defining features of **The Green Valleys** is the way in which it facilitates access to investment finance for communities that wish to create their own renewable energy infrastructure. Without it, groups would find it difficult to take advantage of the Feed-in-Tariffs that require significant upfront investment. Communities do not generally own assets against which loans can be secured. The Green Valleys role is to act as a loan finance facility allowing Finance Wales to work directly with the community groups. Indeed up to £500k can be drawn down on behalf of community groups.

Critical to the understanding of opportunities for social enterprise to effectively deliver public services is the appreciation that the conventional economic model of revenues and costs limited to financial metrics is insufficient for a broader social economy. Accepting a new social economy model opens up the potential to meet policy objectives and achieve community benefits in new ways. Such a model also supports longer term approaches to funding public services, on the basis of the broad range of positive beneficial social impacts that may be achieved.

Social enterprises pilot new combinations of market, public subsidy and community delivery, which offer a vehicle to create an interface between the formal and informal economies. Activities and skills that can be directly traded in a market place generate the revenue to cross-subsidise services that require public subsidy and/or a volunteer contribution. Similarly, the credibility of social enterprises as not-for-profit organisations with a commitment to a beneficial

social impact allows them to build a community contribution into their business model, without 'corrupting' the charitable notion of volunteering itself. This allows them to integrate informal economy activities with those that are traded in a market place, which avoids difficulties over the notion of free labour.

Wellbeing Regeneration integrates its fee-based services with the delivery of publicly funded services and the contribution of its volunteers. The volunteer contributions have been key to allowing its services to develop to the significant scale so quickly.

Nofit State Circus has developed and refined a business model that levers considerable financial and human resource into the delivery of public benefit services. The international touring activity generates a turnover of over £1 million per annum and has a strong multiplier effect. It is this revenue, generated in the open market, which underpins the community and education projects delivered. This is only possible at the scale offered by Nofit State Circus because of the resource base that is sustained by the touring turnover.

Vi-Ability's business model hinges upon a 'success fee' paid by football clubs. The revenue generated through public sector contracts for the delivery of employability services can be viewed as an investment that levers in further funding in the form of the success fee. Vi-Ability has also shown itself to be highly astute in securing the Intellectual Property for the proprietary BTEC qualification that promises to create further independent revenue streams, through franchising and or licensing agreements.

Increasingly, social enterprises are separating out the delivery of charitable objectives from trading activities. This is a reflection of a growing 'professionalisation' of the social enterprise sector. Such professionalisation is mirrored in social enterprises' work on understanding and capturing outcomes. Against the backdrop of an increasing outcomes focus in the commissioning of services, a partnership with social enterprise can lead to identifying services that will most effectively and efficiently achieve determined outcomes.

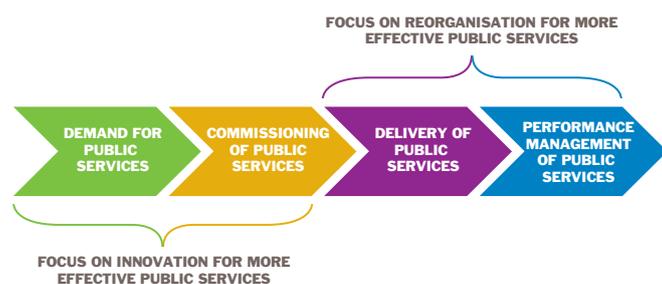
Accepting a new social economy model opens up the potential to meet policy objectives and achieve community benefits in new ways.

The Green Valleys makes the high level expertise of its individual directors available to community enterprises on the ground and specifically to social enterprises created around the micro-hydro schemes. This provides flexible mechanisms that make the best of both community engagement and technical expertise.

Menter Fachwen creates and supports community-based businesses. Each individual business creates appropriate conditions for its staff and caters for the specific requirements of the respective community. It is the integration of these diverse businesses into a larger whole that allows the organisation to effectively focus on the economic realities of securing sustainability.

In some settings, social enterprises can offer additional flexible capacity to deliver a public service.

Social enterprises have shown themselves to be both flexible and innovative while remaining true to their core social objectives. Operating as a player in the market place, social enterprises bring greater agility than might be available in a public sector setting. For example, social enterprises are able to respond in a timely way to market opportunities by developing innovative products and services. This is part of their commercial discipline of strengthening the economic performance and overall sustainability of the organisation.



One way of looking at this is to see social enterprise as stimulating the kind of innovation that helps reduce demand. By contributing towards a clearer identification of the nature of those services that effectively and efficiently achieve pre-determined

outcomes, they are able to lever their close proximity to the citizen to help change the nature and volume of demand. Integrating this insight into the design and commissioning of public services would seem to hold the key to innovative and more effective public services.

ProMo Cymru has been able to provide technical capacity combining digital media expertise with a practical focus on youth engagement. This specialisation means that ProMo Cymru is able to respond one-to-one to young people's cultural practices in using social media, while always retaining a focus on youth empowerment and policy messages communicated through digital media. This type of flexible and continual refreshing of expertise would be difficult to replicate in a public sector setting.

Swansea Care and Repair provides a combination of an individually assessed social care approach with housing related technical expertise. This combination is essential in achieving independent living outcomes for the organisation's target group of older and disabled people. Neither conventional social care services nor external building contractors can bring this combined expertise to bear on the delivery of small repairs and adaptations to people's houses to allow them to stay in their homes.

Finally, social enterprises are also offering new responses to the issue of scale, the dilemma of offering locally relevant services while achieving efficiency gains from larger scale delivery. Our case studies illustrate some solutions that focus on retaining the close link with and an in-depth understanding of a person's complex needs at the point of delivery, whilst reaping economies of scale and scope through cooperation.

Vale of Clwyd Mind's approach is based on working closely with other organisations under the umbrella of a national agency. Each local Mind affiliated organisation retains a degree of independence and is governed independently. Strong mutual

relationships allow the organisation to work with neighbouring agencies to respond to the regional commissioning and procurement approach being pioneered by the five North Wales local authorities at the moment, and deliver mental health services across the region.

The Green Valleys offers an alternative approach to scale that draws on the generic nature of the technical and legal expertise that is required to implement and manage micro hydro projects. Working with communities through the process of creating appropriate structures to handle these issues and offering the financial intermediary facility required to finance the schemes effectively acts as a multiplier mechanism. This method allows the creation of a large number of community-led schemes.

The case studies also illustrate how specific combinations of expertise that would be hard to recreate in other contexts create additional capacity for public services. Several public service commissioners involved in the case studies also referred to the 'sheer volume' of the additional services provided by the respective social enterprise, and how the public sector agency 'could not have matched their development'.

The creation of **Swansea Care and Repair's** trading arm resulted from the realisation that considerable market potential existed for the delivery of services on offer. The company limited by guarantee created as a result of this realisation allows the organisation to now extend its services to other Care and Repair affiliates offering a more limited range of services. It also enables Swansea Care and Repair to cater for individual households, independently and as a result, to generate additional revenue.

ProMo Cymru has changed and developed considerably in order to respond to opportunities. It has successfully levered early investments in the capabilities of the organisation to respond to

changing market needs, while never losing focus on its core mission. Successful activities in the early years of the organisation related predominantly to digital media, creative content and technologies, but the focus has subsequently shifted to a stronger focus on content provision. This shift allowed ProMo Cymru to be successful in winning a large scale Welsh Government contract for the delivery of a national youth information website.

Nofit State Circus has gradually refined its business model, while flexibly responding to changes in policy. Sometimes specifically targeting schools and youth provision and sometimes being more closely associated with community economic regeneration, Nofit State Circus has consistently levered circus skills training in a community arts setting.

GrEW is an example of the results of an innovative approach to the delivery of public services. Its origins can be seen in the 'outsourcing' of housing from local authorities in Wales. RCT Homes was created as the UK's first ever Community Housing Mutual through the transfer of more than 10,000 homes from Rhondda Cynon Taff County Borough Council. It has invested in its charity Meadow Prospect, which in turn has invested in its trading arm, GrEW. Housing associations have become important players in identifying enterprise opportunities, and creating or developing social enterprise vehicles to deliver part of their functions.

Service integration is a key concern for public sector organisations and social enterprise can play a role in supporting or even facilitating such integration. Social enterprises are frequently able to work across normal policy, operational or geographic boundaries. ProMo Cymru and GrEW illustrate that the boundaries are not merely geographical, but also in terms of external/internal organisation or layered service provision.

Building enabling relationships with social enterprise

4



Building enabling relationships with social enterprise

The key ingredients

There are therefore clear benefits that social enterprises can provide in delivering public services. However in spite of the growing professionalisation of social enterprises and a growing appreciation of these benefits on the part of commissioners, there remain tensions between the needs and interests of public service commissioners and social enterprises.

This tension may be encapsulated as the difference between the ethos of 'small and local is beautiful' versus 'large is efficient'. So while social enterprises may well engender trust amongst the local communities they serve, offer flexible capacity, efficiency, innovation and scalability, the commissioning of public service delivery is perceived to be less risky if the contractor is large, financially secure and with good levels of management ability.

And yet, public sector activity in Wales is characterised by efforts to get the best of both worlds. Research undertaken under the Welsh Government's Efficiency and Innovation Programme as well as by the WLGA and the WCVA highlights numerous instances where partnership working between public and third sector partners including social enterprises is producing results.

There are encouraging signs that social enterprises and commissioners are rising to the challenge, and are building relationships that enable social enterprises to be effective delivery partners to the public sector. A number of key ingredients can be identified that make enabling relationships between social enterprises and public sector commissioners the rule rather than the exception.

There are signs that social enterprises and commissioners are rising to the challenge and are building relationships that enable social enterprises to be effective delivery partners to the public sector.

Intelligent commissioning, sharp focus on outcomes and appropriate level and scale for delivery

In addition to their role as providers of services, local authorities are increasingly acting as commissioners of public services. To proactively drive the development and delivery of effective public services, commissioners need to develop a good understanding of the delivery capacity available to them and 'have access to the right information at the right time to enable intelligent and effective engagement and commissioning'. This also means that public service commissioners need to understand the key added value offered by social enterprise delivery of different types of services.

Achieving the specific advantages from social enterprise relationships around trust, efficiency and capacity do not always arise from the mechanical process of procurement. Rather, they often arise from a relationship which has provided the social enterprise and the public service commissioner with the chance to understand what one party wants and what the other can deliver in a much deeper way.

Adopting an intelligent commissioning approach that focuses on the desired outcomes and identifies the most appropriate level and scale for the delivery of public services appears to be one important way forward to create an enabling relationship between commissioners and social enterprises.

An important and useful distinction between the different ways in which public sector commissioners can work with social enterprise is as follows:

- **'giving'** where a grant is given,
- **'shopping'** where a service is purchased,
- **'investing'** where the public sector wants a long-term relationship to deliver quite complex outcomes or build capacity

Our case study research suggests that constructive relationships between public sector commissioners and social enterprises in Wales play a crucial role in generating benefits for service users and citizens already. In the private sector there is plenty

of evidence of the long-term value obtained from effective management and innovative relationships within supply chains. Extending this experience to the commissioning of social enterprise to deliver public services is an essential requirement if the public sector is to get real value from contracting with social enterprises, rather than relying on old fashioned grant based arrangements.

The Green Valleys is a key example of a forward looking investment relationship between a public sector organisation and a social enterprise. Two Brecon Beacons National Park Authority (BBNPA) employees are seconded part-time to The Green Valleys on the basis of a Service Level Agreement. The nature of the Service Level Agreement evolves as the social enterprise matures and increases its independence from the host organisation. As The Green Valleys' portfolio of micro hydro projects starts to pay dividends, the business increases its independence from the BBNPA.

GrEW's relationship with RCT Homes illustrates how investing in the capacities of the social enterprise has helped the housing mutual meet its wider regeneration objectives. An initial start-up loan of £170k from the RCT Homes' charity Meadow Prospects allowed GrEW to win large scale contracts. The money has since been repaid.

Wellbeing Regeneration foot care service resulted from close partnership working between the Hywel Dda Health Board, the local authority and third sector partners. A pilot project was commissioned to deliver these services in a community setting, which led to the creation of the social enterprise that then successfully tendered for the contracted service. The Wellbeing Regeneration director is closely integrated into the partnership through the Community Health Council, and has since been able to identify further opportunities for this approach to co-design community-based health care services.

Realising the full potential of social enterprise delivery of public services depends on a systematic fostering of constructive relationships between public sector commissioners and social enterprises. Creating better links between the 'shopping' and 'investing' model would be one method to develop a supply chain in the public service arena. That is, procurement and

contracting should be part of a broader approach to commissioning. By creating a portfolio approach to social enterprise, the various layers of government and public bodies can balance what they commission, what they grant fund and what areas they invest in through loans, patient capital and other financial instruments, in order to create a policy or community gain like for example fewer repeat offenders or an increase in healthy eating.

The most important factor in determining the success of a Public Social Partnership approach is the level of trust between and commitment of the partners.

The Scottish example of Public Social Partnerships (PSP) is of relevance here. Designed as a series of ten pilots delivered by the social enterprise support agency, Forth Sector, and PwC, a PSP is a partnership between at least one lead public sector and one lead third sector organisation. However the private sector and other partners may also be involved.

The aim of Public Social Partnerships is to co-design and deliver innovative public services. Established in 2009, the aim is to support pilot partnerships, whose work would inform the specification for future public services for which the lead public body was expected to competitively tender at the end of the process. In other words though the social enterprise is involved in designing the service, it is not guaranteed the contract, and must tender for it. Yet it does so, on the basis that the tender now reflects, some of the added value that a social enterprise can bring.

It was found that the most important factor in determining the success of a PSP approach is the level of trust between and commitment of the partners. Organisational and staff changes can cause disruption, but, if there is continued senior level commitment to making the PSP work and a focus on the needs of citizens, these need not be insurmountable obstacles. Some case studies from the PSP programme highlighted in Scotland also identified strong examples where an investing relationship built around a strong symbiotic relationship between social enterprise, public service commissioners and the ultimate beneficiaries have achieved strong results.

Argyll and Bute Respite Care Bureau's role is to promote respite services and to increase the range and diversity of service providers across Argyll and Bute. The design of the Bureau has incorporated significant consultation from carers and service users, to ensure that it offers an improved range of options than was previously available.

The **East Renfrewshire Council and Partners for Inclusion** project designed a commissioning framework in supporting people with severe learning disabilities who do not fit into standard care services and who wish to live and work in the community. Procurement rules were becoming increasingly difficult to navigate, and tended to work against the principles of individual choice or services tailored to individuals. The PSP was set up to find a way to comply with procurement laws, whilst not stifling innovation and damaging the quality of life of the people who need support.

As outlined in the previous section, positive supply chain relationships depend on a shared understanding of beneficial social impact of the service. As our case studies confirm, social enterprises are actively advancing work on capturing and evidencing different types of outcomes.

A sharper focus on outcomes is beginning to embed in interactions between commissioners and the deliverers of services. As called for in a recent SOLACE report¹⁰, the commitment to using an outcomes focus to support the 'radical redesign' of public services, and the introduction of outcome agreements to govern and manage local authority performance in Wales has led to a growing interest in corresponding tools to plan service delivery.

For example initially by the local authorities of Torfaen and Cardiff, the use of 'results-based accountability', RBA, as the main prism through which the choice and design of public services is considered may point the way here. RBA is 'an outcomes-based methodology for performance management which provides a disciplined way of thinking and taking action to improve service outcomes for service users and their community, with particular applicability to organisations working in partnership across agency boundaries.'¹¹ The approach of starting with

the ends to be achieved and working backwards to identify the most appropriate type and mix of service offering is already widely used in many spheres of activity. In this context, it seems to offer a way to underpin interactions between commissioners, social enterprises and the communities they serve, and, crucially, to mobilise the innovative potential of these relationships.

Wellbeing Regeneration is closely tied into the Hywel Dda Health Board's focus on producing a set of outcome indicators aligned to the core outcomes for health. Piloting new services delivered by Wellbeing Regeneration involves a close working relationship between the social enterprise, and its public sector partners, which is jointly focused on in-depth baseline assessments and evidence gathering on the outcomes achieved.

As part of the NESTA Green Challenge process, **The Green Valleys** went through a process of measuring savings with regard to communities' carbon footprint that could be achieved through the installation of micro hydro projects. While the actual metrics used were not satisfactory in terms of their ability to adequately capture the results obtained, the process was a valuable contribution to NESTA's further policy work regarding the development of standardised tools to capture the carbon footprint of community-led responses to climate change.

The most appropriate level and scale for delivery must be identified. To embed enabling relationships between social enterprises and commissioners of public services, differing perspectives of scale need to be aligned and an appropriate level and scale for delivery identified

As our research confirms, local authorities are usually willing to engage with social enterprises, as they identify the services that they are able to deliver and engage with them on a partnership basis. This is effective in terms of strengthening the social enterprise and achieving outcomes for service users. Yet paradoxically, it may not be the most effective way to nurture capacity, since this delivery arrangement relies on trust-based personal relationships. This reliance can hinder the social enterprises' development trajectory and act as a barrier to entry for others.

The partnership and investment in a social enterprise's capacity needs to be levered in such a way that its ability to act as a confident player in the public service delivery market is nurtured. Without this, social enterprises may remain niche players, which would prevent them from getting involved in public service delivery at scale and in a sustainable manner.

In Wales, Local Service Boards are increasingly recognising the requirement to integrate services which respond to complex social needs, at the point of delivery, in other words at the local neighbourhood level. This has focused minds on developing new models of delivery to integrate provision across different public sector providers. In this respect, they offer a platform on which to make the most of what the third sector can offer.

The Simpson Report's recommendation to distinguish between levels for procurement, commissioning and delivery suggested that while, *'procurement can be done on a national scale, allowing for commissioning to take place on a collaborative and/or regional level and delivery to take place locally,....allowing for the particularities of a place to be accounted for,'* creates an opening for a constructive dialogue.

A way to further strengthen responses to scale from the social enterprise perspective is offered by adopting 'social franchising' approaches. In its purest form, social franchising is *'the use of a commercial franchising approach to replicate and share proven organisational models for greater social impact'¹².*

Part of the social franchising philosophy is a systematic assessment of the readiness for and approach to *'replicat[ing] and shar[ing] proven organisational models for social impact'¹³.* This would support a break from the currently strong reliance on grassroots personal relationships. Currently, social enterprises often rely too much on such relationships as a means to convey their ability to deliver on public sector agendas. Moving towards a clearer focus on identifying the unique elements of social enterprise business models and how they can be replicated to produce clearly identified outcomes elsewhere is a means of scaling up successful models and activities.

From a commissioner perspective, this means that successful approaches that have proven their worth in one area can be implemented in another as well. It is thus in commissioners' interests to be aware of successful social enterprise delivery of public services elsewhere, and in working with local social enterprises, to ascertain whether their results can be replicated for the benefit of local citizens.

There is a continuum here that ranges from disseminating good practice to establishing formalised partnerships between social enterprises. Exploring the possibilities along this continuum and matching them to the needs of scale and service delivery would allow social enterprises to identify the most appropriate way of expanding the reach of a public service that has shown its worth.

GROWTH AND REPLICATION STRATEGIES



Realising the benefits

5



Realising the benefits

Specific recommendations for action for social enterprises, public service commissioners and sectoral support organisations

Highlighting the potential benefits to be gained by engaging social enterprises in the design and delivery of public services is all very well, but realising the benefits in practice may be another thing entirely. Of course, the considerable attention that is being paid to this topic is inevitably bound up in the current discourse around the reform of public services and not least against a backdrop of budgetary constraints. There is also a risk that this may obscure or complicate the discussion.

While bearing this in mind, we need to be bold and positive in this final section, when setting out specific recommendations for action by social enterprises, public service commissioners and others.

By releasing the entrepreneurial instincts and innovative talents active in society and communities, social enterprise, it is hoped, will achieve a major shift in the design and delivery of services for the public.

A. Adopting an intelligent commissioning approach

Social enterprises should:

- work with public service commissioners to achieve the objectives of a partnership approach; invest time and effort to build relationships with public agencies who procure services;
- be clear about the innovative dimension they bring to public service delivery and define a business model that has a clearly recognisable value proposition;

Public sector commissioners should:

- obtain good quality intelligence about social enterprise capabilities and partnership working experiences; nurturing social enterprise capabilities and adopt a 'portfolio investment' approach, a mix of commissioning, investment in and grant funding of service delivery;
- be intelligent and informed about which services they wish to procure; seize the opportunity to achieve social enterprise-based innovation and understand the outcomes and impacts arising from these services;
- identify and realise opportunities to work with social enterprises in piloting new models of service delivery;

The Wales Co-operative Centre should:

- partner with Welsh Social Enterprise Coalition support social enterprises and commissioners in learning from each other and developing innovative commissioning and procurement approaches;
- should lead social enterprise support providers and the Welsh Government in embedding a clear ambition for social enterprise activity in all policy and support programmes;

B. Achieving a sharper focus on outcomes

Social enterprises should:

- clearly articulate and provide evidence of the outcomes they achieve and the added value provided to their community, using appropriate measures and performance frameworks;

Public sector commissioners should:

- continue to address the barriers faced by social enterprises when tendering to deliver services to commissioning/procuring services to achieve a balance between securing the best price and

obtaining community benefits, policy gains and meeting social needs;

The Wales Co-operative Centre should:

- support social enterprises in developing and using appropriate outcome measures, and integrating appropriate performance frameworks into business planning and development;

C. Identifying the most appropriate level and scale for delivery

Social enterprises should:

- explore consortium or social-franchising inspired approaches to collaboration by working with other social enterprises who are addressing similar social needs and target groups who use a similar philosophy or business model;
- develop their understanding of how a 'social franchising' inspired approach can help social enterprises respond to public sector requirements regarding scale and efficiency;

Public sector commissioners should:

- consider whether their commissioning and procurement practices allow consortia of providers to become effectively engaged;
- explore dividing contracts into lots and the value of having a range of providers;

The Wales Co-operative Centre should:

- work with Welsh Social Enterprise Coalition to act as a bridge between social enterprises and those procuring public services, in networking and collaborating to promote the innovative potential of social enterprise delivery of public services;
- undertake research and development work to increase the understanding of Welsh social enterprises of how different models and approaches can be used to scale up activities;
- support social enterprises in identifying and realising consortium and partnership opportunities.

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- ¹² Social Enterprise Coalition (2011), The Social Franchising Manual
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- ¹⁵ Protection of Vulnerable Adults.
- ¹⁶ This features as a good practice example in the Efficiency and Innovation Programme's New Model of Service Delivery work stream.

Annex

The case studies



Annex: The case studies

1

Grow Enterprise Wales (GrEW)

2

Menter Fachwen

3

Nofit State Circus

4

ProMo Cymru

5

Swansea Care and Repair

6

The Green Valleys

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Vale of Clwyd Mind

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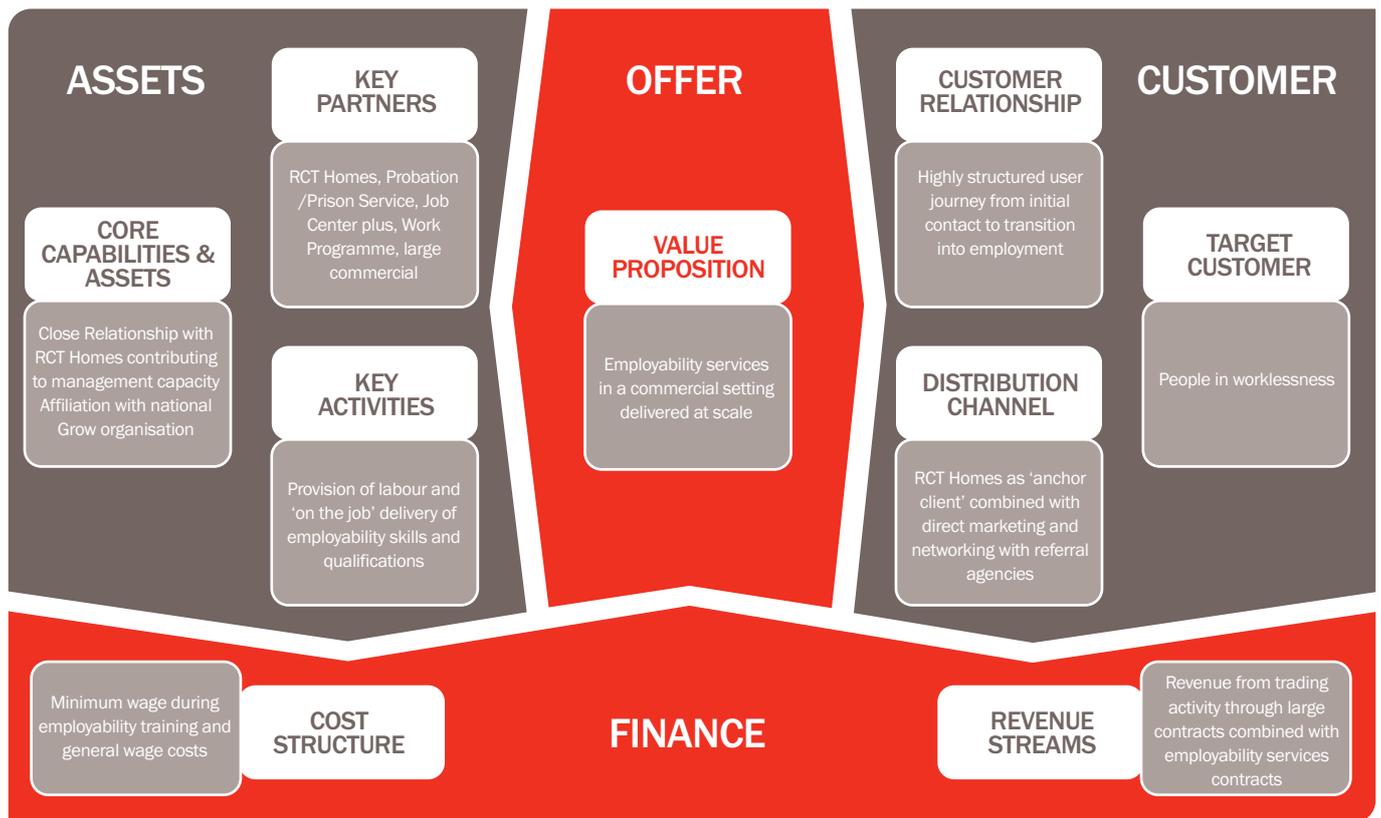
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9

Wellbeing Regeneration

1

Grow Enterprise Wales (GrEW)



Origins and profile

Under the motto 'trade to train', GrEW was created in 2010, as the trading subsidiary of Meadow Prospect, the RCT Homes regeneration charity. It was the result of initial contacts with the Grow Organisation, a UK national umbrella organisation. GrEW provides gardening and maintenance services for RCT Homes and other large customers. The main objective is to create personal development opportunities for people who are excluded from the labour market.

Created through the transfer of more than 10,000 homes from Rhondda Cynon Taff County Borough Council, RCT Homes was established as the UK's first Community Housing Mutual. Indeed tenants control decision-making. Housing associations have become important players in creating and developing social enterprise vehicles for part of their functions.

Nature of activities and value proposition

GrEW's success is built on two complementary value propositions. These are vis-à-vis people in worklessness and associated referral agencies and vis-à-vis large businesses. The business model combines an infrastructure that allows the

enterprise to support or nurture volunteers and employees and to deliver large scale contracts. This is achieved by setting out a clear 'user journey' to guide participants through the process and ensure close support and supervision, to guarantee outputs, to high quality standards.

On the employability side, it is the strong focus on developing a distinct user journey that sets GrEW apart. Starting with the initial contact through an interview and careful selection process, users will initially volunteer on housing association projects and will be supported in sustaining their commitment. Volunteers go through an induction process where they receive training and supervision.

Successful volunteers will be offered employment and a menu of 23 qualifications. During this period, a strong focus rests on soft skills including household budgeting, maintaining employment and the social skills needed in the workplace. Managing money is particularly important. The next step consists in promotion to a volunteer supervisor, which again comes with associated qualifications. Finally after six

months, trainees receive further careers advice and support in their search for a permanent employment.

A very conscious decision was made to limit employment to a six month period in order to ensure progression for participants and open up places for new entrants. In 2010, 30% of Grow Enterprise Wales trainees went on to find employment and further education.

On the service delivery side, GrEW has developed a successful model using a commercial vehicle to develop and deliver a number of maintenance service products, with low skill requirements that can profitably be delivered, to large customers.

Commercial perspective

As a project initiated by RCT Homes, GrEW remains closely associated with the housing association as its 'anchor customer'. Any surplus generated is donated to Meadow Prospect, the RCT Homes regeneration charity. GrEW is tied into RCT Homes' regeneration and economic inclusion ethos.

An initial loan of £175,000 from Meadow Prospect enabled GrEW to develop its services. RCT Homes still has the role of a 'foster parent' providing support to the fledgling enterprise. This adds considerably to the business, and specifically, the risk management capacity of the enterprise.

GrEW has developed its offer considerably. Starting from a low cost gardening service for elderly and vulnerable tenants, it has branched out into several related activities, such as recycling UPVC windows. Each new activity and large customer is serviced by a separate social enterprise adopting the GrEW model, for example Recycle and Grow, Clean and Grow, Trade and Grow.

GrEW responds to specific requirements as exemplified in a large contract for kitchen assembly services, in South Wales. An increasing focus on corporate social responsibility supports GrEW's commercial value proposition. It is part of the GrEW model to use tenant and community insight to understand and develop services in response to gaps. As a result, GrEW can actively

seek out service gaps that can achieve a multiplier effect and create benefit for all stakeholders.

Through accessing markets elsewhere, the enterprise has been able to reap economies of scale since its creation. GrEW has supported the training of almost 500 Future Jobs Fund placements, created 22 permanent posts and issued over 2,800 training certificates by December 2010. Its turnover during the first year of operations amounted to £2.5 million.

GrEW has nurtured close links with key partners such as the Prison and Probation Service or JobCentre Plus. The enterprise uses funding through the Future Jobs Fund and has successfully bid into the New Work Programme.

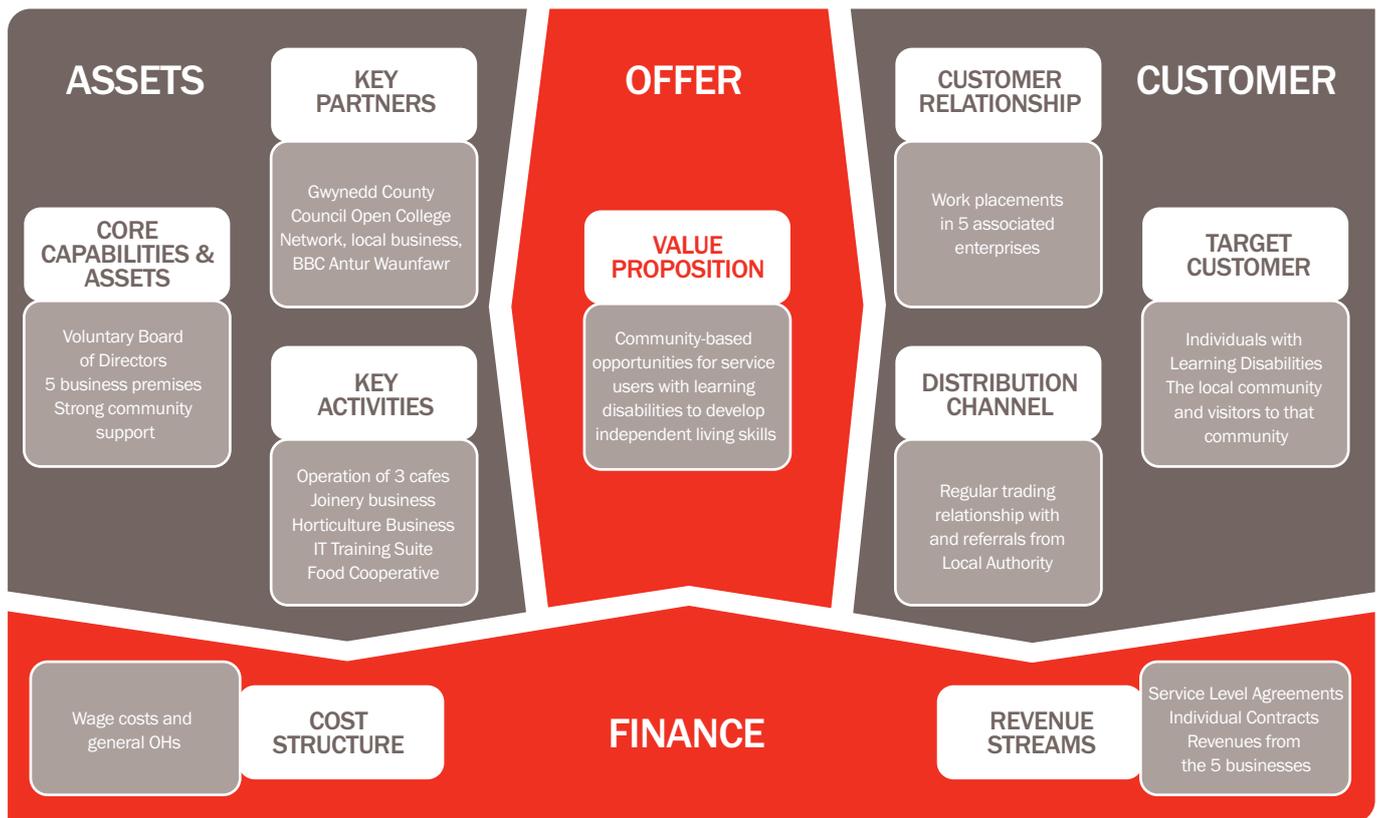
Finally, GrEW has been able to create a strong degree of vertical integration. It has built in downstream elements by offering a growing number of qualifications to its volunteers and employees. Upstream elements include the facilitation of an employability support network with representation from employers, voluntary organisations, colleges and universities, probation services, local authorities' housing associations and other third sector organisations.

Future plans

GrEW has recently acquired a new unit in Cornwall with the intention of branching out into England. Growth is at the heart of the business model on the assumption that 'the bigger we are, the more lives we can change'. The aim is to 'grow out' the company while keeping growth manageable. After the initial step change during the first year it is expected to be gradual from now on.

2

Menter Fachwen



Origins and profile

Menter Fachwen was started in 1988 by a group of friends who purchased a small plot of land and a derelict building. With support from Antur Waunfawr, they agreed an Service Level Agreement (SLA) with the local authority for two people with learning disabilities to attend and work with them. Then they set about renovating the building. Menter Fachwen has developed as an enterprise in which people with disabilities can have an equal opportunity to participate in their local community.

Nature of activities and value proposition

The enterprise now consists of several businesses each in its own community and premises. These include woodwork and joinery workshop, a catering service and café with associated sustainable tourism offer, a garden centre and a community ICT resource centre. People with profound learning disabilities participate in the community, through working in one of the five enterprises, the organisation manages.

The local authority social services department purchases the provision of independent living skills from Menter Fachwen. They are provided in

the wider frame of local authority service options that are expected to be ‘person centred enabling people to realise their full potential as citizens within their local communities.’

In comparison to the local authority’s in-house provision for learning disabilities, Menter Fachwen operates on a lower cost base. The organisation now has SLAs for 16 clients who are referred directly by social services and a further 22 contracts with individuals, receiving direct payments, from the local authority. The service has been successful with many clients moving onto paid work within their local community.

There is also a strong community enterprise dimension to Menter Fachwen’s approach. Menter Fachwen has deliberately targeted each village within its valley with a project, as part of its overarching regeneration plan. Through working in enterprises that are at the heart of their community, clients are firmly embedded in the social relationships of their community. The receipt of the ‘Contribution to a Local Community’ Award as part of the Wales Co-operative Centre’s 25th anniversary celebrations, in 2007, is testimony to this strong commitment.

Menter Fachwen has also recently begun to focus on international development, and has undertaken a project in Kottayam, India. The organisation has joined forces with a social enterprise, Ashabhavan, to help it develop its own project ideas and funding to build a new centre of excellence, to support people with disabilities and their families.

This has also resulted in expanding Menter Fachwen's networks beyond its existing partnerships with the local authority, the Wales Council for Voluntary Action, local businesses, the Open College Network to now include working relationships with the Department for International Development and Oxfam.

Commercial perspective

Menter Fachwen has 20 years' commercial business experience and is fully self-sufficient. In the past, grants have contributed to their capital and revenue funding. The principle upon which the organisation has developed is to use grants in combination with revenue generated through contracted service delivery. Then it invests in the business and develops the enterprises, which trade in the local community. The organisation funds itself through the revenues generated by the five businesses along with the SLAs and individual client contracts.

The individual enterprises generate a surplus that is used to develop the packages of care for the service users. All revenue is aggregated and used to develop a tailor-made service package for each individual, rather than have the funding following each individual. This creates an element of cross-subsidy. Menter Fachwen is able to use the detailed understanding of each service user that is developed through the daily interactions to respond to individuals' unique requirements.

The organisation has an annual turnover of approximately £600,000. The five individual businesses generate a profit of in the region of £45-50,000, which exceeded their target of £40,000 last year, and funds the core operation. It leaves a surplus on target of £18,000 for the current financial year, which builds on £10,000 last year.

The SLA includes a number of targets which are based around quality, staff training and qualifications and service standards. Agreements are made annually and regular reviews are conducted. In an annual meeting with Gwynedd Social Services, the SLA is renegotiated to ensure maximum added value for the local authority.

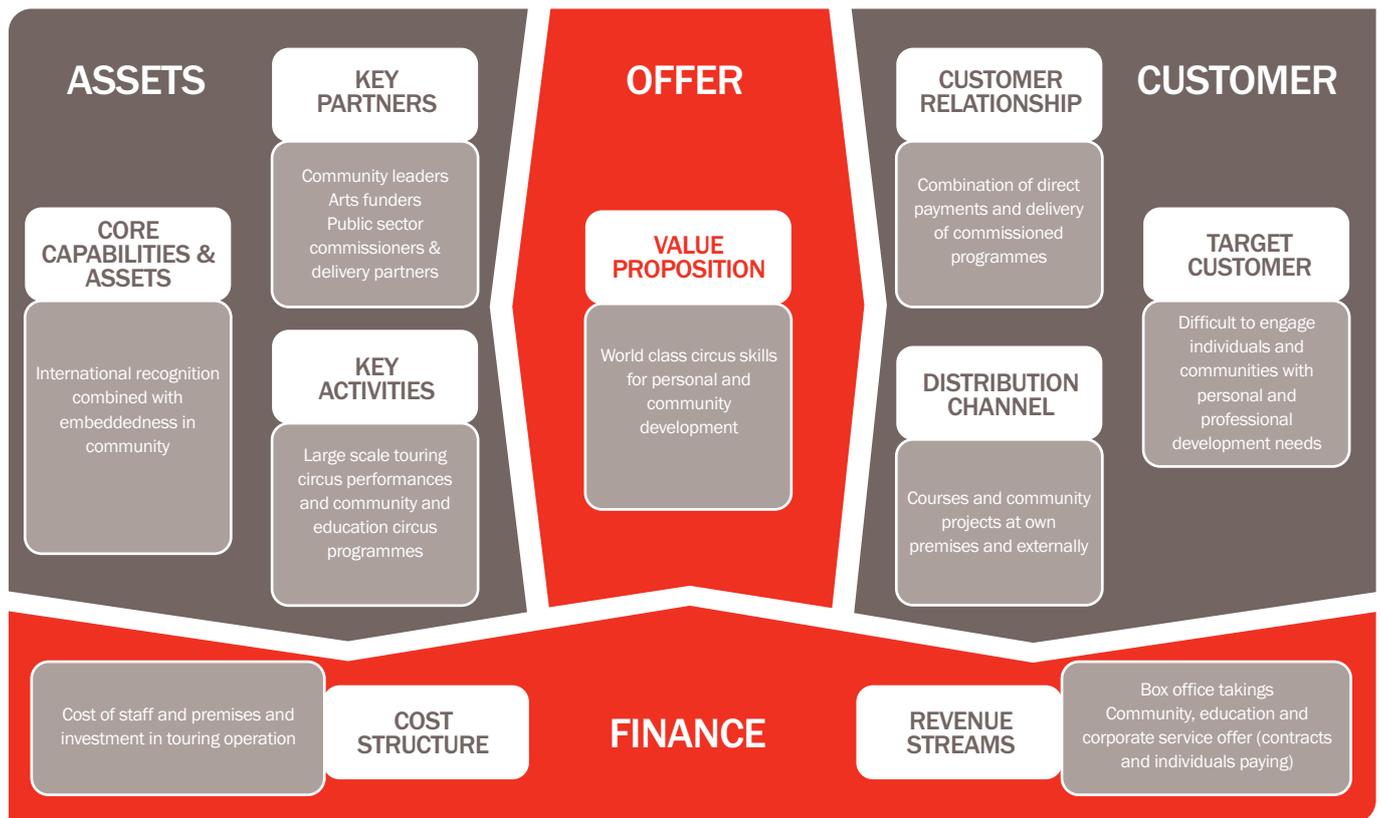
Menter Fachwen has good relationships with the local authority and engages in strategic discussions on the future of provision for citizens with learning disabilities.

Future plans

There is an aspiration to increase the profitability of the businesses, as the level of surplus generated at present is only sufficient to be used as a reserve and does not provide income for business development.

It is the intention to purchase a building on Llanberis High Street to open up a new market segment for the enterprise. Developing this building into a base for walkers including bed and breakfast accommodation, alongside an artist gallery, café and take away offering picnic food is designed to further strengthen its commercial sustainability. This new enterprise would create places for a further six clients at a higher level of care. However, additional investment is required to seed fund the project and the social enterprise is awaiting agreement with the local authority.

3 Nofit State Circus



Origins and profile

Nofit State Circus was set up by a group of five students who jointly developed a street show to raise money for Live Aid. Effectively for the following five to six years, the group worked together as a cooperative without a formal legal structure. Income generated was spent on infrastructure for circus performances, delivered in the form of a small circus theatre, for family audiences. The group benefited from the Enterprise Allowance at the time and survived on the box office takings, complemented by small grants.

In the mid-1990s, Nofit State Circus secured Lottery funding from the Arts Council for participatory community circus projects. The business model of leveraging Arts Council money for a community project, in effect, doubled up as product development for a new touring show emerged.

The first tour under this model, in 2004, was ‘an unmitigated disaster’ in terms of audience numbers, resourcing, marketing, revenue as it made a £40,000 loss; but it secured good reviews. A thorough internal review addressed a

number of operational and resource issues such as capital investment, bulk buying and professional marketing. A rebranding grant from the Welsh Assembly Government was instrumental in the cooperative’s change in fortunes.

Nature of activities and value proposition

Following this systematic review, audience sizes doubled, staff were paid a minimum wage and losses were limited to ca. £10,000. It returned a profit in the following year. A WAG capital grant further helped to lay the foundation for a viable business model.

The Nofit State Circus business model now combines an international circus touring operation with a range of community and education activities. Levering the strength of the internationally acclaimed touring operation, Nofit State Circus delivers regular youth and community circus training at its own premises. It offers bespoke courses for Local Education Authorities, schools and public agencies such as the Prison and Probation Service and has a corporate offer around team building. Furthermore it designs and delivers community

circus projects. The organisation is also available to develop events and artistic programmes for a wide range of venues.

It is the international acclaim that makes the training and community development opportunities attractive. Circus performers do 'daring things', but are disciplined and sensitive to risk, which is a combination that appeals to many people who may be suspicious of personal development settings. This credibility allows Nofit State to reach individuals that other public sector providers may not be able to reach.

The organisation's strong understanding of community dynamics informs the development and design of participatory circus projects aimed at fostering positive community identity and community cohesion. The Nofit State Circus communicates and interacts extensively with its members, community leaders and facilitators and individual community members alike.

Nofit State acts as a role model and has a strong multiplier effect above and beyond the inward investment it brings. It supports young performers in setting up their own enterprising activities. It also creates direct employment opportunities by recruiting people for their commitment and potential, rather than on the basis of strong past achievements. After an initial period of limited resources, it has now created internal employment conditions and standards, with a strong focus on paying good wages and equality and staff development are closely monitored.

Commercial perspective

An annual Arts Council investment in the region of £250,000 lays the foundation for the international touring operation. This generates a turnover of approx. £1.2 million out of total of ca. £1.6 million and secures the resource base for circus training to individuals and the delivery of community circus projects. The touring operation sustains a scale of activities that would not be possible on the basis of training and community projects alone.

Nofit State Circus has a proven track record of operating in a procurement relationship, as exemplified by the Park Life Project, large scale

community circus events delivered on behalf of a consortium, of seven English local authorities. The plethora of on-demand smaller service packages delivered for LEAs and other commissioners, illustrates Nofit State's role in designing and delivering bespoke projects and services.

The unique profile gives Nofit State a strong market position. Quality is directly governed by demand and a small staff base allows Nofit State to be agile in its response. In direct comparison with its private sector competitors, Nofit State offers a much better student-to-tutor ratio.

Nofit State has adopted a strong diversification strategy. Revenues streams include: direct payments for some of the in-house circus training courses; the delivery of small and large scale public sector contracts; a range of circus training and youth engagement activities; box office takings from the touring operation and corporate clients. As a result, Nofit State is not exposed to minor fluctuations in the demand for different services.

Future plans

Current development plans are to scale up training opportunities through the development of a permanent home for Nofit State. A Big Lottery Fund Community Asset Transfer Grant has been secured for the transfer of this former school building, in Splott, from Cardiff Council. An additional earned income of approximately £70,000 per year is projected to be generated through this asset-based development.

4 ProMo Cymru



Origins and profile

Established in 1984, ProMo Cymru initially worked within the field of co-operative development. The organisation was re-named to ProMo-Cymru in 2002, to reflect its work with disenfranchised young people converting their 'fringe' creative abilities into opportunities for skills development and enterprise. ProMo-Cymru has since developed a broader expertise in engaging with young people and youth work. ProMo-Cymru is a charity with a wholly owned trading subsidiary, ProMo-Cymru Trading, which presently hosts over 80% of the organisation's activity.

Nature of activities and value proposition

ProMo-Cymru offers a wide range of services in youth communication, advice and advocacy. Its services also include related project and enterprise consultancy and development, audio and visual services, media production and community regeneration.

The value proposition hinges upon the combination of technical expertise in digital media alongside the principles and practice of youth and community communication. ProMo-

Cymru involves young people and communities directly in the development of projects and activities, rather than seeing them as passive recipients.

Its flagship project, CLIC, is a Welsh Government funded youth-run website and e-zine that acts as the main online portal and gateway offering information, news and advice. As the Welsh Government's National Information and Advice Project for young people in Wales, CLIC aims to link up national regional and local youth communication services and to improve access to information for their target audience.

ProMo-Cymru uses interactive technologies to greatest effect by adopting a participatory approach. Youth-led editorial groups in nine local authority areas control the content and direction of the websites; consultation with young people ensures its relevance. Visits and participation in the co-operatives websites have experienced a 30 fold increase since the start, recording 35,000 visits a month and 6000 members.

The combination of competencies has allowed ProMo-Cymru to expand further into youth digital

communication and community regeneration activities, as illustrated by its role in a partnership, delivering the child advocacy and advisory helpline, known as MEIC. The service works through an instant messaging and text service that is accessible 24/7.

ProMo-Cymru is working to develop the Ebbw Vale Institute as a community centre and a regeneration catalyst in the area. Facilities already in place include a café and venue with licensed bar, a recording studio, rehearsal rooms, a video editing suite and business incubation space, as well as a training programme.

Commercial perspective

ProMo-Cymru's public sector contracts deliver on its core mission, 'to provide a youth community and co-operative national enterprise service responding to the creative, business needs and aspirations of the young people of Wales.' ProMo-Cymru levers in diverse income streams so that activities delivered on the basis of service contracts, SLAs and grant funding, create cross-subsidisation opportunities and ultimately generate a surplus.

From a turnover of approximately £1.4 million, CLIC and MEIC make up roughly two thirds of ProMo-Cymru's revenue generation, while the Ebbw Vale Institute contributes the final third. Its two Welsh Government contracts were won through competitive tendering. As part of the pre-tender process, the Welsh Government carried out a consultation exercise on the future of information and advice centres. All recommendations including those from ProMo-Cymru were integrated into the ultimate tender document. This process is repeated on a three to four year basis.

ProMo-Cymru has so far signed up around half of all Welsh local authorities for its CLIC project. The delivery of MEIC involves ProMo-Cymru collating information about youth services throughout Wales. As a result, ProMo-Cymru has developed strong partnerships with a range of key youth players, which includes a number of Children and Young People partnerships as well as voluntary sector agencies. In addition, ProMo-Cymru has taken on the role of coordinating the Youth Information Workers Cymru meetings.

The range of other activities create complementary income streams, which run from a Cardiff Council contract for the delivery of substance misuse information to digital media-related services for corporate clients. Not all of these activities are 'live' at any one time, but they create a diverse revenue generation capability.

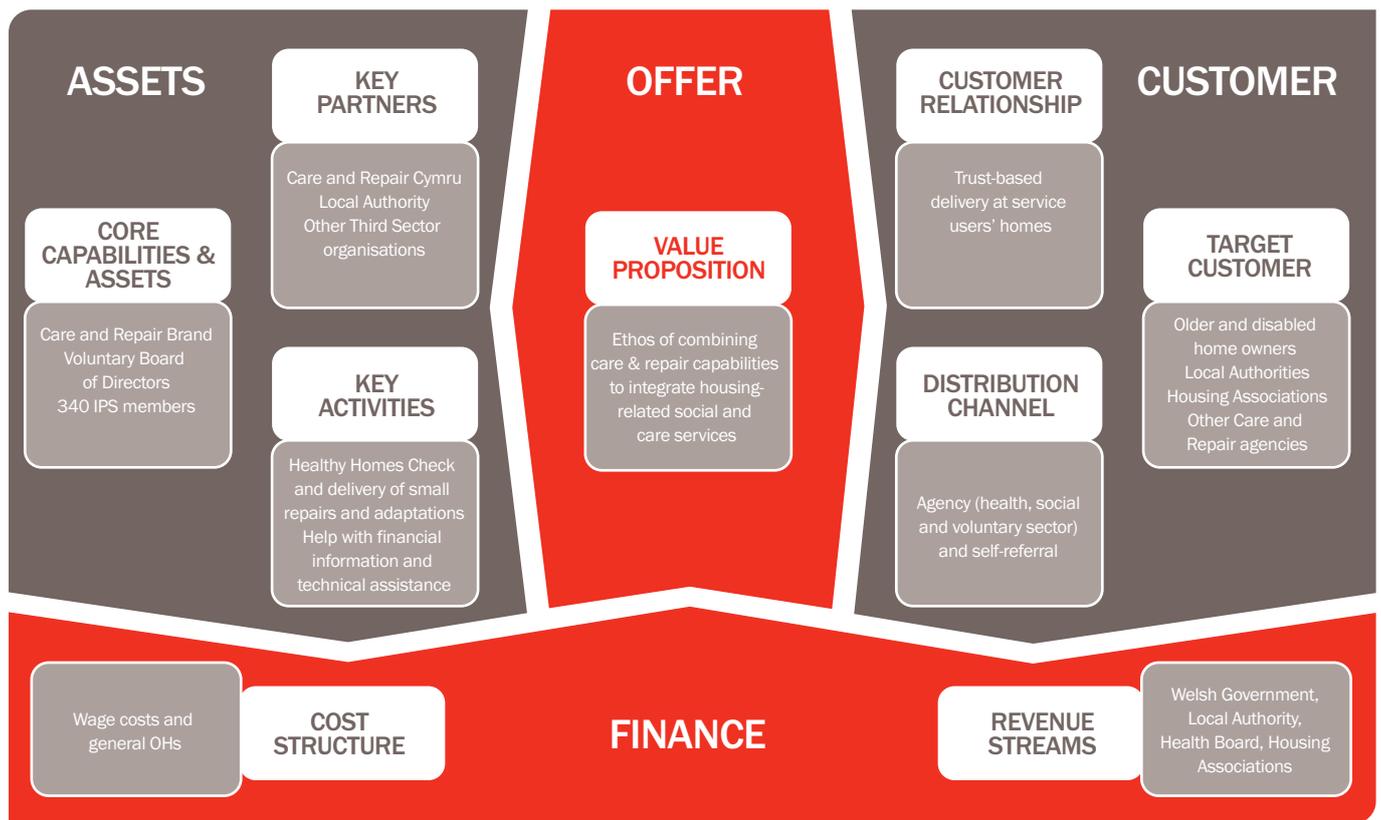
In addition, ProMo-Cymru levers in other funding sources. In cooperation with Blaenau Gwent County Borough Council, it has successfully secured funding for the Ebbw Vale Institute from the Heads of the Valleys programme and the Arts Council of Wales and is awaiting a decision regarding a Community Asset Transfer application. The Ebbw Vale Institute is expected to be self-sustaining and create a long lasting base for youth activities in the area.

Future plans

An ongoing priority for ProMo-Cymru is business development. The Board takes an active role in maintaining strategic monitoring in order to identifying new opportunities. Partnership working is crucial to maintain ProMo-Cymru's niche product around youth and community engagement, where empowerment is levered for the benefit of young people and their communities.

5

Swansea Care and Repair

**Origins and profile**

Swansea Care and Repair was established in 2000 following the end of the “Staying Put” project operated by Swansea Housing Association. The social enterprise was set up to support the housing needs of older people, in the area, through a handyman service for adaptations and repair work that helps the elderly stay in their own homes.

Swansea Care and Repair is an Industrial and Provident Society and one of a network of twenty-two Care and Repair agencies in Wales. The handyman service has grown considerably becoming increasingly clear that this could be a profit-generating enterprise if its activities were not constrained by operating as a charity. It created, on 1st April 2011, a company limited by guarantee as a trading arm.

Nature of activities and value proposition

Swansea Care and Repair provides a range of client centred repair and adaptation services that prevent accidents or the worsening of existing health conditions. The small timely investments mean that older people can stay in their houses longer, which reduces the need for

residential care and that hospital discharges can be speed up. Measures to increase security in older people's properties, provided by Swansea Care and Repair, also reduce crime and the fear of crime, which again supports older people in their own homes.

The company specialises in small works with low charges. Mostly delivered as discrete projects, these are increasingly used by individual older people who pay for the service themselves. Services include a Healthy Homes Check including the provision of financial information and help applying for grants or obtaining building estimates through to coordinating the work. The enterprise also provides a Welsh Government funded Rapid Response Adaptations programme, which provides an immediate response to specific needs, to enable people to return to their own homes following hospital discharge.

Rather than simply responding to the specific need identified by the particular referral agency, a caseworker visit will identify where other housing needs might exist. By working across the social care, housing and health sectors, Swansea Care and Repair considerably contributes to

integrating social service provision at the point of delivery.¹⁴

A figure of 65% of enquiries comes directly from older people; Swansea Care and Repair will tailor a package of support based on their individual needs. For people who are not already in receipt of housing, health or social services, Swansea Care and Repair provides preventative benefits to its clients.

Swansea Care and Repair has a unique value proposition. In contracting for small repair works within peoples' homes, trust is a fundamental requirement for older and vulnerable people. Its entire staff is Criminal Records Bureau checked and POVA & Child Protection trained. Emphasis in training and recruitment rests on 'care' as much as 'repair'. For instance, the staff is trained in dealing with bereavement and loss and working with people with dementia and mental health problems.

Commercial perspective

The organisation receives funding from the Welsh Government to deliver a range of core services. It also runs a number of locally procured contracts across a number of departments and services. These include two SLAs with the City & County of Swansea housing department and the Abertawe Bro Morgannwg University Health Board for its Health Visitor Grant that funds small works, identified by the health visitor and helps the client apply for funding for the projects.

The recognition that opportunities exist to deliver services to a wider constituency, whether client or geographical, has led Swansea Care and Repair to establish a separate company. The small works' staff has transferred to this company, which is now contracted to deliver building and repair works for other parts of the Care and Repair network in Wales, as well as other local authorities. Profits generated by the commercial arm will be channelled back into Swansea Care and Repair for the purposes of business development.

Swansea Care and Repair does not compete on price with other providers. It is the unique combination of capabilities and services that give it an edge. Rigorously applying the full cost

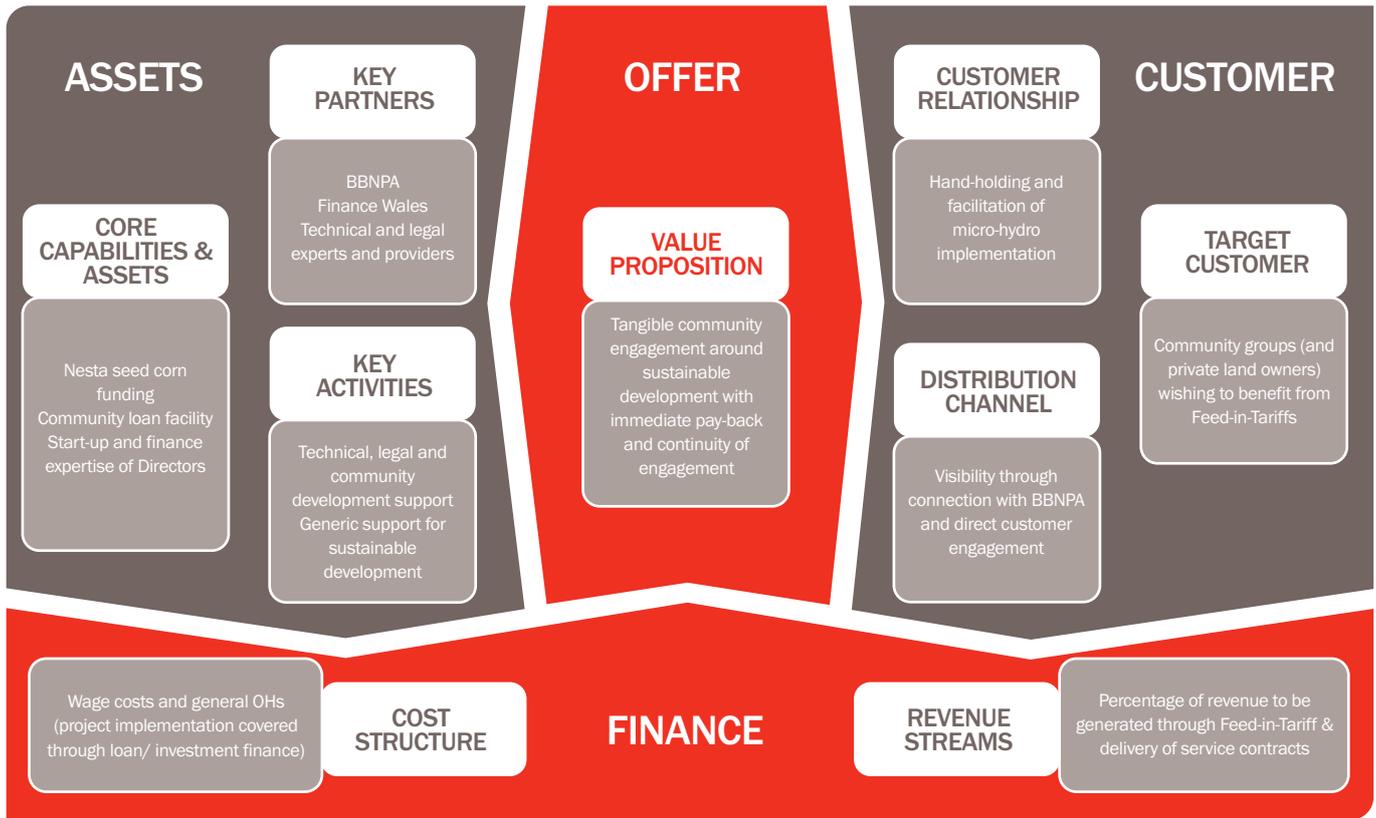
recovery principle ensures that the company does not unduly compete with private sector providers in the area.

The trading arm is still in its early days so it is too early to demonstrate how well this is working. However, with a turnover of £45,000 in the first month, the expectation is that this new venture will be a success.

Future plans

Setting up a trading arm has provided a focus on achieving commercial sustainability by providing increased flexibility in terms of the services offered and revenue streams to support their delivery. Funding streams are predominantly supported by public funding in one way or another, but the trading arm enables greater diversification. Certain existing services have already been opened up to 'paying customers'. Profits made will be used to further develop the services provided by Swansea Care and Repair.

6 The Green Valleys



Origins and profile

The Green Valleys (TGV) was established in response to the commitment of the Brecon Beacons National Park Authority, (BBNPA) to engage the community in activities around climate change. An opportunity was identified for both woodland management and micro hydro schemes as a means to integrate social, economic and environmental aspects of climate change. The UK Government’s feed-in-tariff green energy generating initiative has created a unique opportunity for community renewable energy schemes to meet emission reduction targets, address fuel poverty and generate revenue.

As a result, two BBNPA employees entered the NESTA (National Endowment for Science Technology and the Arts) Big Green Challenge competition. The money awarded to a ‘proto project’ used to fund an initial demonstration that showcased what could be achieved over the period of one year. Having won the final competition, the prize money was used to set up The Green Valleys.

Nature of activities and value proposition

The TGV business model addresses all three

dimensions of climate change by combining a charitable focus on community engagement, at this juncture, specifically around woodland management. A commercial business arm supports the development and implementation of micro hydro schemes.

The core activities of the TGV trading arm, TGV Hydro Ltd., offers the complete package of technical legal and financial expertise required to launch a micro hydro scheme. However, its core value proposition to community groups relates specifically to its role as facilitator and mediator for the necessary investment finance.

The key to this is the loan finance facility TGV has secured. Up to £500,000 can be drawn down on behalf of community groups from Finance Wales where TGV acts as intermediary for the five year pay-back period. Finance Wales would not be able to work directly with the individual community groups. TGV also supports community groups in securing the additional finance beyond the Finance Wales deal, for the period over which a micro hydro scheme needs to generate financial returns, in order to cover the full investment.

Alongside the role as financial mediator, TGV works directly with the groups to develop appropriate structures and navigate the technical, legal and business complexities of implementing a community micro-hydro project. From undertaking or commissioning the initial feasibility studies to developing the technical designs, TGV works closely with the community groups on its books.

TGV creates a tangible financial dividend by enabling communities to benefit from the feed-in-tariff. The development and delivery of a complete micro hydro scheme creates the platform and incentive for community groups to work together and acts as a catalyst for community cooperation.

Commercial perspective

To develop its activities, TGV has levered 'seed corn investment' in the form of two NESTA grants of £20,000 and £300,000. The company structure with the membership-based CIC acting as holding company delivering on the charitable mission and TGV Hydro Ltd. as the trading arm provides a suitable framework to deliver on both sets of objectives. Several smaller grants such as from WG legal costs or Environment Wales have been used to develop initial delivery capacity.

Direct funding from BBNPA in the form of two part-time secondees is a vital asset for TGV. A SLA specifies the particular contribution that TGV is committed to making towards BBNP performance targets. The nature of this SLA evolves as the social enterprise matures and increases its independence from the host organisation.

From the community perspective, feed-in-tariffs offer a generous income, but they are predominantly designed to attract private investors. A community will only receive the feed-in-tariff if the scheme is funded directly without using a grant, a circumstance that TGV enables.

TGV's own revenue is generated through a staged payment of 10% of the feed-in-tariff generated by the micro hydro projects, set up to be paid by community groups and private land owners. As TGV started trading in November 2010, no turnover figures are yet available, but profitability is expected for year three of operation.

Future plans

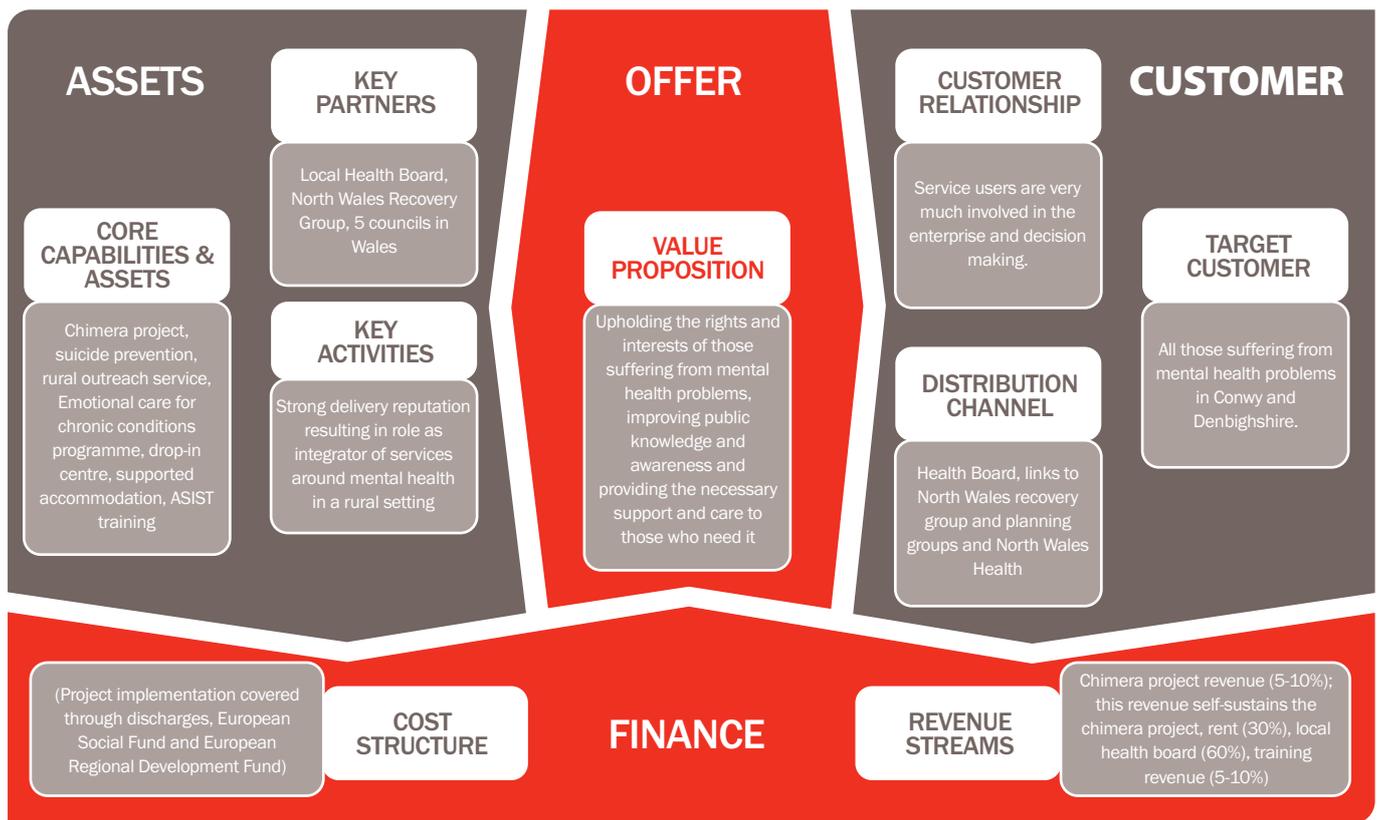
Growth is an essential part of its strategy, TGV aims to replicate the model throughout Wales and deliver 'dozens of micro-hydro schemes'.

TGV has commenced work for other public sector organisations and so far two contracts have been delivered. Active marketing is expected to increase the range of contracts.

The TGV directors are conscious that their current success, in marketing their services to the public sector is to a large extent due to a cost advantage, created through comparatively low salaries. Building its reputation is expected to allow the enterprise to lever its unique positioning to charge realistic market rates and pay market wages.

Finally, TGV has structured a package of current and planned activities from stimulating community interest in sustainable development to the practical activities to make communities more resilient. Woodland management is currently a key entry point for communities in the Brecon Beacons National Park area. TGV has plans to diversify the nature of these community climate change services to include photovoltaic, transport advice, community development training and sustainable technologies training.

7 Vale of Clwyd Mind



Origins and profile

The Vale of Clwyd Mind Association is a registered charity and a company limited by guarantee. It was set up 25 years ago as a result of a scheme to find accommodation for those with mental health problems. The starting capital for the project was aggregated from endowment and discharge costs amounting to £14,000.

Vale of Clwyd Mind has since developed its activities to fill a gap in service provision. This related to an offer outside mental health institutions to allow people to access services, support and opportunities that would integrate them in the local community. The initial need identified related to accommodation since suitable housing units tend to be oversubscribed.

Nature of activities and value proposition

Vale of Clwyd Mind activities hinge upon its original advocacy ethos of representing the interests of people affected by mental health problems. The supported housing offer translated this into tangible services that now form the nucleus of Vale of Clwyd Mind activities, from residential care for ten adults with enduring mental health problems, to the provision of

‘floating’ support for people with continuing care needs residing in 19 flats.

On the back of these established services, Vale of Clwyd Mind has developed further value added services for its key target group including a portfolio of rural outreach services working to address mental health issues, across the counties of Conwy and Denbighshire.

Backed by the Welsh Government, Mind Cymru and the Conwy and Denbighshire Local Health Boards, Vale of Clwyd Mind has been delivering ASIST, Applied Suicide Intervention Skills Training, in North Wales for over 18 months. ASIST has allowed suitably qualified trainers throughout North Wales to acquire this internationally renowned suicide intervention qualification. DORIS, Vale of Clwyd Mind’s Mobile Resource Unit, has become an integral part of mental health provision in the rural communities of north Wales.

Finally, Vale of Clwyd Mind has used its sound reputation to work with the Betsi Cadwalader University Health Board on a pioneering new approach to working with people with chronic

conditions, the Emotional Care for Chronic Conditions Programme, EC3. The EC3 programme also delivers training to Primary Care personnel at all levels to work with the emotional effects of Chronic Conditions.

These activity areas illustrate Vale of Clwyd Mind's post-modernist model of combining activities, which individually might be relatively small scale, to achieve great effect. As a result of ASIST it now facilitates the North Wales Suicide Stakeholders Network and the EC3 pilot programme involves Vale of Clwyd Mind directly in service design with the health board.

European funding was used to develop Chimera. Using a social firm creates further opportunities for clients affected by mental health issues. The rationale behind the venture is predominantly focused around the outcomes for service users rather than economic returns, as it nurtures commitment. Users run the show rather than being passive service recipients. This creates stronger adult-to-adult relationships and a platform for peer-group mentoring. The activities are run in five separate enterprises and day-to-day activities are accompanied by a support worker.

Commercial perspective

The organisation's core services, the residential care unit and supported housing, are delivered on the basis of a three-year rolling contract and form its financial bedrock. Working closely with the Local Health Board, specifically the Community Mental Health Teams and local housing associations, has allowed Vale of Clwyd Mind to nurture in-depth expertise and a solid track record with commissioners.

The organisation successfully navigates the commissioning and procurement process while working in close partnership with a range of public agencies. For instance, their membership in the Corwen Healthy Living Centre partnership and their close cooperation with neighbouring Mind affiliated organisations suitably illustrates this active engagement with partners at various levels to integrate provision with the wider set of health services.

Vale of Clwyd Mind is well positioned to work with the four neighbouring Mind affiliated organisations to respond to recent developments in North Wales. It is likely that in future the Local Health Board North Wales will commission services regionally, which will require delivery organisations to deliver to this scale.

Vale of Clwyd Mind's financial position is stable with a turnover of £800,000 to £1 million per year. Around a third of this turnover is derived from the supported housing services, while almost two thirds are generated from SLA funding with the local health board and social services.

Only ca. 5% of revenue is contributed by the training and Chimera trading activities. And yet even though the project has had to shrink following the end of the European funding, the break even achieved makes this a sustainable vehicle to complement the core offer.

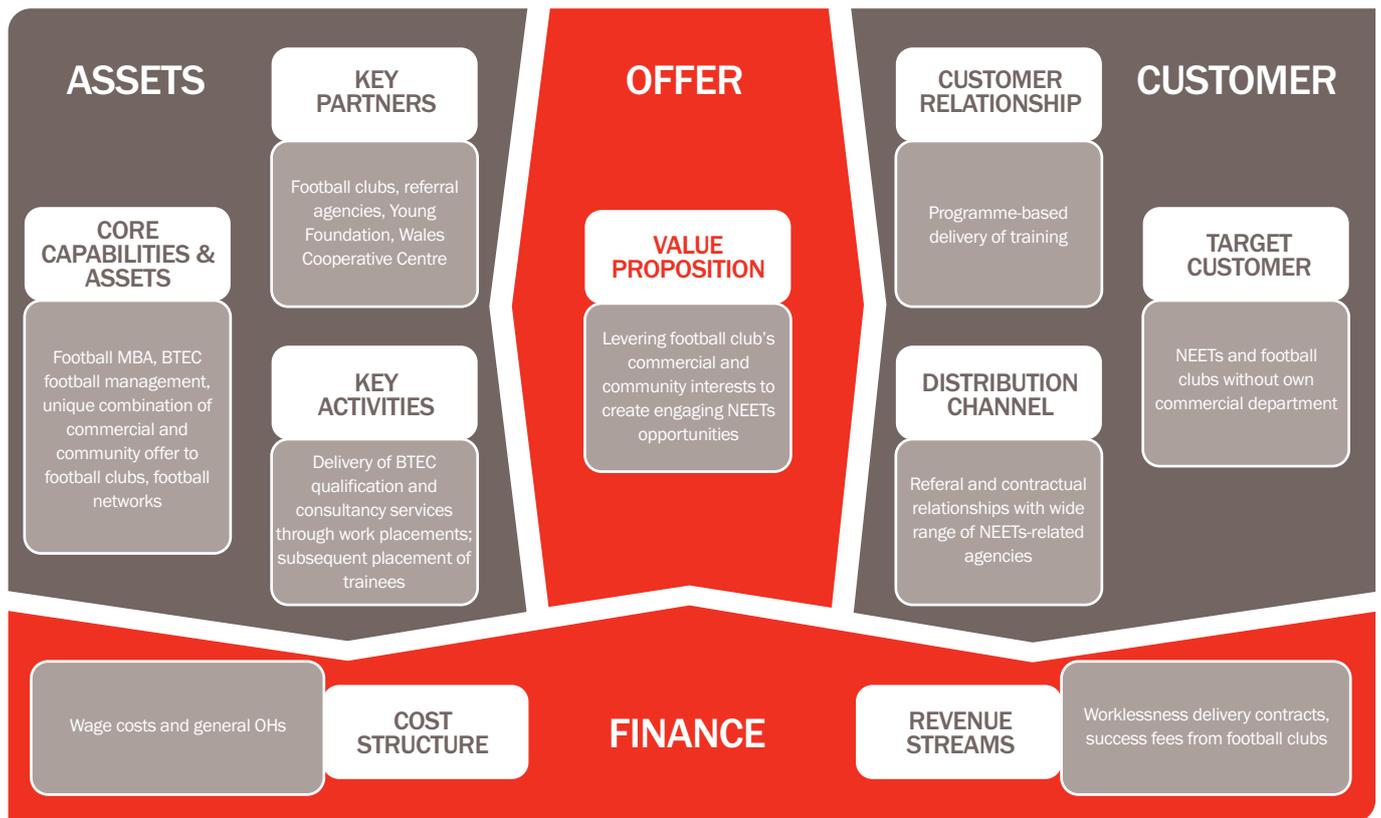
As a result of the strong adult mental health track record, Vale of Clwyd Mind plays an active role in service design and innovation both through direct cooperation with service commissioners and through successfully meeting public tendering requirements. In fact, Vale of Clwyd Mind is able to be quite selective in terms of the services it takes on. Having piloted the mental wellbeing component on behalf of the 'fit for work' programme and developed the corresponding models of supportive interventions, it chose not to take on the programme once mainstreamed.

Future plans

Considerations about future developments include extending similar supported housing services into the south of Denbighshire and to further develop its training portfolio.

8

Vi-Ability



Origins and profile

Vi-Ability is in its second year of trading. A former Wales player with a football MBA, the founder has a professional perspective on clubs' management capabilities and structures. Many football clubs are not set up to effectively operate as economic actors in a market place. It is also part of a football club's ethos to 'give something back' to the community.

Combining these insights, Vi-Ability's founder identified a niche in creating an offer to support football clubs in improving their commercial operations and revenues, in return for the creation of employability opportunities for young people.

Vi-Ability's success in Launchpad, a national Young Foundation competition focused on the development of alternative learning approaches, provided seed corn funding of £5,000, and the intensive business development support, advice and investment that Vi-Ability's founder needed to go full time with the pilot scheme. As a result of the high profile garnered through their competition success, Vi-ability was approached by DAC Childcare Training to develop a BTEC for commercial football club management. This

qualification formed the foundation for delivering the programme, which was initially for Colwyn Bay football club.

Nature of activities and value proposition

The programme consists of a cohort of 15-20 young people committing to a programme of training and work experience. Spending two weeks each in the various functional areas of the football club from ticketing to catering and ground maintenance, it is their task to implement the strategic development plan put together as a result of the consultancy support for the club.

An initial consultancy intervention to identify key strategic development areas represents the starting point for each cohort's training period with a club. The founder's professional expertise acts as incentive for a football club to engage with the employability scheme.

Trainees referred into the programme have diverse backgrounds and needs from ex-offenders and individuals with issues around drug abuse to people with special needs such as cerebral palsy sufferers. For all of them engaging with the programme has proved easy.

The venture has established referral relationships with a range of organisations and programmes including Job Centre Plus, the Police, the Future Jobs Fund and the Probation Service. A wide network of employers offers Vi-Ability trainees the first step into paid employment. Levering the extent to which football clubs tend to be embedded in their community and identifying businesses with a matching community commitment has allowed Vi-Ability to secure such high levels of follow-on employment.

Commercial perspective

For an initial period of 18 months, Vi-Ability largely operated through unsalaried work of its founder. However, the pilot scheme with Colwyn Bay football club has proved highly successful; 98% of the first cohort moved into paid employment and the football club increased its revenue by around £55,000, where half of which is ploughed back into Vi-Ability's activities. With a second football club on its books, it has recently expanded its staff base to 15 full-time employees.

Vi-ability has successfully navigated the wider funding environment and developed a diverse funding mix that complements the revenue generated directly as success fee from the club consultancy services. From successfully tendering for a contract under the WCVA Engagement Gateway to using Future Jobs Fund money to support implementation of the Rhyl City Strategy and winning a Welsh Government pilot programme to act as Serco sub-contractor, this diversity puts Vi-Ability in a strong commercial position.

Vi-Ability has also tapped into a European Commission programme around youth mobility. This provides funding for an exchange programme that allows all successful trainees to finish their apprenticeship with a two-week work experience at football clubs in Italy, Sweden, Spain and Holland.

The first year of operations produced a turnover of around £135,000 and the expectation is for this to rise to £500,000 to £600,000 for the second financial year. A surplus of 30-40% has allowed Vi-Ability to reinvest in the business by employing additional staff.

Future plans

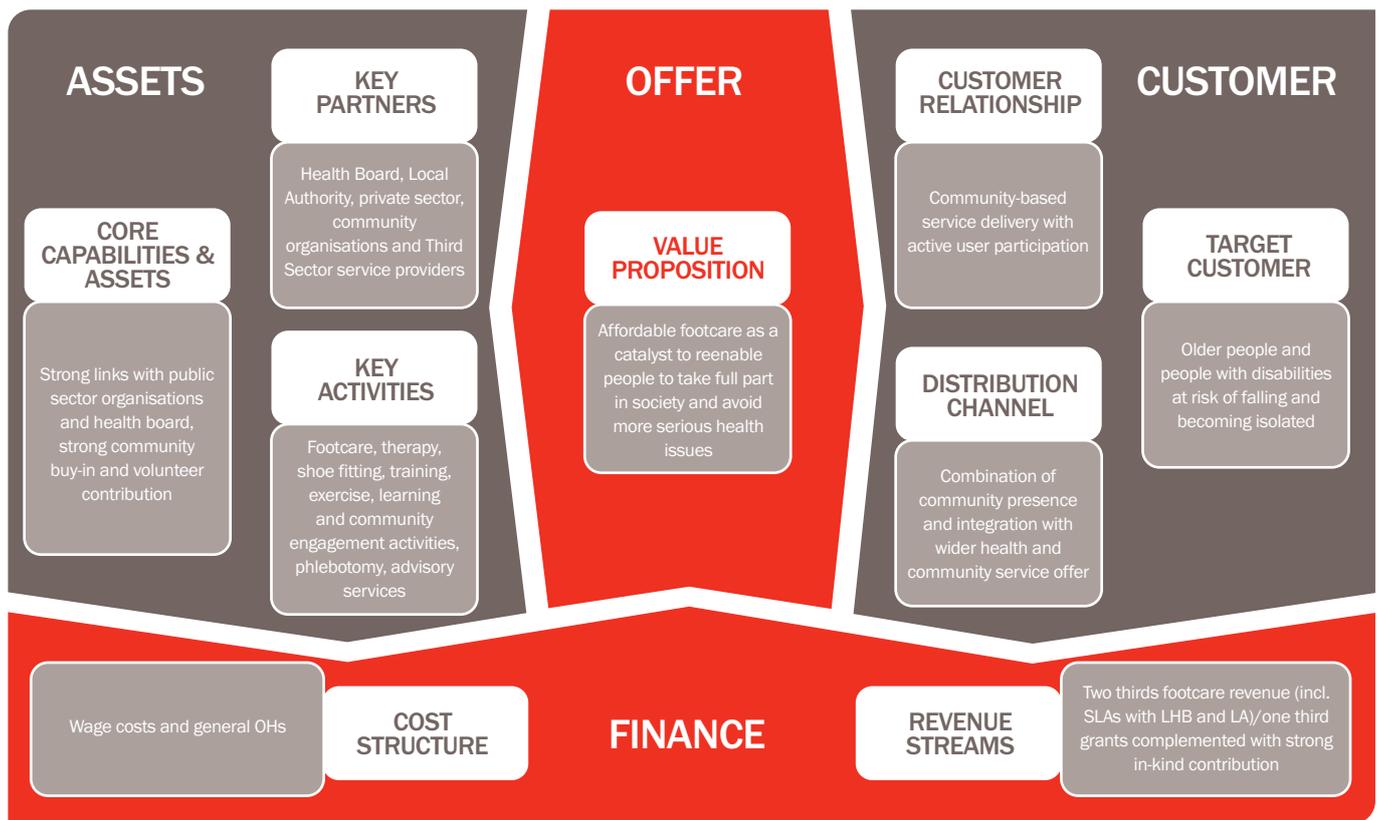
The initial success has set Vi-Ability up for a growth trajectory, without even having to undertake any formal marketing. Initial growth projections had anticipated gradual growth; instead, the enterprise has now been approached by League Football Education, the agency that manages the educational programme for apprentices at Football League clubs to talk about how the proprietary BTEC in commercial football club management might be delivered for the apprentices of the 77 League Football clubs. Contact has also been made by a variety of other interested parties that include a number of Welsh rugby and cricket clubs and the Probation Service.

In view of such heightened interest, strategically managing growth is therefore now the key priority for Vi-Ability. Options considered include franchising or licensing the delivery of the BTEC, which is IP protected.

Considerations are also being made to potentially buy a football club at some stage, which would not only strengthen Vi-Ability's balance sheet, but would also allow the creation of a dedicated Vi-Ability college.

9

Wellbeing Regeneration



Origins and profile

The social enterprise Wellbeing Regeneration originates from a foot care pilot project, commissioned by a partnership between the NHS Podiatry Service, the local authority, the 50+ Partnership/Strategy for Older People and the Carmarthenshire Local Health Board (now Hywel Dda Health Board). Following the success of the pilot, the social enterprise was set up in 2008, registered in the February and commenced trading in April of that year.

The director who is from a community health background identified a market failure in the lack of affordable foot-care services in Carmarthenshire. That is, simple foot care is no longer available through the NHS and is unaffordable for many if delivered on a for-profit basis.

The creation of the venture must be seen in the context of the wider service integration work undertaken by the Hywel Dda Health Board¹⁵. The overriding aim of service integration is to complement statutory services in a locality. Wellbeing Regeneration can be seen as a strategic vehicle created to deliver on those

aspects that go beyond public and private sector capabilities.

Nature of activities and value proposition

The core of Wellbeing Regeneration remains foot care. A SLA with the Hywel Dda Health Board ensures clinical governance, key standards and podiatry assessment for the service. Beyond this the local health board contributed funding and monitoring during the first two years of development. Wellbeing Regeneration scored 100% and the health board have had less involvement since as a result.

The insight that reduced mobility and lack of exercise have far-reaching physical, social and mental detrimental effects and leads to a tremendous loss of wellbeing is reflected in Wellbeing Regeneration's service portfolio. The foot care service itself goes beyond standard therapies to include appropriate shoe selling services, with associated revenue generation and includes fitting and advice. Furthermore the enterprise has also developed a number of therapeutic services from massage and reflexology to physiotherapy and cognitive behavioural therapy, as well as 'leisure' activities

like arts and crafts, luncheon groups and Tai Chi. The aim is to reduce isolation, engage people with their community and reduce the demand for higher intensity care services.

Wellbeing Regeneration has also extended its geographical reach and has taken on an important sign-posting function. Through a network of satellite clinics the enterprise is able to reach service users throughout the county.

The realisation that people were struggling to access information on benefits and entitlements led to the development of a signposting service. Initially delivered by a volunteer, this advice has helped raise £800,000 in benefits for clients over two years.

Additional services are developed based on the principle of avoiding service duplication. For instance, the pilot community delivery of phlebotomy services developed in partnership with the local hospital is a response to long queues at the Phlebotomy department at Prince Philip Hospital. Wellbeing Regeneration worked with the local GP Lead and the Community Resource Team on a pilot to bring the service out into the community. This reflects a Health Board commitment to move services out from the acute sector and work closer with the third sector.

Commercial perspective

While developing a sustainability plan from the start, Wellbeing Regeneration works on the premise of using grant funding to pilot new activities. The original SLA with the local health board subsidised affordable foot care. Won through competitive tendering, the £10,000 per annum was complemented by a further £30,000 from the local authority during the first two years.

The foot care contract is delivered at scale. Almost 100,000 toe nails were cut last year and the client base of almost 1700 customers grows daily. As a result, the service generates two thirds of Wellbeing Regeneration's revenue.

Wellbeing Regeneration has levered in a wide range of other funding to complement the SLA, which was most notably funding through the Rural Development Plan for the creation of two rural satellite clinics. It also uses a variety of

smaller grants to fund 'enabling wellbeing' activities.

A key component of Wellbeing Regeneration's business model consists in the extensive in-kind contributions that it is able to lever into the service delivery. The centre in Llanelli has become a friendly community space attracting a regular circle of users and as a result, is also attractive to volunteers. A total of 52 volunteers provide support services and administration and a further 35 are spread throughout the satellite clinics delivering foot care services. The business model stretches into the informal economy, which makes greater resources available to the well-being of elderly citizens than could be supported by public or private funding.

Future plans

A new initiative in partnership with the local health board relates to the delivery of a service to provide low level interventions for hearing aids, battery exchange, replacing tubing and providing general advice and a 'triage' facility.

Wellbeing Regeneration works to strengthen its business model. The cost to the user of the foot care service has had to be increased from £5 to £7.50. The 'corporate' arm of the enterprise will be developed further by providing its specialist services to the private and public sector in addition to direct delivery to communities. It also plans to explore partnerships with universities for pioneering research projects and CSR sponsorship from companies.

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