



SURF: Linking and Learning Start & Grow Fund Investees for Resilient Scotland

1 Introduction

This paper presents a summary of comments arising from the interviews with nine Start and Grow investee organisations conducted by SURF from January to March 2014.

This process is the initial stage of SURF's 'Linking and Learning' work on behalf of Resilient Scotland. An earlier circulated paper, explaining SURF's role in this work, is also attached for information at Appx 1.

2 Confirmed participants in the 'Linking and Learning' lunch discussion:

Start & Grow Investees

- Malcolm McArdle, Ace Recycling
- Susan Aktemel, Homes For Good
- Grant Williams, Himalayan Centre (vegetarian)
- Beltus Etchu Ojong, Next Step Initiative
- Steven Watson, Stepwell
- Sylvia Douglas, MsMissMrs
- Tracy Mitchell, Just Trading Scotland
- Liz Cotton, Rainbow Turtle
- Liz Cotton and Neil Fleming, Rainbow Turtle
- Matt Buckman or David , UCAN

SURF & Resilient Scotland

- Andy Milne SURF
- Chris Holloway Head of Resilient Scotland
- John Hibbert Resilient Scotland board member
- Jacqui Morris Resilient Scotland Communications Executive

3 PARTICIPATING PROJECTS AND THEIR MAIN AIMS (as understood by SURF).

Himalayan Centre - Edinburgh

The project was instigated by Edinburgh based Nepalese community (largely enterprising catering/restaurant business people) to meet the need for finding appropriate spaces and settings for cultural celebrations and other rituals. Other venues and organisations not being sufficiently suitable, they focused on a disused Leith swimming pool building as a base for cultural space, café and arts etc.

Significant element of recognising the importance of 'resilience', cultural interdependence and climate change impacts – (phenomenon of 'black snow' in the Himalayas and the multi national composition of the area)

Focus on enhancing trust and partnership via medium of cultural and artistic activity.

Next Step Initiative - Govan

The African community in Scotland remains generally under-represented in employment and business enterprises, particularly at the higher end of the market. The same is generally the case in representative and official structures concerned with the formation of social, cultural and economic policy.

The Next Step Initiative is designed to help individuals and business of Scottish African ethnicity take more ownership of their own commercial and community development processes. To that end it provides accessible and culturally relevant facilities, training, support and opportunities. It does so through an inclusive and entrepreneurial approach to culture, creativity and partnership.

Homes for Good - Glasgow

To operate as a social enterprise with the aims of:

- Raising standards and quality of provision in the private rented market by example
- Increasing access and sustainability of better quality accommodation for tenants – especially for more disadvantaged residents

A key practical business development aim is to secure agreements with landlords and then to maintain them.

Miss Mrs Ms – North Glasgow

The project focus is on enhancing the self empowerment of young women through person centred care plans. The object is to increase self awareness, confidence, skills and aspirations - and thereby social, economic and employment prospects. Group referrals are made from the Social work dept and Job Centre Plus. Discussions to that end are ongoing with the local Education Department.

The business plan is to generate income from production, marketing and sale of trademarked 'Empowerment Pants'. The resulting income is used to subsidise the empowerment courses.

ACE Recycling Group –Clackmannanshire

ACE is a recycling social enterprise with two main output aims:

- Providing skills, training and paid employment opportunities
- Improving environmental activity through influencing consumer behaviours

Its main business contract relationships are via the Clackmannanshire and Falkirk local authorities. ACE is continually entrepreneurial in pursuit of the above aims and the longer term self sufficiency of the business.

Stepwell Fresh Café - Greenock

Fresh café is an employability focused social enterprise by Stepwell built on earlier Equally Well test site experience. It provides employment support and experience for disadvantaged young people in a real work context. In 3 years it has built a £150K turnover.

Fresh and Cook School (a related catering trade training enterprise) are now sustainable businesses with surpluses being reinvested in other community activity via a charitable arm.

UCan Learn Work live - Kilmarnock

Based on shared personal and professional experience of the general inadequacy and lack of ambition in conventional public/support services for (young) people with special needs, the project has been developed as a:

- Business with a conscience – not built on the 'free labour' of clients.
- To support the preparation of disadvantaged people in life and work skills
- To achieve a life transition service - not 'parking' or 'churning' people
- To provide an innovative service model that is more effective and efficient than standard public/voluntary sector practice.

The local authority is becoming an important and enthusiastic business partner in client referrals.

Just Trading - Paisley

The project emerged from the Balmore Trust and the surpluses raised from the Coach House Fair Trade Shop based on successful trade initiative with Malawi which benefited from an SG grant encouraging Fair Trade distribution. It has now been running for 5 years.

Its aims are:

- Poverty alleviation in Malawi via trade.

- Awareness raising in the UK
- Employment of disadvantaged people In Scotland

Rainbow Turtle - Paisley

Rainbow Turtle is in its 12th year of operation. It started by facilitating the promotion of the Fair Trade concept and products from various countries via church stalls etc. Its success soon necessitated the establishment of a shop which is now one of the longest established independent shops in Paisley the town centre.

The main aims are:

- enhancing awareness and commerce in Fair Trade
- supporting the commercial diversity of the town centre
- providing training and employment opportunities for local people.

4 SUMMARY OF INTERVIEW RESPONSES

What follows is a summarised and unattributed list of responses to the set of standard questions posed in the initial interview sessions to each project by SURF.

4.1 Why did you decide to make an application to the 'Start & Grow' fund?

- To enable the project and the individuals, businesses and communities it supports, to compete more successfully
- To take better advantage of apparent opportunities in the broader 'mainstream' social and business context.
- To achieve a 'breathing space' for consolidation and project/ideas development
- To help the business cash flow through a period of expansion.
- To ease cash flow through a period of transition aimed at
- To successfully negotiate a crucial point of change for the enterprise
- To support the general development costs establishing a new business.
- To consolidate and grow the business which is not suited to conventional grant sources.
- To ease a tight cash flow situation as a result of the expensive time and resource demands and general unpredictability of most procurement and grant support processes

4.2. What problem/need are you trying to solve with this investment?

- Larger scale production and marketing
- Investment to train and develop a new arm of the business towards longer term financial returns within a more stable trading business plan. There is currently a lack of alternative financial support streams to that end.

- To employ staff that would free up time for directors to do more development work
- To demonstrate and market ideas and products
- Improve IT processes and hardware.
- Working capital to meet up front payments to suppliers
- Additional staff and staff training costs
- Marketing products more intensely and consistently.
- Capital equipment and improving the sustainability and efficiency of premises.

4.2 Where did you hear about Start and Grow

- A Foundation Scotland colleague
- Prior involvement in the development of Resilient Scotland.
- A supportive Social Enterprise colleague
- A conversation with SES colleague
- Via the well connected Chair of the project.
- A colleague's incidental telephone call and conversation with Rachel Searle Mbullu of Foundation Scotland.
- Via the local Council's Fair Trade Steering Group.

4.3 What challenges has your organisation faced in meeting the 'Start & Grow' criteria and objectives?

- No significant challenges in meeting the criteria or objectives (x5)
- No difficulties meeting criteria – good dialogue and positive early engagement.
- Some discussion on the foreign focus of the business

4.4 What elements of the 'Start & Grow' process or product do you think could be improved for future applicants?

- Some further work could be done to improve the accessibility and efficiency of the online application process;
- The involvement of Social Investment Scotland in the Resilient Scotland Start and Grow investment process is welcome
- Some more thought could be given to the format of the on line application form. There are currently some difficulties in downloading and completing the latter stages of the form easily enough.
- Some potentially suitable applicants may be discouraged by the present difficulties presented by the form. It presently uses rather closed questions and there should be more space to describe the nature of the applicant business.
- There seemed to be instances of over caution or confusion in the Social Investment Scotland/Resilient Scotland assessment processes. This resulted in delays which might have proved unmanageable for a small business struggling with cash flow in a change process.

- It would be helpful to know why the application was approved. That could provide informative confirmation of what is attractive about the business – and therefore what can be most productively presented to other potential investors.
- A staged investment model could be developed to support incremental development
- Some difficulties with the on line form format in terms of finance information input ranges.

4.5 What is your view of the loan/grant mix and how does that approach fit with the reality for projects like your own

- The balance of loan to grant could be revisited to provide a more gradual shift in expectations and practice from traditional reliance on grants towards a more business orientated outlook. This may be more likely to encourage more creative and appropriate approaches amongst community activists and enterprises.
- The present 60/40 balance of loan to grant is reasonable and the loan repayment rate is manageable for a business with relatively low overhead costs
- ‘Free money’ in the form of grants is always welcome, especially in a recessionary context, but it tends to distort the business model of enterprising organisations. In many cases, grants could be more successfully re modelled into soft loans.
- The loan repayment rate of ‘Start and Grow’ is relatively high, given the intention to support marginal community enterprise activity but it is acceptable within a context of general understanding and support of the wider aims and operating context of social enterprise businesses.
- The loan element is useful in ensuring a fuller internal exploration of the efficiencies and viability of the business.
- Decent sums on offer with reasonable degree of freedom in terms of use. A realistic balance of grant and loan for supporting a community enterprise approach.
- Initial repayment pause is helpful and sensible in the context.
- The grant /loan mix was appealing.
- The financial/business credibility accrued from the loan approval is encouraging and potentially useful with potential approaches other future inventors

- The grant element is always attractive but the loan aspect ensured a more thoughtful and helpful process of considering the priorities and efficiencies of the business.

4.6 Do you have further plans that you now hope to achieve by building on this 'Start & Grow' investment?

- A progressive and organic development of emergent opportunities
- The potential acquisition of a currently rented building via an application to Heritage Lottery Fund and the Big Lottery Fund's 'Growing Community Assets' investment programme.
- To expand the business significantly via contracts for larger scale marketing and retail sales via emergent partnerships with social enterprise manufacturers and related links to mainstream shops and 'on line' trading.
- Could open the door to other appropriate and potentially profitable business opportunities including:
 - shop and café frontage
 - potential diversification into supported housing
 - the potential for replication of the model across Scotland.
- Still focused on making the most of the current investment
- To pay a managing director and to more adequately remunerate the staff.
- The development of a 5 year business plan, enhancements of the governance structure and succession planning in project leadership.
- More use of IT systems in stock record keeping, management and communications.

4.7 Aside from providing these sort of funding initiatives, is there anything else policy-makers could be usefully doing to encourage the further development of community-based social enterprises?

- Ensure better appreciation amongst civil servants and funding agency contacts of community based processes and the resultant benefits socially and economically – and the links between the two.
- Offer broader business support and advice.

- Less of funders pushing their particular products and more focus on the actual needs of the enterprises. The approach and processes of some funders already show that this is possible.
- Further priority and investment is required in encouraging more deprived ethnic minority communities to get into enterprising activity. Evident gaps in understanding and support from 'mainstream' support frameworks, results in higher levels of instability and failure in ethnic minority organisations and businesses.
- There is a pressing need for practical progress in creating a more cooperative, open door, procurement processes, particularly with Local Authorities. The aim should be to create a more closely woven and consistent fabric of social care engaging education colleges, employers and health partners.
- Greater clarity and common sense is required when considering the role and applicability of state aid legislation and guidelines in relation to the support and procurement of genuine social enterprise activity.
- More thoughtful consideration should to be given to specifying the wider benefits of genuine social enterprise activity. There is an apparent trend in struggling commercial enterprises re defining themselves as social enterprises in order to take advantage of public agency support. The same goes for some very large private companies in pursuit of commercial contracts and CSR advantages. This is damaging to the model of genuine social enterprise as well as being a drain on scarce resources.
- More political leadership is required in helping Local Authority procurement officers and members adjust their present tendency to view social enterprise as a mainly a means of providing public services at a cheaper rate. There is a key role for Social Enterprise Scotland and other relevant bodies in supporting that shift of perception and practice.
- There is a potential concern that the various and apparently numerous 'intermediaries' end up taking too much out of a limited pot of financial support.
- The shift of policy and resources focus from grant/project to loan/business models is not always matched by a shift in culture and leadership styles. People with the wrong or inadequate skills and capacities are unlikely to deliver outcomes such as job creation and surpluses for reinvestment.

- Government support in such instances may have the perverse effect of undermining real jobs and conventional businesses that are already struggling to survive in a difficult economic context.
- Further consideration of the impact that grant support for conventional voluntary initiatives has on real local businesses and employment; and therefore on the wider regeneration/degeneration of economically fragile places.
- Acknowledge and respond to the difficulty of other funders dropping out of supporting employment initiatives for people furthest from the conventional jobs market due to the extremely difficult conditions in that market – even for those without additional challenges.
- There seems to be a need for a better level of consistency in support for social enterprise. There is unhelpful complexity in the different offers and processes from different providers in the public sector.
- A single portal for accessing different options on available support would be welcome; especially on finance and employment including recruitment and post recruitment support.
- Some reduction, or at least further clarification, of the apparently overly complex and diverse range of social enterprise and employment/training support offers for a wide variety of local and national organisations.
- Elements of confusion are evident amongst those various organisations and not just amongst the intended recipients of their support.

End of Start and Grow investee interviews summary paper

Andy Milne, SURF Chief Executive, 21.3.14.

APPX 1 – A previously circulated explanation of SURF’s role in this work.



SURF
Scotland's Independent Regeneration Network

SURF : sharing experience : shaping practice

Notes on SURF's role with the first ten recipients of Resilient Scotland 'Start & Grow' investments

About SURF

As Scotland's independent regeneration network, SURF uses its extensive cross-sector membership, which includes over 250 organisations, to explore current practice, experience and knowledge in community regeneration.

SURF provides a neutral space to facilitate this sharing of information and ideas through a diverse programme of activities that includes seminars, conferences, policy exchanges, lectures, study visits, awards for best practice and the distribution of information and comment in a variety of formats.

Constructive feedback from the SURF membership is used to positively influence the development of more successful regeneration policy and practice through SURF's links with key policy-makers in the Scottish Government and elsewhere.

Further information is available from the SURF website: www.scotregen.co.uk.

Purpose and Process of SURF's 'Start & Grow' Role

- 1 This is not evaluation** – Resilient Scotland will be doing that.

However, Resilient Scotland has asked SURF to help them identify and disseminate learning from the investments they make in community based regeneration enterprises across Scotland.

2 In carrying out this work, SURF wants to:

- Understand more about how early recipients of RS investments are using and benefiting from the additional resources
- Facilitate appropriate personal and electronic networking for sharing experience and ideas
- Draw out some useful feedback for RS to help them shape the programme development.
- Identify some practical policy recommendations for Resilient Scotland , and thereby for Big Lottery Scotland, and more generally for Scottish Government and other SURF network members

We do not want to add to the existing burdens of bureaucracy that community businesses are already faced with. We will not be looking to gather lots of statistics or details of process. We will be most interested in facilitating productive exchanges and sustainable networks.

Through this process, we will use SURF's independent position and experience to draw out lessons on 'positive deviance' and practical proposals for improvements in future policy and practice.

3 The intended start up process for initial engagement with and between the pioneering 'Start and Grow' investee organisations is as follows:

- Initial contact with 10 recipients and follow up site visits wherever practical
- Secure mutual understanding and a reasonable level of agreement to participate
- Compile and check basic initial project/investment information
- Plan towards an initial SURF 'Food For Thought' lunch involving all investees on the broad theme of developing community enterprise through investment and shared learning.
- Compilation of initial views/exchanges and any emergent themes from that discussion
- Produce and pursue specific proposals on how to make this most of developing this networking and learning opportunity over 2014 in a practical and productive way for all partners.

4 A longer term aim

On the basis of this early cooperation, to then develop SURF and Resilient Scotland's thinking for a suitable/practical version of this work which will be suitable for an ever larger and more diverse group of recipients later and beyond 2014.

End of explanatory note on early process
Andy Milne, SURF Chief Executive, 10.01.14.

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