# IMPACTS and Prospects
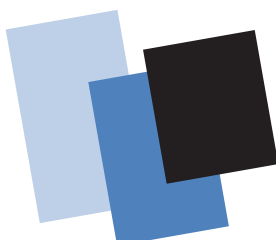
## Developing Social Enterprises

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# C o n t e n t s

# Executive Summary

This is a unique report which looks at the impact of several local social enterprises and their role in addressing some of the key challenges in our communities. Several locally-based social enterprises have carried out impact assessments and/or have been involved in unique collaboration with the University of Portsmouth. This report draws on the results of these studies, their experience of business development, this collaboration and some of the recent research literature.

These studies looked at a number of impacts and value-added generated by local social enterprises, key results included:

- Local businesses volunteered 65,317 hours of their staff time during 2008/09 for the Portsmouth and South East Hampshire Education Business Partnership. This had an estimated annual economic value of £1,160,000, which represents a return of £9.28 for every £1.00 of 'core' funding received from local authorities.

- The Good Neighbour Service is a highly flexible and personalised neighbor care service provided directly to clients by local volunteers. The

service undertook a total 111,257 tasks in 2007/08. Alternative provision would cost £695,000 and it saves an estimated £932,000 from avoided missed outpatient appointments (thus reducing hospital admissions). The volunteer's contribution of 333,719 hours had an estimated value of £5,186,000.

- In terms of outcomes, we looked at Motiv8's Portsea Youth Inclusion Project which achieved 76% positive outcomes in 2007/08 for the young people that it worked with. We also looked at *YOU's* services which achieved 86% positive outcomes over the 2008/09 period. There was an 11.8% positive variance in the outcomes achieved by *YOU*'s services in comparison with national outcomes. The proportion of planned moves was at 73.5% in comparison with the 57% achieved nationally.

- We also looked at the resources generated. South Coast Moneyline (SCML) is the trading name of the Portsmouth Area Regeneration Trust (PART) and is a local community development finance institution. Since receiving £100,000 as shareholder capital SCML has generated a further £5 million from private, public, foundation sources and earned income. Since its inception SCML has lent £3,000,000 in personal, business and home improvement loans. Personal lending has resulted in an estimated saving to local residents of £2,050,000 in the additional interest that would have been charged by door-step lenders. The £800,000 of business lending to start-ups has had an estimated economic impact of £2.5 million, resulting from the (net) jobs created.

The significant reduction in the resources coming from the public sector will dominate debates in the short-term. Any cuts that are poorly identified and managed will likely result in a disproportionate decline in reach, impact and in increased negative expenditure. As many recent reports have made clear, if the key competencies and selected capacities to address the key issues are to be retained and developed, will mean that any cuts need to be strategically

managed and ensure that targeted investment is maintained in higher-value activities.

A time of rapid socio-economic and structural change also provides new opportunities, new responses and new resources as well as difficulties. Social enterprises and other non-market and non-state actors such as faith and higher education organisations and more community embedded solutions, are likely to play the key role in developing and delivering more positive and sustainable models of change.

Going forward we will need institutional and network environments that are focussed on social innovation. Future success will depend in part on the willingness and ability to 'let go' of the current 'command and control' models of commissioning and service development allowing for the evolution of new systems and services that will both serve communities in better ways and at a lower cost. Developing new business models and business alliances will be central to success in all organisations in this rapidly changing environment. Individual organisations, the social enterprise 'sector' and partners such as higher and further education, will need to ensure that there are the right competencies and skills available to contribute to new business models and realise emerging opportunities. We also have strong local organisations and the learning from the Portsmouth South East Coastal Communities programme to build on. In an unstable and challenging environment working together to build socially enterprising responses is required more than ever.

# Introduction

This report looks at the impact of several local social enterprises and their role in addressing some of the key challenges in our communities. In recent years all political parties, many think-tanks and academics have shown increasing interest in the potential of social enterprise models and approaches. In terms of impact, across several policy domains and social 'issues' there is a growing body of published impact studies. Over the last two years several locally-based social enterprises have carried out impact assessments and this report draws on the results of these studies and some of the recent research literature. It also outlines a more prospective element, to highlight some of the potential future contributions of social enterprise models, in a rapidly changing environment.

We have had several notable successes locally and there are roles for the University, local social enterprise networks and other actors to promote the further development and growth of social enterprises, to address the major challenges facing our area and wider society.

This report also draws on the learning from the Higher Education Funding Council for England (HEFCE) funded Portsmouth South East Coastal Communities (SECC)

programme, which has provided a forum and resources to explore and test issues in social enterprise development. This builds on the learning from the locally based self-organised social enterprise network and an earlier social inclusion programme. SECC has sponsored this report to assist in the collating of results and dissemination of local learning for wider and non-academic audiences.

This report has three key objectives, these are:

1. Highlight the role of local social enterprises have had in investing in and regeneration, in areas of disadvantage in particular.

2. Outline the current impacts of social enterprises and potential developments; including the potential for collaboration between the higher education and social enterprises.

3. Identify the future role that social enterprises have in addressing future socio-economic challenges in difficult times.

This report is presented in two sections. The first section looks at the local social and economic impacts of social enterprises. This is followed by a wider and somewhat more theoretical and experience-based overview of the potential for social enterprises over the coming decade.

This report has used several terms and a basic definition of each is outlined below (see Nicholls A, 2008 for a more detailed discussion):

- Social entrepreneurship; the development of transformative and sustainable approaches to solving social problems.

- Social enterprise; an organisation that operates on business principles that reinvests any surpluses in their mission for social benefit.

- Social innovation; the development of new or improved products and services for social benefit.

For many reading this report the immediate concern will be funding cuts and it is likely that some organisations will 'go to the wall'. But we also need to look beyond the cuts and draw on a disposition towards social innovation and entrepreneurship that is found in many social enterprises, to explore and design new and viable business models and approaches, in response to what will be ongoing 'game changing' challenges.

Other countries, such as the United States in the early years of this century, New Zealand and many countries in Africa, Asia and Latin American have been subject to structural adjustment programmes. They have been through this and it is clear from their experience that strong social enterprises have played a leading role in their economic and social renewal. We can also see less 'crisis driven' models of economic and social investment and action in many northern European countries and cities and some North American cities where social enterprises play a leading role (often with other civic organisations) in economic, social and community development.

## Section 1

## Social Enterprise Impacts

### 1.1 Rationale

The social enterprise sector is no longer, if it ever was a marginal sector. Recent decades have seen a significant growth in social enterprise economic activity and employment. Indeed recent years have also seen something of a rediscovery of the proactive role that independent actors and organisations can play in the development in a range of innovative and viable social 'products' and 'services'. Of course, locally we have the famous example of John Pound and his "ragged schools". He charged a nominal fee for providing local children access to basic education, which he ran in his cobbler's workshop, thus demonstrating benefits and the demand for education amongst poor and working children.

Recent years have also seen continued growth in a range of socially enterprising organisation including cooperatives, community interest companies as well as the continued growth in faith groups and other more conventional charities. There are now over 3,000 community interest companies and more than 5,000 cooperatives and the voluntary sector as a whole employs 670,000 people (Clark

J et al, 2010). There is also continued evidence that the affordability and quality of service provision is higher in voluntary and socially enterprising organisations, in comparison with both the private and public sectors (Clark J et al, 2010). The commitment to responsiveness, entrepreneurship and their ethos appear to combine to provide for a social enterprise comparative advantage.

This was a timely period to undertake impact assessments to capture the learning generated by local social enterprises as a result of the investment made over the last several years. Given changing economic, policy and social factors, it is also timely to outline the prospective issues and opportunities for the sustainable development of the sector.

We are in the midst of a difficult and unstable economic climate, there are substantial spending cuts, but the issues covered in this report will necessarily go beyond any economic, electoral or policy cycle (Gray M et al, 2010). A great deal of thinking and development efforts will have to go into rethinking business models and approaches in all sectors and organisations:

> "Public services are at a moment of discontinuity. Short term decisions are being made to meet stringent new fiscal constraints. Yet the crisis we find ourselves in is not only fiscal and not only short term. Only by understanding the broad nature of the challenges and opportunities facing policy makers can we develop a sustainable and robust model for public services. Only this will allow us to use the crisis as a catalyst for producing something better." (2020 Public Service Trust, 2010)

Many of the social enterprises covered in this report focus their activities on some of the most disadvantaged areas and groups in Portsmouth and South East Hampshire and beyond. Some local areas such as Gosport and Portsmouth have recently been identified as vulnerable in the face of public sector cuts and/or deterioration in the economy. There is a strong rationale for the importance of nurturing and facilitating the development and growth of social enterprises

as a contribution to improving the socio-economic performance of the locality as a whole. Earlier local work showed that the local social enterprises that were studied brought significant resources into the locality.

A clear mission and outcomes are at the core of the internal and external accountability and the mobilisation of resources by successful social enterprises. Demonstrating the unique wider value and impact of social enterprises will depend on being clear about their mission and making an investment in impact assessment:

> "In the nonprofits (sic) world, missions, not markets, are the primary magnets attracting essential resources – from donors inspired by an organizations audacious goals; from board members, who not only volunteer their time and expertise but also often serve as major funders; and from employees, who accept modest pay checks to do work they care about. But mission statements are typically better at inspiring inspiration than direction." (Bradach J, 2008)

In a period of much reduced resources we will need more than ever to demonstrate both direction and impact. There are more immediate benefits to an organisation in undertaking structured evaluation and impact assessment work, in terms of a greater focus on an organisations priorities and a structured reflection on the optimal and effective delivery of their mission:

> "Taking an outcomes approach can directly improve the effectiveness of your organisation.  An organisation that is clear about the difference they exist to make and ensures they maintain this focus in planning, monitoring and evaluation is likely to be well-planned, user-focused and accountable to all stakeholders. It will be aware of new need and priorities in its field, and will be able to react intelligently in its future plans." (Burns B and Turton D, 2006)

Our focus here was not on the broader policy or sector wider questions, but on the more pragmatic delivery; impact and organisational development concerns,

at the level of the organisation ('firm') at a local scale. In a challenging climate, where there are strong and ongoing imperatives for delivering change and ensuring the optimal use of any investment being clear about impact and the key levers for change is a crucial activity in generating and deploying a positive response.

## 1.2   Methods

This report was prepared by an independent social business and impact assessment consultant. The key sources for this report were six impact assessment reports produced for local organisations over 2008-2010 (see list of source reports in the bibliography). This report draws on the key findings from these studies and it has utilised a similar range of methods and profile of sources to elaborate on the findings of the individual studies.

Like this report, these studies included both retrospective (impact) elements and more prospective (business development) elements. The retrospective impact assessment element outlined some of the studied organisations contribution to the more balanced social and economic development of the locality.  The prospective section outlines how this contribution can be maximised in the near future, in a very different economic, policy and operating environment.

The contributing studies had utilised a range of sources, in particular, they had sought to give prominence to a range of relevant independent and external sources and comparators; the key sources for the various impact research studies are outlined below. The retrospective impact assessment element of the studies have utilised 'top line' outcomes data (driven by the organisation's mission), independent evaluation, inspection and assessment reports (e.g. Ofsted and investors in people) along with more informal sources (e.g. client feedback) and also the available and appropriate wider sourced sector benchmarks and national comparators.

In summary, the key sources for these studies were:

- An analysis of key organisation documents, including monitoring and annual review reports.

- Independent programme evaluation, inspection and assessment reports.

- Key informant interviews and focus groups with key staff and a selection of key local/wider key external informants.

- Review workshops and other events with internal and key external stakeholders.

- A range of formal and more informal (and often spontaneous) feedback mechanisms and client interviews.

The sources utilised in these studies are summarised in the diagram below:

## Impact Study Methods

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        external
        evaluation
        reports

economic                      independent
impact                        assessments
assessments

sector research               policy research

        client feedback
        and interviews
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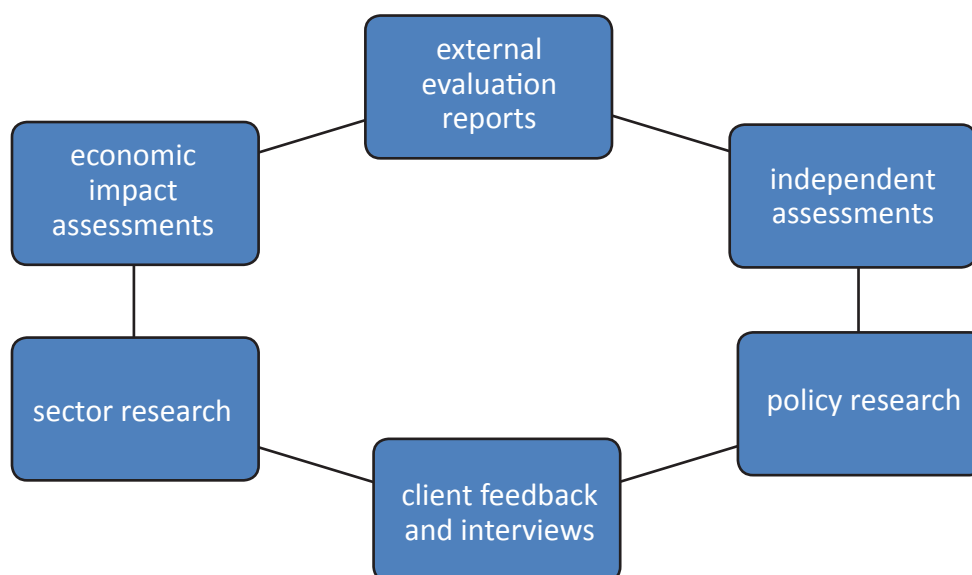
**Diagram 1**

Where the direct delivery of programmes, activities and products was addressed, we had focused on the 2007/08 to 2009/10 periods, so as to give both a representative picture of current delivery and learning, as well as the general 'direction of travel'. Rather than addressing in depth any particular study or programme, we had sought to give a representative selection and overview of the findings in order to give us a better overall 'picture' of the social enterprise's performance and impact. We have also outlined, where possible, the monetised (using national comparators) impacts of a local social enterprise's programmes and services to date.

The later more prospective section of this report draws on the aggregated findings of these studies and the relevant social enterprise impact research and business development literature as well as collective experience and discussion in local and national networks. We have focussed on the relevant findings from the literature in relation to social enterprise impact, business and market development issues.

This first section of this report will look at the four key factors in the development and impact of local social enterprises taken from the individual studies and as outlined in the social enterprise literature. These key factors are the outcomes delivered, volunteering and resources generated, service innovation and the somewhat more intangible contribution of culture and ethos. The key factors which contribute to the development and impact of local social enterprises are summarised in the following diagram.
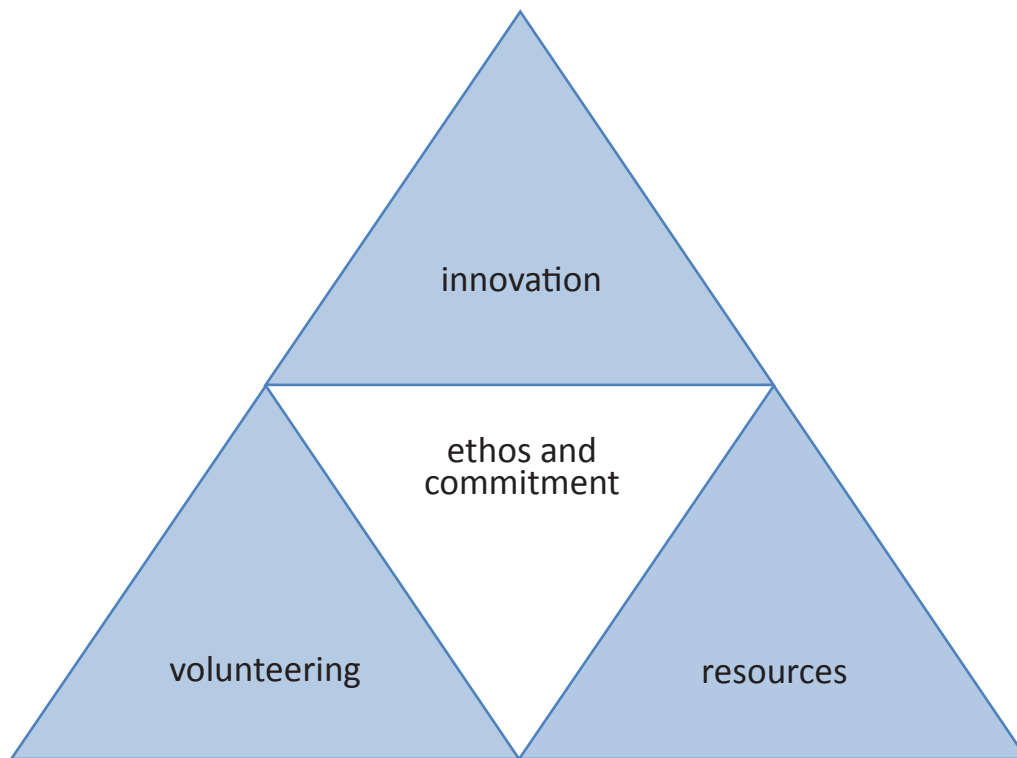
Impact Triad



**Figure 2**

Each of these key impact factors is outlined below:

Volunteering; is the mobilisation of informal and formal resources, and a wider involvement in achieving mission. The case studies below show that this volunteer input can result in a multiple increase in the impact of any service.

Resources; identifying, generating and mobilising resources are a key element of the social entrepreneurial approach, including under-recognised resources (e.g. low income markets). A balanced combination of trading, contract, grant and foundation sources and donations increase the sustainability of the organisation.

Ethos and commitment; the ability to motivate workers and volunteers, reach and respond to underserved groups and markets and the motivation to deliver quality and transformative services increase service potential and are a key differentiator for social enterprises.

Innovation; the ability and flexibility to develop and try new things and approaches and to learn from mistakes and successes increase the responsiveness of services and increase the level of outcomes produced.

These factors above can be combined to form what can be seen as a social enterprise competitive advantage (Nicholls A, 2008). This goes beyond competing within the same terrain as the private and public sectors. By demonstrating and developing new markets and services, identifying and generating new resources and mobilising commitment, social enterprises can contribute to broader growth and development.

## 1.3   Volunteering

This section looks at two examples of volunteering as the key element in delivery by two local organisations. The two case studies cover different forms of volunteering; business volunteering for the Portsmouth and South East Hampshire EBP and more conventional community-based form of volunteering for the Good Neighbours Service which operates across Hampshire.

### 1.3.1  Business Volunteering

Portsmouth and South East Hampshire Education Business Partnership (EBP) acts as an expert broker between local businesses and schools to improve the educational experience. The recent accreditation review of EBP by the Institute

of Education Business Excellence (IEBE) highlighted the strong relationship that EBP has with local business:

> "The EBP has established a strong relationship with a wide range of employers. It has achieved this by ensuring that the activities it provides meet the mutual needs of employers and education." (IEBE, 2009)

As outlined below, locally-based businesses see several benefits in working with EBP. EBP is currently working actively with an estimated quarter of locally-based businesses. In addition, several businesses are represented on the Board of EBP. Ultimately, business volunteering is a purely voluntary collaboration, and it does incur significant opportunity costs, it is therefore likely that if a business did not view the EBP as an effective and worthwhile organisation, then they would not choose to work with them.

Employers have highlighted for several years their perception and experience of the difficulties that they have had in recruitment with regard to both basic and specialist technical skills, but also wider 'softer' skills. This contribution of EBP to addressing these skill issues was also highlighted in their accreditation review:

> "The EBP is seen by employers as an important player in taking forward the area's skills agenda, through the work it does directly with EBP people and through its brokerage role. Many of the activities are related to the skill areas of engineering, science, construction, leisure & tourism and hospitality. In personal skill terms, the employers we spoke to saw the qualities installed in EBP people through their participation in enterprise and challenge events as being just those that would make them more employable." (IEBE, 2009)

In their volunteering for EBP, business people often started by citing the importance of increasing awareness of their sector and career opportunities as their primary motivations. Post-participation they were more likely to highlight the more intangible benefits gained from participating in EBP programmes such

as; a greater understanding of younger people, enjoyment and personal and staff development.

In evaluation reports, work experience and event feedback and in specific project activity evaluations local business expressed a strong preference and support for working with EBP. Perhaps of the greatest [measurable] significance, is that in the 2008/09 year local businesses volunteered a total of 65,317 hours of staff time across EBP programmes and activities. These hours of business volunteering had an estimated annual economic value of £1,160,000 in 2008/09.[1] The value of this business volunteering represents a return of £9.28 for every £1.00 of 'core' funding that is received from the two local authorities.

The area of work experience has been the fastest growing area of activity for EBP in recent years. Work experience usually runs over two weeks and provides a more in-depth experience for young people of the world of work. Recent project evaluation work has shown that 90% of those businesses who had worked with twelve local schools reported this was a positive experience.

The positive value to both students and the businesses themselves of engaging in the work experience programmes and other EBP activities was supported by comments made by local business people:

> "...was quiet and shy at the start of the week... By the end of the week his confidence had increased and he communicated better." Karen Pettit, Rampton Associates.

> "...attitude during his placement was excellent and he carried out all tasks given to the required standard, seeking guidance when required. I would have no hesitation in offering ...an apprenticeship, should he wish it, if one was available next year." Darren Dryer, Dryer Builders

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1    This calculation is based on the number of direct volunteer hours x by the upper quartile of 2008 local hourly earnings by place of work, in the four local authority areas covered by EBP.

"...was my first work experience student… She would be an asset to any company, she went that extra mile, showed real enthusiasm and put 110% into anything I asked her to do. I would also like to state that she was completely trustworthy and a pleasure to work with." Roxanne Morris, Rokii Ltd

"Always punctual and willing to try his hand at anything ...has the potential of being an asset to any future employer. He has expressed a wish to return during school holidays to assist the maintenance staff as a volunteer, a position for which I have no hesitation in recommending him." RK Daubeney, Shipwright, HMS Warrior

We looked at several schools in more depth, including those improving schools that EBP has worked with closely over recent years. Several independent reports have highlighted the impact of this work:

"The school's extensive industrial and business partnerships enable students to gain a good insight into their future working lives...  Excellent opportunities for enrichment include many sporting, drama and musical activities, as well as a range of challenging competitions, many of which are linked to the school's specialist subjects." (City of Portsmouth Boys, Ofsted 2008)

 "The School's relationship with their local EBP Limited has given them access to an extensive network of skills and experience that builds the School's capacity to deliver enterprise and work-related learning. "Our recent Ofsted report commended our approach to enterprise ...and in the two years I've been involved we've come a long way – that wouldn't have happened without EBP Limited's help." (SEEDA, 2008)

The work of EBP in supporting the introduction of more work-related and enterprise activities can have particular benefits for more vocationally oriented and even disaffected learners:

"...our involvement with Portsmouth EBP has illustrated how professional support can ensure that students gain maximum benefit from work-based learning and so make more successful career choices post 16. The success of the NVQ work placements prompted us to increase our involvement with the EBP to develop our work-based programme further." Peter Newton, King Richard School on www.teachingexpertise. com.

Similar conclusions were also reached in several Ofsted inspections (e.g. Mayfield School) which highlighted how EBP's work increased access to networks, information and provide "real" experience. This is particularly important for young people who may not have access to these networks and opportunities. The role of the business volunteers is central to achieving this.

## 1.3.2  General volunteering

The Good Neighbour Service (GNS) is a highly flexible and personalised neighbour care (e.g. help with shopping, getting to outpatient appointments). The service is provided directly to clients by local volunteers who are part of 120 good neighbour's groups across Hampshire. The Good Neighbours Support Service (GNSS) provides specialist development and support services to good neighbours groups, and it is based at the Council for Social Responsibility of the Anglican Diocese of Portsmouth. GNSS is contracted to provide services by Hampshire County Council and Hampshire Primary Care Trust.

The Good Neighbours' Service undertook a total 111,257 tasks in 2007/08. The service delivers a wide range of tasks through its locally based services. The largest activity is transport to and from outpatient and general practice appointments (49%). But it also provides a range of other activities depending on the interests of local groups and the requirements of clients such as; gardening, light cleaning, shopping, travel to optician appointments, dog walking and

the provision of/or visits to lunch clubs etc. The volunteer based local service delivery model provides for a very high degree of flexibility and personalisation for clients.

The core elements of the service is that it is *simple, local* and *personal*: **simple** tasks are provided to clients, based on a **personal** request from clients, these are matched with available volunteers at a **local** level by the local good neighbour group, which is organised on a neighbourhood, village or estate level. The Good Neighbour Support Service (GNSS) model is also simple. The GNSS helps establish and facilitate the development of groups to ensure that they are safe and quality assured. It leads on the development of new groups and the growth/maintenance of local groups, who operate **independently** at a local level.

As is common with many social enterprise/volunteer based services there are both significant intangible and tangible elements to the benefits of the Good Neighbour Service. Indeed, many groups report that clients often later choose to volunteer, and that volunteers can also becomes clients. Future evaluation efforts are now being focused on 'capturing' these more 'intangible' benefits as the central element of the value-added of GNS.

Currently 86% of the services provided are transport related, including for health-related purposes (27% outpatient, 22% GP, 7% other health and 44% for other independent living related services). Transport is a significant barrier to accessing services in both rural and urban areas.  This may be a barrier of availability and cost, along with additional issues of suitability, particularly for those with health or other issues. For example, while 20% of the population experience difficulties accessing health services due to transport difficulties, this increases to 31% for those without a car. The overwhelming majority of clients of the GNS groups do not have personal access to a car, or are temporarily unable to use it due to their illness.

Barriers to access are not just transport related. For example, poorer mental health has been identified as a significant reason for non attendance at appointments. A personalised local volunteer based service can help reduce isolation and anxiety and increase confidence in accessing services through accompanying clients. In addition, volunteers have received a range of training on relevant issues such as identifying elder abuse that may also help wider issues to be addressed. The service can also help compensate for the negative effects of wider economic and social change in the provision of informal care where family and friends may no longer live near the client, or unable to take time off work or from other responsibilities, to provide transport.

Finally, volunteers are indispensible to the delivery of the service, providing approximately 333,771 hours of direct delivery (i.e. not including attending training, local group meetings etc). This is the equivalent of nearly 200 full time posts. These volunteer hours are valued at an estimated value of £5,186,000[2].

GNS delivers real savings. Work for the Countryside Agency (2007) shows that the majority of rural transport services cost commissioners between £4-10, taking a mid-point of £7.00 per task, the absence of this service would mean commissioners would likely need to find £695,000 to provide alternative provision, a net benefit of £615,000. Work by the National Audit Office indicates there is an approximate cost of £100 per missed outpatient appointment. Utilising this figure gives us an estimate of £932,100 savings from avoided missed outpatient appointments alone. The service has continued to grow in recent years with a 9% growth in tasks carried out.  It will need to continue to grow if the increasing demand due to changing demographics is to be met.

2    333,771 hours x the 2008 average Hampshire hourly wage (£15.54).

## 1.4  Outcomes

This subsection looks at two case studies of the outcomes achieved by two locally-based social enterprises who work with potentially vulnerable people; Motiv8 who work with young people at risk of offending and *YOU* who work with a range of people at risk of homelessness.

### 1.4.1  Young people at risk

The Motiv8 impact study focused on the Youth Inclusion Project which has operated in Portsea since 2000.  It was chosen as the longest standing element of service delivery and therefore the best able to demonstrate the potential impact of Motiv8's work. The Youth Inclusion Project was established as part of a range of crime prevention projects established by the Youth Justice Board. The idea underpinning the Youth Inclusion Projects (YIP) is for intensive area-based prevention work with those young people identified as at risk of offending. In a relatively small area the top fifty at risk young people are identified and worked with. Since April 2006 the project has been funded by the Wessex Youth Offenders Team, before this date the project reported directly to the Youth Justice Board (YJB). In the final project audit carried out by the YJB in March 2006 the project was rated as a high performing YIP (achieving mostly 4's and 5's on various performance indicators – with the top rating being 5) and it concluded:

> "Portsmouth has been a consistently high performing YIP for the past two years and looks likely to continue to perform well. The specific commitment of the staff, the wider structure, support and resources available via the delivery agent [Motiv8] in particular, the partners in general and the vigour which the guidance is adhered to are its key strengths". (Youth Justice Board, March 2006)

Motiv8's earlier establishment and implementation issues with the YIP were consistent with the findings of the national YIP evaluation. The project has 'matured' and it is well regarded externally:

> "The Portsea YIP has seen clear successes and improvement, over its six years of operation, both for the community and the young people you have worked with. …We have found the Portsea programme to be one of the most successful Youth Inclusion Programmes thus making it one of the flagship projects for the Youth Justice Board." (B Ashford, Head of Prevention, Youth Justice Board, March 2007)

That the project has a high level of performance is reflected in the outputs data set. There were no negative results on any of the key performance indicators for this programme. It provides a high level (or "dosage") with a high proportion of the targeted young people engaged on a one to one basis, along with the high total numbers of hours delivered. YIP achieved a 76% positive outcomes for the young people it worked with in 2007/08, this is a high rate given the target group. The Portsea YIP has clear strengths, including:

- The durability of the project and continuity of provision has generated a high level of trust (particularly important in a disadvantaged area).

- Strong support for the project from stakeholders, parents and community leaders and community based organisation/providers e.g. community wardens.

- Flexible provision with outreach methods of working, unbroken office opening hours are providing an accessible and responsive model of service delivery.

- As the project has changed its mode of delivery towards more structured one to one it is providing improved level and quality of delivery.

- Internal Motiv8 synergies, which are providing additional inputs and improving the quality of delivery.

Portsea has seen a significant improvement in crime and community safety outcomes. The perception of the level of safety in the area (historically driven by the perceptions of area and young people) has since 2000 stabilised in Portsea. This is in comparison with an average of 69% deterioration in perceptions over the same period, in the comparable neighbouring areas of Portsmouth. Over the same period there has also been a fall in first time entrants into the criminal justice system. As the YIP approach has been rolled out across the locality by Motiv8, the reduction has been much faster rate in Portsmouth in comparison with those comparable localities where this approach has not been adopted. Of course, other phenomenon have also been in play whether any changes can be attributed to any particular intervention is always a problem (especially when evaluation frameworks were not in place) and in areas undergoing regeneration this is particularly difficult.

## 1.4.2  Socially Vulnerable

Housing related support are the core services contracted to *YOU*, of which the largest element is the "Supporting People" programme which is administered by Local Authorities for the Department of Communities and Local Government. The main objective of "Supporting People" is to prevent homelessness and admission to other services through a focus on promoting and maintaining independence. It seeks to move the focus of service provision towards promoting independence and positive outcomes for service users. In 2008/09 there was an 86% average of positive outcomes across *YOU's* services. This is a high figure given the level and complexity of the challenges experienced by many service. In comparison with national outcomes, there was an 11.8% positive variance. Also, when the 2008/09 period is compared with the 2007/08 period there was an average of improvement of 5% across services in the positive outcomes achieved for service users.

Table one below outlines examples of the main outcomes achieved by key services. These services were selected on the basis of size (numbers of service

users), availability of outcome data and a geographical and service spread. The outcome (expressed as a percentage) refers to the proportion of service users that have achieved a positive outcome in relation to the greatest number of identified needs of service users.

**Table one: Selected Services Outcomes.**

| Service (no of service users) | High scoring outcome 1 | High scoring outcome 2 | High scoring outcome 3 | Comment |
|---|---|---|---|---|
| Dorset countywide floating support (n=136) | Maximise income 86% | Reduce debts 76% | Maintain accommodation 70% | These outcomes bode well for independent living but also point to significant service cost savings e.g. some month's saw a significant prevention of hospital admission. |
| Basingstoke first point (n=119) | Develop confidence/ greater independence 92% | Maximise income 80% | Maintain accommodation and avoid eviction 82% | This service has an 83% success rate on meeting identified needs. These specific results bode well for preventing homelessness and successful independent living. |
| Fareham and Gosport floating support (n=50) | Maximise income 100% | Reduce debts 94% | Maintain accommodation and avoid eviction 86% | A strong independent living set of outcomes are achieved and the service achieves 78% of service users making a planned move. |
| First base young people at risk of homelessness (Portsmouth, n=244) | Establishing contact with family/friends 83% | Develop confidence/ greater independence 85% | Maximise income 93% | 64% of service users made a planned move with 56% achieving greater independence. The outcomes are responsive to young people's priorities. |
| All Saints (Portsmouth, n=94) | Maximise income 93% | Participate in work like activities 100% | Establish contact with families 95% | This service achieves 60% of service users making a planned move and 57% achieving greater independence with a responsive profile of outcomes achieved. |

Needs and priorities for service users have been shown to vary widely between service user groups (British Marketing Research Bureau, 2005). The outcomes achieved as outlined above appear to respond to service user group's likely and

identified needs. For example, the young people services achieve significant success in securing reestablishment of contact with family/friends, entering and maintaining education/training etc. *YOU's* performance in comparison to the national outcome is close to the national average or exceeds them. For example, services users achieved a 73% of moves being 'planned' in comparison with 57% achieved nationally.

Other sources confirm the high level of performance achieved. Inspectors for example have made several comments in their inspection reports on *YOU's* residential facilities for people with learning disabilities about the quality of service provision, including:

> "People living in the home have warm and caring responses from the staff whilst promoting independence and individualism. Independence is encouraged in areas such as use of the community, medication, food provision, budgeting and other areas agreed with people" (CSCI, Warnford Close)

> "In our survey people living in the home in March 2008 positive comments were received about the approach of staff in the home and this was confirmed during the visit. One person said all are good and they listen and help. Another said they liked all of the staff. It was noted that during conversations that staff were respectful of people at the home and knowledgeable about their needs." (CSCI, Warnford Close)

Service users also rated living in the inspected residential homes as a positive experience:

> *"I like living here. I go to the picture and swimming. I go to the library because I prefer their computers. We went on holiday with the girls only. It was really great. I went fishing. I have never been before. I caught a big fish."* (Service user, 5 Paddock Way)

*"...I have also have support to find training course, employment and leisure activities. This support has helped me cope with my depression during my stress period and provided me a safety net whilst I learn new life skills.  Now feel I can look forward to the future."* (Service user)

*"I would like to say thank you for all your help and support and in getting me involved in ..... and...  I have been to an interview at ...and now I am waiting for a start date.  ...I have just finished college on a Monday evening waiting to see if I have passed I hope I have.  I am doing ... session to build up my confidence to be able to achieve that I want to do in my life."* (Service user)

*"I would like to say thank you and for all the support you have given my daughter.... You have made a big difference to her life. She is so much more outgoing now I can't seem to keep her in. She has so much more confidence in herself, she is happy and always smiling. She has just finished college... She went for a job interview all by herself, I felt quite abandoned, but I was happy all the time. She is a very happy young lady and I am so proud of her."* (Same service user's mother)

All recent external inspections, under a more demanding inspection regime, saw *YOU* residential facilities receive the highest (excellent) rating.

As shown above, the services that work with the more acute and/or 'difficult cases' also achieve substantial results, and this was supported by comments made by service users in interviews carried out earlier this year, and in other spontaneous sources of service user feedback:

*"... helped me because I was drug using anti social yob, helped me realise there is lots more in life than taking drugs and getting in trouble. I have learnt how to ration my money, spend wisely, keep cleansed and clean, help me learn about sexual health issues. Got me an opportunity to have a look at life in an ... career by referring me to ...college. Gave me a roof*

*over my head and somewhere of which I could of called home and help me finish my tag and stopped me going to prison."* (service user)

 *"I was homeless, no inspiration, I couldn't do anything, I was dreading every day. It's exciting and I look forward to every day, I can actually see myself having a future. I was going to go to prison for a roof over my head."* (service user)

The effectiveness (service potential) of *YOU* and other provider's services go beyond the utilisation of contracted resources, the mobilisation of tangible additional resources and/or the deployment of intangible resources such as ethos, staff commitment and an element of co-production. These additional 'softer' resources that are generated are covered in the "ethos and culture" subsection below.

# Counterfactuals

While undertaking the various studies a small number of counterfactual 'events' were identified, these highlight aspects of the net benefit of local interventions.

## GNSS

In the history of the development of the Good Neighbours Service (GNS) we have an example of the trajectory that the service would likely take were the Good Neighbours Support Service (GNSS) element of the service no longer available. When Portsmouth and Southampton became unitary authorities in the 1990's GNSS were no longer funded to work with local groups. Therefore, after 1992 groups were no longer formally provided services, no new further groups were developed and over the course of the next few years approximately eight out of the ten groups closed.

## YOU

Identifying the measurable value of the intangible elements of *YOU*'s value added can be difficult. Recently the value added of *YOU's* work was demonstrated in the improvement achieved from a previous inspection carried out on a resident facility that was until December 2008 owned by another organisation. In its previous inspection the service had received an adequate rating. The improvements that had been leveraged since *YOU* took over the facility meant that it received a good rating in the next (May 2009) inspection. This represented a 30% improvement in the service standards rating; this improvement was notable in the conduct and management of the home, environment and service user lifestyle domains. The significant improvement that was achieved is a useful proxy for *YOU's* value-added to service provision, when measured against the previous provider.

## 1.5 Resources

This subsection covers the more tangible resources mobilised by local organisations for the locality, along with some of the more intangible 'cultural' factors in the impact of locally based social enterprises. The section presents the key results from two studies; one on the impact of the work of South Coast Moneyline and the 'culture' related factors contributing to impact, taken from a second 'qualitative' impact study which sought to capture the more intangible added value of *YOU*.

### 1.5.1 Resources

South Coast Moneyline (SCML) is the trading name of the Portsmouth Area Regeneration Trust (PART) a local community development finance institution (CDFI). Since receiving £100,000 as shareholder capital SCML has generated a further £5 million from private, public, foundation sources and earned income. This includes a grant from £1.1 million from round five of the Single Regeneration Budget as the initial public investment. Since its inception SCML has lent £3,000,000 in personal, business and home improvement loans. This personal lending has resulted in an estimated saving to local residents of £2,050,000 in the interest that would have been charged by door-step lenders. In addition, the £800,000 of business lending to start-ups has had an estimated economic impact of £2.5 million, resulting from the (net) jobs created.

Recipients of loans have highlighted the wide range of benefits of accessing finance through SCML, where many of them would not have been able to access affordable finance from other sources:

> "It helped me get out of a tower block to a two bedroom house. I don't think it would have been possible without this loan. I don't think any other loan company would have lent this amount or listened to me."

*"It helped us get a new car because our old one was beyond repair. The car is essential to us as we are the only people in our families who can drive. It is needed for hospital visits, shopping for elderly relatives, care home visits and much more"*

*"It gave me help when none else would. It's good to be respected and trusted when mistakes in life have been made. SCML for me is an excellent service that gives you the chance to make changes in your life - when elsewhere no one cares".*

*"The loan enabled me to buy a computer which has opened up more employment opportunities and enhanced the way I do my main job. It has allowed me to develop some IT skills."*

One of the core benefits of the CDFI model is that any investment (including grants) is recycled for lending on an ongoing basis thus providing a reusable pot for addressing local financial inclusion and regeneration priorities. Of course, by choosing to provide products to some of the most excluded groups and areas; this poses an immediate question of viability for any business model. As products, markets and staff have changed, experience and product-related learning has delivered an improvement in performance and reduced risks in lending to this market. This is most notable in relation to the decline in the loan portfolio thought to be "at risk" from 56% in 2006 to 39% in 2009, along with a fall to 1.3% of the personal lending that is now rated as 'delinquent' (i.e. not making any repayments).

Recent years have seen a significant improvement in SCML's lending profile with more than 50% of lending secured, as of April 2010. This includes an exponential growth in home improvement loan products with £650,000 of lending projected for 2010. Home improvement lending has emerged as a key product area for SCML in recent years and it is set to be the main area of business activity for the coming years.

Following significant investment, the proportion of housing reaching a "decent home" and higher environmental performance standards is now higher in the public sector than in the private sector. Poor quality housing has a range of negative social (e.g. health), environmental (e.g. higher carbon emissions) and economic (e.g. higher heating bills) costs. Also, the blighting of areas, or even individual homes, can trigger a 'spiral' of decline and stigma that at a later date requires a larger-scale regeneration intervention. In addition, the current economic uncertainty could mean that some houses deteriorate as repairs and necessary improvements are delayed. Owners of some sub-standard properties and where owners who belong to particular groups (e.g. pensioners, or someone with a learning disability who has inherited a property) can experience difficulties in accessing affordable or fair finance for renovation.

SCML has played a key role locally and regionally in catalysing the development of a partnership vehicle (Home Trust Loan Partnership) to deliver appropriate and flexible loan products for private sector housing renewal with local authorities across the south coast. The key learning points from the home improvement loan product to date has included:

- Clients are willing to take out a (capital repayment) loan if 'messages' are appropriate and support can be provided.

- The partnership has achieved a strong collaboration across local authority boundaries allowing an economy of scale.

- A residual preference by some local authority staff for a grants only approach has limited growth.

- The product has an excellent repayment rate (100%), with no defaults.

In comparison with many other CDFI's, SCML is well placed for significant growth in its second decade. There is always the requirement to ensure that there is an informed balance between commercial viability and mission, and

where possible to identify those opportunities that are both profitable and also have a worthwhile social benefit. The home improvement lending along with several potential other potential product areas are promising elements for future growth and sustainability. Further resources are being identified from both 'mainstream' sources (i.e. banks) and other options are also being explored (e.g. community bonds) to provide resources for further investment in local community development.

## 1.5.2 Ethos and culture

Social enterprises are believed to provide an added value, that is in addition to any market or contract price (sometimes called 'service potential'). More widely the importance of a positive culture in an organisation is now recognised as being a core intangible asset for all organisations. In part in order to identify and capture these intangible elements of *YOU* a second qualitative impact study was undertaken, through interviews with frontline staff and service managers and a diverse range of service users.

In delivering quality personal and social care a motivated and well trained staff team is necessarily central to effective delivery. National survey work with supporting people service users highlighted the quality of accommodation and the willingness of staff 'to go the extra mile' as the two most significant variables influencing service user satisfaction (British Marketing Research Bureau, 2005). Some of the service features and outcomes that were highlighted above make the central importance of the contribution provided by the staff team clear. This was also recognised in external inspections and assessments:

> "...the culture of the Trust is one of involvement and collaboration and the nature of the services delivered which often require fast decisions to be made needs staff that are trained and developed to the maximum for their job so that they can take full responsibility for their actions." (Investors in People, 2008)

"Staff spoken with during the visit were confident and competent. They showed an in-depth knowledge of the individual needs of people who use the service. Good interactions between people who use the service and staff were observed, with staff Supporting People to make decisions about their daily lives" (CSCI report on 5 Paddock Way)

In addition, full social and economic inclusion goes beyond the required service outputs and even outcomes. It is secured by real, meaningful and sustainable changes for/with/by service users.  *YOU*'s services, in part because of its intangible strengths, are delivering the changes that provide sustainable independence. The generation of this change was not only in one direction. For example, service users engaged in a range of volunteering activities (estimated worth of over £500,000) and additional co-production elements were also identified by services users:

*"It helps you cope with life and that ...it boosts you ...it gives you a lot of independence"*

*"You get to know people and all look out for each other, the others know what you are going through"*

Core elements of *YOU's* success is based on the commitment and skills of its staff, its organisation and service ethos of commitment and choice, the resulting positive relationships and trust are reported by both staff and service users.

*"Tell me that working with young people who are homeless doesn't add value and I won't believe you"* (staff comment, investors in people 2008)

*"Now, I realise, they're pushing you, pushing you, they want you to do more." (service user)*

*"Excellent, key workers they bring out your confidence, its run in a friendly way, non-patronising ... the other place was like a prison." (service user)*

Staff made clear in the interviews these service elements contribute to *YOU's* work to promote independence and quality of life for vulnerable people:

> *"The person-centred approach works well with people, your general role is to help people out, it gives you a lot of flexibility and freedom"*

> *"We are like a bridge, they would be completely isolated... they can be part of their community"*

> *"Its freedom really, to realise our full potential ...freedom gives you the power to be effective"*

The social care sector is a notorious for low pay and often poor morale and it was often commented on by the staff interviewed; "you do not go into to this type of work to get rich." *YOU* were very much an outlier in the social care sector in indicators such as staff training, skills and morale, including recently reaching the "Times Top 100" companies in 2010.

## 1.6   Conclusion

The above examples show that local social enterprises are changing lives and delivering substantive economic and social impacts. Substantial resources in terms of volunteers, finance and a range of tangible and intangible assets are being mobilised. We could confidently respond to the relevant policy questions that were utilised in the development of the 2010 comprehensive spending review (HM Treasury, 2010a), including:

- Does it address priority issues?

- Deliver substantial economic value?

- Is the activity well targeted?

- Is the activity being provided effectively?

- Activity is provided in partnership (leverage)?

If we were then to disaggregate the key elements utilised in assessing the policy impact of local social enterprises, we can see that a significant local contribution is being made:

| Domain | Comment |
| --- | --- |
| **Rationale (need)** | The social enterprises profiled have either explicitly or in practice targeted key priority groups (e.g. young people at risk, those at risk of homelessness, isolated older people) that are not always prioritised effectively in other programmes. In the majority of cases they have successfully addressed longer-standing 'chronic' needs, rather than the more 'acute' need or presenting issue, thus increasing independence and reducing demand for more expensive reactive critical services. |
| **Delivery** | Partnership with locally embedded social enterprises leverage a better understanding of clients and allows for the more effective 'reaching' of under-served clients, the utilisation of the existing (and trusted) relationships and well developed delivery mechanisms. For example, the Good Neighbours Service is able to deliver efficiently and effectively through local relationships at a scale (i.e. small rural villages) that is impossible for either private or public providers. |
| **Value for Money** | The organisations profiled here represent very good value for money. For example, clients are moved from homelessness or dependence to independence or from grants to loans. Private capital, earned income, volunteer efforts and foundation resources etc have also been attracted. Significant negative public expenditure is also being avoided. Partnership with embedded and networked organisations has also provided for more intangible leverage (e.g. links with local businesses) and an enhanced service potential and offer. |
| **Innovation** | As the social enterprises profiled here have developed they have learned a great deal about what works (and does not) in their markets. New products and services have been developed e.g. home improvement and eco home loans and others refined. Additional web-based products are being implemented e.g. in personal lending and personalised care. Several new products and services are also under development e.g. community bonds, web based/user-generated careers advice. |

The brief analysis outlined in the table above based on the local studies confirms the comparative advantage in delivering better services and greater impact in an effective social enterprise model.

The social enterprises covered in this report largely focus their activities on some of the most disadvantaged areas and groups in Portsmouth and South East Hampshire. They have secured significant investment for service development within these communities in recent years. They have the potential to do more. They have been able to show that there is a strong rationale in social and economic impact for nurturing and facilitating the development and growth of social enterprises as a contribution to the socio-economic performance of the locality as a whole.

Of course, we are in a difficult economic climate; new approaches and meaningful partnerships will be needed to realise the opportunity inherent in a social enterprise model to address pressing issues. This is the focus of the next section.

# Section 2

## Prospects for Social Enterprise

In the section we have drawn on some of the recent sector research, learning from the SECC programme and local experience to identify some of the key issues that are likely to affect the development of social enterprises over the coming decade. The coming decade is likely to be a very different, and in some ways a more difficult operating environment for most social enterprises, there will be substantial challenges, but there are also significant opportunities.

### 2.1 Context

The first effects of the economic crisis were on the finance sector, secondly on the private sector manufacturing and services companies and then thirdly on the state and public sector; the crisis will now 'hit' social enterprise and civil society organisations. There is potential for a 'triple jeopardy' a potential decline in trading income, a further reduction in public sector contracts, a decline in voluntary giving and in the value of any investments (Joy I, 2010, Clark J et al, 2010 and Gray M et al, 2010).

At the same time, as outlined below, there are several ongoing economic, social and environmental issues that face all communities. The changes that are required in any social enterprise and in the 'smarter' investments and partnerships to meet these challenges will necessarily go beyond any fiscal, electoral or business cycle (Murray R, 2009, Bartlett J, 2009).  Economic theory (such as Schumpeter's creative destruction or Kondratieff's growth waves - see Murray R, 2009) and more detailed studies, such as the recent report by the 2020 Public Services Trust have highlighted that we are potentially in a historic moment of a radical shift. This shift is in both the nature and sources of economic development, along with wider socio-cultural phenomenon. This has major implications for the nature of the social model (or "settlement") and in the 'shape' of public service delivery:

> "...it is time to move on from Beveridge. His vision for public services – based on the realities of the 1940s – has served us well for over sixty years. But as society has changed and new social risks emerge, the suitability and sustainability of our public services model is increasingly under question. We cannot afford to keep delivering public services in the same ways, and nor should we want to.
>
> Yet as a society we have not yet found a convincing alternative to Beveridge's original vision. We believe that the fiscal crisis is both a danger and an opportunity for public services. The danger is that immediate fiscal imperatives dominate our thinking: we become short term and reactive, unable to open up the more fundamental, systemic reform we think is necessarily for the long term. But it is also an opportunity to think quite differently: about the way that public services engage with citizens and create value in the future." (2020 Public Service Trust, 2010)

The economic crisis, the change of government, rapidly changing communities and new technologies are all combining to provide an imperative for rapid and radical change. The recently published comprehensive spending review,

covering the 2011-2015 period, commented on the opportunities found in a more diverse response to these challenges affecting the context and nature of public service delivery, stating that:

> "The reforms underpinning the Spending Review represent a significant increase in the opportunities and funding available to the voluntary and community sector (VCS) in the medium and longer term." (HM Treasury, 2010b)

It was then stated:

> "The reforms will change the way services are delivered by redistributing power away from central government and enabling sustainable, long term improvements in services. Underlying this is the belief that: the changes needed to tackle the social and economic challenges facing the UK today are too numerous and too complex to be solved by a one size fits all approach from central government." (HM Treasury, 2010b)

The report then went on to highlight two relevant and related points that could significantly 'shape' the operating environment for social enterprises:

> "...new and innovative ideas are required to address these challenges, and these ideas are most likely to come from service users, community groups and employees... central government micro-management can stifle the innovation needed to instigate real change." (HM Treasury, 2010b)

Any reforms will not be achieved by themselves; the direction and the intended and unintended implications of any changes will in part depend on the sophistication of local responses, action, engagement, networks, coordination and the 'smart' deployment of reduced resources (Murray R et al, 2009, National Audit Office, 2010).

The reduction in the resources coming from the public sector will dominate debates in the short-run. As many reports have made clear; if the key

competencies and key capacities to address the priority issues are to be retained and developed, then any cuts must be strategically managed to ensure that there is continued targeted investment in higher-value activities, (National Audit Office 2010, Audit Commission 2010, HM Treasury 2010, Gillinson S et al, 2010). Any cuts that are poorly identified and managed will likely result in increased expenditure, displacement and a disproportionate decline in reach and impact, even over the same period.

> "Initial evidence shows that pursuing short-term financial efficiency gains through competitive market models squeezes out the broader considerations of positive social and environmental outcomes that would enable our local public services to better serve our communities. The danger in the efficiency game is that it will create a 'race to the bottom' in public service provision, much of which is targeted at the most vulnerable members of our society." (J Collins et al, 2007)

The restructuring agenda has to be more than the immediate issues of reducing the size of the state. There are number of longer term chronic or 'wicked' problems that simply will not go away. Should they not be addressed in innovative ways, they will then threaten both short and medium term legitimacy, economic performance and social cohesion:

> "To make things more challenging the state is increasingly confronted by 'wicked issues' – like climate change, anti-social behaviour, family breakdown, and obesity – which require collaborative approaches and which need to be tackled in partnership with citizens and communities themselves, and which often require people to change their behaviour. A focus on outcomes – rather than inputs and outputs – and the belief in designing policy around people's experiences is also forcing the state to adapt approaches and interventions." (Price Waterhouse Coopers, 2010)

In addition to the challenge of fiscal retrenchment; there a number of longer-standing 'softer' trends (see Murray R et al, 2009) which are also likely to significantly influence ways that demand is expressed and met in the coming period, including:

- Greater Individualisation; people operate increasingly on the basis of a consumer disposition and are motivated by personal expectations.

- ITC – more access to technologies and information will lead to greater pressures on services, with more self-diagnosis and higher expectations about access and feedback.

- Ageing; an ageing population can provide challenges for services as demand increases. Unless proactive approaches and positive service models (e.g. coproduction and cohousing) to ageing are adopted, current service models will not cope.

- Diversity; lifestyles, cultures and expectations are increasingly diverse – one size/shape fits all will no longer be enough for any provider.

- Smarter state, the state will take on an enabling role rather than direct delivery role; this provides a challenge for clear local priorities, engagement, outcomes and coordination.

Some responses to the changes and challenges in communities and organisations are likely to be somewhat paradoxical. For example, more social networking has led to greater demand for direct involvement in 'production' activities (e.g. allotments, blogging etc) and the ability to promote and organise 'happenings' has increased attendance at live events. A time of rapid socio-economic and system change provides new opportunities, new responses and resources, as well as the often more obvious difficulties.

Social enterprises and other non-market and non-state actors such as faith and higher education organisations and other more community embedded

solutions, are likely to play a key role in developing and delivering more positive and sustainable models of change:

> "Rising public expectations and the growing cost of some forms of provision will mean closing the fiscal gap will undoubtedly present a challenge for whoever is in power. However, these adverse conditions may drive a range of innovative policy responses that succeed in both reducing costs and improving outcomes. The state of public finances could, for example, drive reform through a renewed focus on third and private sector collaboration and through greater decentralisation and citizen empowerment." (Price Waterhouse Coopers, 2010)

There are increasing thresholds in the positional resources that are required for thriving and participating and social inclusion. This is currently most acutely felt by young people entering the labour market, further and higher education and training, or most critically none of these. Despite a challenging economic and policy environment there are strategic opportunities in 'new' technologies, an ageing and more diverse population, community asset development, globalisation, higher levels of education and expectations and emerging green models. These and other opportunities could create significant areas for socially enterprising approaches.

> "However in a period of revolution of service delivery, innovation may be a necessity. To survive in the longer term, charities may have to develop new joint working practices, or adapt to personal budgets, or find ways of delivering services for a lower cost. But disruption could be seen as an opportunity. By looking at processes, and examining what works and what does not, not, charities (supported by funders) could arrive at better outcomes and greater efficiencies." (Joy I, 2010)

The putative opportunities available resulting from this wide range of macro and micro changes will only be realised in an environment that promotes innovation

and shifts or generates new resources for 'new' or 'better' business models and strategies (Murray R et al, 2009). As the case studies above have showed, the more proactive, preventative and animating approaches championed by local social enterprises could play a significant role in realising any opportunities. This is also likely to include releasing those resources that are currently 'locked up' in more expensive and reactive service models. This will require a shift in the allocation of resources to more effective proactive and preventative approaches:

> "The current economic situation requires new and innovative ways to make sure we get the most from our finances; innovation in the development of new policy and also in the way that decision makers determine the most effective way to fund programmes. ...public expenditure decisions should be directly linked to social outcomes whilst demonstrating value for money. Funding should be targeted at programmes which tackle social breakdown most effectively. However, we also believe that the true return on investment comes from early intervention, removing the need for more complex and expensive interventions later on in life. In other words investing in someone early, transforming their life so that they require less support later on." Centre for Social Justice website (www.csj.org)

Even with significant public sector cuts there are still substantial resources being utilised to address a range of social and economic development priorities. The future will see much of the current allocation of resources and models of delivery being revisited and challenged this could resulting in a significant degree of disinvestment. The central question is where will 'new' investments be made to underpin the evolution of more positive socio-economic development and dynamics? How will social enterprises, civic organisations and partners such as higher and further education contribute to and lead this debate and the development of positive responses to any opportunities?

## 2.2   Contribution of Social Enterprises

At their very simplest, social enterprises can be seen as the combination of socially oriented innovation with an entrepreneurial approach. Social enterprise, of course, is not a single form and response. Vehicles and approaches vary, often widely, between and even sometimes within organisations. The case studies presented above and the research literature show that there is a shared disposition towards innovation, a better quality of relationships with service users and a greater degree of service responsiveness found in successful social enterprises (see Nicholls A, 2008).

All entrepreneurs seek to create value, largely in simple monetary terms in the private sector, for example. However value is measured in a multi-dimensional way in the social economy (Bradach J et al. 2008). Necessarily the idea of value and/or impact is partially subjective and the chosen frame will always have a values base (e.g. inclusion, equality and transformation). In itself, this is a management and delivery challenge. Impacts can go beyond the service delivered, and even any of the outcomes that are achieve. It also includes positive spillovers in social capital and the generation of additional value through co-production, for example.

Social entrepreneurship is an engaged whilst also business-like approach. At its essence it is an optimistic approach.  This can be good for an organisation and particularly for one that is seeking to work with disadvantaged groups and communities. Some of the key elements of a positive response to a changing environment and demand conditions can be built on a socially entrepreneurial ethos and the key competencies built by local social enterprises.

However, given the weaker economy and fiscal contraction, the social enterprise sector will not return to the trend growth rate of the last decade and in the short-term some organisations will fail and their clients will suffer. All organisations will have to revisit and fundamentally rethink their current

business model (National Audit Office, 2010, Joy I, 2010). Speaking generally, for some organisations revisiting their mission and business models may be welcome – some of the recent growth was perverse and some organisations have experienced cooption and/or mission drift. There are significant organisational and wider risks; there will also be the primary and secondary effects of funding cuts on people (family and community breakdown and the potential for scapegoating). Some commissioning bodies will also be tempted to bring 'in house' valuable and effective services to preserve public sector jobs. There is also likely to be increased competition, some of it 'unfair', from private sector organisations.

For some organisations returning to their core focus, essence and relationships may prove to be healthy - providing a platform for the launching new business models, strategies, products and services. As highlighted in the social enterprise and third sector business development literature (e.g. Murray R, 2009, Gray M, 2010) there are a number of proactive measures with which social enterprises can respond to the business challenges in both the short and medium term:

| Shorter term measures | Medium term measures |
|---|---|
| • Further recruitment and investment in volunteers<br><br>• Better use of ITC and social networking<br><br>• Cultural change programmes<br><br>• Clearer models of change/ outcome frameworks<br><br>• Core business 'focus' programmes and product/ service withdrawal<br><br>• Securing reduced compliance and monitoring costs<br><br>• Procurement savings<br><br>• Better brand offer/integration<br><br>• Stronger governance and better strategic planning. | • Better business alliances<br><br>• Shared development costs/ partnerships<br><br>• Better collection/collation of impact evidence<br><br>• Better and shared supply chains<br><br>• Better knowledge harvesting<br><br>• Greater emphasis on coproduction<br><br>• Better deployment of assets and leverage<br><br>• New sources of finance<br><br>• Stronger brand development<br><br>• New shareholders<br><br>• Product development. |

More broadly, the likely direction is clear - a greater level of non-state provision in a range of existing areas and the growing demand for 'new' services:

> "...sharing responsibility by changing the role of the state and how services are provided. The Government cannot tackle the challenges ahead on its own. Increasing the diversity of provision helps share that responsibility across society, and drives innovation and efficiency by increasing competition and consumer choice. The Government will pay and tender for more services by results rather than be the default provider; look

to set proportions of specific services that should be delivered by non-state providers including voluntary groups; and introduce new rights for communities to run services, own assets and for public service workers to form cooperatives." (HM Treasury, 2010b)

A radical and positive response to facilitating and managing an increasingly rapid transition will be needed if an organisation, locality or the wider society is to thrive:

"As the nature of social need changes, so must the nature of the response. Meeting this challenge in an area of constrained resources will require radical, new approaches. It is not a time for patching. A comparative advantage will lie with organisations that inspire trust, are client-focussed and value-driven; that understand the communities they serve and integrate services around individuals' needs, not arbitrary boundaries, and that encourage rather than diminish the agency and capabilities of those they come into contact with." (Gray M, 2010)

Speaking generally, the financial crisis has shown the greater level of resilience of more socially embedded and aware businesses (e.g. Cooperative and Triodos banks) in comparison with those more narrowly focussed (and thus ultimately less sustainable) organisations and sectors. Social enterprises have access to a broader range of strengths on which to build upon; this could contribute to their resilience in an uncertain period.

There are putative opportunities; for example it has been estimated that currently contract monitoring costs range from 5-10% of programme costs. It is questionable whether much of the current models of monitoring add much, if any, value; particularly to the work of more successful organisations and interventions. There needs to be a rapid delivery on the commitment to a substantial reduction in bureaucracy. But this is likely to be in return for a greater focus on a more outcome based approach to evaluation. There could also be a greater focus by service providers, including social enterprises on consumers

and the most valued and effective activities. Funding cuts could see a shifting of a greater proportion of the remaining resources to the areas of greatest impact, particularly preventative, independent and sustainable community activities.

A range of strategic threats and opportunities will likely shape the future of social enterprises in the coming decade, including:

- Ageing population may release more volunteers

- New technologies for engaging/relationships and efficiencies

- Post-consumerism values, reaction to individualism/isolation

- Young people and professionals look for new ways to work/contribute

- Crisis leads to creativity and new models

- High level of trust in social enterprises

## Strategic Opportunities

## Strategic Threats

- Underleveraged resources and assets

- Reluctance to embrace new forms and relationships makes organisations irrelevant

- Defensive reactions leads to non repositioning

- Scapegoating, racism and a negative response to ongoing economic tumult

- Poorly planned and managed cuts eradicate core competencies

The proven ability of social enterprises to generate resources from a range of sources will also be a key strength.

Social enterprises will also have to find innovative ways of systematically accessing the higher level skills that they will need to respond to changing and increasing demands and greater competition. One likely response to change will be a greater of focus on the recruitment, development and involvement of new volunteers, from 'new' sources, especially younger people and the recently retired and older workers that are seeking new careers. The emphasis cannot be on incremental efficiencies, but more on the rapid reengineering of local strategies and individual and collective business models and approaches:

> "So 'less for less' and 'same for less' are both useful tools for helping to resolve the current funding squeeze. But they are not nearly enough, and they risk seriously undermining the (already inadequate) quality of public services. This is because they only aim to trim existing systems, which were already reaching their limits before the financial crisis hit ...eking out efficiencies from existing models will be inadequate. ...innovation – doing things differently – is going to have to play an important role in meeting new financial stringencies." (Gillinson S et al. 2010)

Organisations and services will also struggle as structural and economic 'crisis' induced demand increases. We will need national and local environments that prioritise the fostering of innovation. As can be seen in the South East Coastal Communities section below there are good local relationships and learning to build upon. Success will depend on the willingness and ability to 'let go' of the 'reins' to allow the development of new systems/services that will serve communities in better ways and at a lower cost. The alternative is that we end up in a spiral of cuts - 'less for less', trying generate more from systems that have struggled to respond effectively, even during the recent "boom".

## 2.3   Learning from SECC project

This report was prepared as part of the Portsmouth South East Costal Communities (SECC) programme, which is now reaching completion. SECC was funded by the Higher Education Council for England and all of the nine coastal Universities in the South East participated. The SECC programme in Portsmouth adopted an approach to improving well-being based on sustainably increasing community capacities at a local level. The three Hampshire Universities (Portsmouth, Solent and Southampton) shared a focus on social enterprise-based approaches.

The SECC programme has used a range of consultancy, knowledge transfer, professional development and internship techniques to work with partners to develop a range of socially enterprising and asset based approaches to improving well-being in local communities. It has proved to be a unique and at times challenging programme for the University and partners. A clear 'package' of outputs/learning has emerged and it has produced some exciting and substantial results. There is significant potential for ongoing local collaborative development activities built on the work of SECC over the coming decade.

The Portsmouth SECC also sought to target local areas of disadvantage and it adopted at the conception stage, an approach based on facilitating social enterprise skills development and sustainable community-based asset development, to ensure that it left a tangible legacy. It was also required to demonstrate additionality to publically funded activities. Some of the key SECC programme outputs have included:

- An asset development training workshop and publication of an asset-development guide for community-based organisations and collaboration with the Rapid Parish Development Programme developed by the Anglican Diocese of Portsmouth.

- Business planning and support for proposed asset-transfers with local

social enterprises and a pilot social enterprise leadership programme in collaboration with Kaos Pilot in Denmark.

- Workshops/seminars with business school, built environment and cultural industries academic staff on opportunities for working with community organisations and social enterprises.

- Intensive conceptual/design summer intern programmes run with St George's, Treadgolds, St Francis, St Mary's, St Columba and the EC Roberts Centre. Year-long architecture studios with St Francis, St Faith's and The Hilsea Lido involving over 200 post-graduate architecture students.

- A pilot summer social marketing intern programme working with the Education Business Partnership and community organisers in Rowner.

The SECC programme has helped facilitate working across sectors and disciplines and has increased the mutual recognition of value across partners. In addition to increasing the local engagement of the University, the key impacts of the Portsmouth SECC programme have been identified as:

- Increased the confidence of targeted community and faith based organisations as the result of the quality of their experience and outputs.

- Targeted organisations have an increased legitimacy through their partnership with the University and project outputs and this has facilitated their ability to successfully present their proposals.

- A number of relevant workshops and training events, useable print and multi-media publications have been produced.

- New and sustainable approaches to joint work have been identified and developed. There is broader and more focussed collaboration and real project delivery between the University of Portsmouth and the participating community partners.

As part of the Portsmouth SECC programme there have been several explicit collaborations for asset development bids and broader business research and this provides a platform for further joint work in response to the changing environment and potential business opportunities. Potential areas for further collaborative work include:

- Collaboration in management, business model and development strategies

- Joint development of bids

- Greater involvement of students and academic staff in elements of service delivery

- Engagement of creative elements of the offer of university in the creative 'refreshing' of existing product/service offers

- Research and development of new products and services, particularly those utilising 'new' technologies

- Skills development particularly in business skills and leadership

- Greater involvement in applied social and business research.

A key legacy for the SECC programme is the proposed joint venture being developed by two local organisations (Council for Social Responsibility and South Coast Moneyline) in partnership with the University, national church organisations and financers. This will also provide a sustainable platform for further collaboration carrying forward some of the programmes relationships and learning.

# Conclusion

I n a rapidly changing environment individual organisations will need to ensure that they have the right competencies and culture in place to innovate, develop new/better offers and markets and to collaborate effectively. Currently, some public services (including those contracted out) are seen as different or remote from the communities that they are attempting to serve. Rethinking along 'core' social enterprise principles will be central to refreshing, rebuilding and reconnecting local offers.

There are new imperatives to develop on existing and build new meaningful business collaborations that will generate valuable new resources, innovations and business models. Collaborations will be central to developing new models and markets. The key elements of successful business models are likely to include:

- Working with clients as co-producers

- Better use of ITC, social networking and data mining

- Involving users and non users in service design/evaluation

- Going with the grain of a consumers culture and better segmentation

- Joint development of new markets

- Identifying and mobilising new resources.

There will be a greater requirement for higher level skills and collaboration; higher and further education could help deliver them. There will also need to be more time for reflection, engagement and learning rather than compliance. We will also need to rapidly achieve a better understanding of consumers, their networks and the opportunities in the changing context e.g. in 'new' technologies. The scope and focus for productive collaborations will include, joint investment in business, staff, volunteer and management development and most importantly in the development of new and viable business models. This could provide for better measurement of impact, more efficient and proactive delivery and increase the value for money and social return.

This is a time for social enterprise. Social enterprise models and approaches have proven their ability to deliver the kind of ideas and resources that will be needed. This can often be done most effectively and rapidly with partners, such as higher and further education, faith and other civil society organisations.

Social enterprises can come into their own during periods of rapid change, such as the industrial revolution; more recently many of the current cohort of social enterprises came out of the last recession. The coming period will be difficult for many organisations, communities and sectors. No one can face it alone, but any collective response will have to be clearly thought through, focussed, productive and ultimately promote independence. There will be a response, but ensuring that it is a positive, appropriate and proactive response will be the main challenge.

We have seen in our local experience many successes. We have substantial strengths and new and emerging markets that we can build on. Driving change, innovation and identifying new models and sources for development are going to require a wide range of actors, relationships, resources and new thinking.

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