Social Enterprise
Case Studies
examples from the housing sector
With grateful thanks to all the individuals and organisations who contributed to this collection of case studies, and who so willingly shared so much of their time, experience and learning.

The guide was written and compiled for the Green Light project by Mark Richardson, Anita Pati and Lester Bath at Social Impact Consulting.

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1 Introduction

In 2012 the National Housing Federation, Groundwork UK and Aspire Foundation formed a joint project called Green Light. The aim was to support housing associations to create jobs through social enterprise.

The initial research for the project\(^1\) discovered some inspiring examples of housing associations delivering huge community benefit through their engagement with social enterprise. It also showed that these housing associations were a relatively small minority, with far more unsure of the benefits of social enterprise, or lacking the knowledge and understanding to get started.

There are three main ways in which housing associations can engage with other social enterprises. They can buy from or capacity-build existing social enterprises, or they can start new ones. This collection of case studies has been requested by many housing associations to compliment the original Green Light report. It provides a more detailed, in-depth look at the different ways in which housing associations engage with social enterprise, the different challenges they face, and the different benefits they deliver.

These case studies will be supported by a programme of facilitated study visits which will enable those who are interested to visit a choice of housing associations and social enterprises and learn first hand what’s involved. This is being coordinated by the National Housing Federation South West Office. For more information contact southwest@housing.org.uk.

The original Green Light report and a Guide to Procuring from Social Enterprises are available to download free from www.socialimpactconsulting.org.uk/research

Employment for residents is central to the motivation of all housing associations wanting to engage with social enterprise. We have therefore focussed these case studies on social enterprises that specifically tackle employability and provide employment opportunities.

Our first three case studies provide different approaches to supporting residents to get ready for employment; the next four case studies look at different models of business for providing employment, as well as offering additional benefits; the final two cover two slightly different themes; empowering residents and procurement.

We hope you find these case studies both informative and inspiring. But most of all we hope they help your own housing association to get more involved in the field of social enterprise.

\(^{1}\) available as a free download at http://www.socialimpactconsulting.org.uk/research.html
2 Employability - Training

Academy4Housing:
Thames Valley Housing Association, Shepherds Bush Housing Group, Gateway Housing Association and Sentinel Housing Associations

2.1 Introduction and overview

Academy4housing is a training and employability social enterprise launched in January 2012. It evolved from Thames Valley Housing Association’s successful internal training centre and provides both vocational and ad-hoc housing training. While being an independent, standalone organisation, its key partners are Thames Valley, Shepherds Bush, Gateway and Sentinel housing associations which each own a 25% stake in the organisation.

The academy aims to develop the talent and skills of those working or living in the social housing sector and badges itself as being, “for the sector, by the sector”.

While its main focus is continuing and expanding on the range of training services already provided to housing professionals and their other customers, the longer terms goals for Academy 4 Housing will be:

- Reinvesting in communities to provide access to training and employment opportunities
- Working with tenants and residents to enable them to access volunteering, work experience and resident training
- Providing apprenticeship opportunities to tenants and residents
- Supporting the ongoing development of social enterprises within our communities
As a company limited by guarantee and a registered charity, Academy4Housing fits the classic social enterprise model in that income raised from its fee-paying professional courses will, once a surplus is made, subsidise free training for their social beneficiaries – the tenants and residents. However, the long-term wellbeing of the tenants still rests with their respective housing associations.

Andrew Craig, managing director at Academy4Housing, says, “It was very easy to decide that the social enterprise was the best model. We didn’t want to be seen as benefiting from any profits generated, we want to ensure that the full surplus goes back into supporting residents.” The social enterprise model, he says, also enables them to apply for grant funding.

Academy4housing currently provides apprenticeships and professional qualifications for both staff and residents of the key partners but has expanded in the last nine months to attract a further external 20 housing association and local authority customers since its launch. Housing associations benefit from cheaper than market rates.

Courses can range from vocational, one-day refresher in-house training such as welfare reform changes or anti-social behaviour to professional courses such as Chartered Institute of Housing diplomas and longer career progression courses accredited by the Institute of Leadership and Management.

Over three months in summer 2012, Academy4Housing created a housing leadership academy from scratch for the sector. It was aiming to start 50 managers on this course by the end of October 2012. These courses can be charged at more of a premium but are still discounted, says Craig.

Apprenticeships include housing, business administration and customer service at NVQ level 2 or 3 and can count towards a CIH or City and Guilds qualification.

Residents’ courses have not started properly yet because Academy4Housing first needs to earn a surplus to subsidise these. The bulk of these courses will be delivered after April 2013 once the surplus starts to kick in although some have already been delivered for key partners. Residents’ courses will include such areas as support into work, CV and interview training, and sustaining tenancies. Housing associations will pay for staff courses but resident courses will be free at point of delivery, funded either by the association or the academy.

2.2 Staffing

Craig sits above the head of operations and training and was, at time of writing, recruiting for a head of business development. All together there are 10 full-time members of staff, including two administrators and a finance assistant, and a further delivery team of 15 trainers and assessors who are sub-contracted. Academy4Housing pays all their salaries. The central board comprises Craig, the four chief executives of the partner associations and an independent board member who is a consultant.
2.3 From idea to start-up

Thames Valley’s internal training centre had been running for 11 years before its chief executive, Geeta Nanda, decided to expand it into an independent academy.

Craig says Nanda, “knew they had a good model that had won awards and that there was a demand in the sector for something like this”. However, the managers wanted to expand its geographical remit and amplify its impact.

They brought in a consultant who was director of a similar training social enterprise in the Midlands and together they explored the options. These were for the internal training centre to stand alone, an idea rejected because it was too small to survive. They also explored the option of taking over an existing training social enterprise.

However, the chosen option was to grow the venture. This involved Nanda mining her contacts for similar-minded organisations that were also looking to set up training centres and collaborate. However, she was not looking to the largest housing associations that may want to brand the centre for themselves, says Craig.

In order to expand, Thames Valley first had to find investment from the other partners. They secured £400,000 overall as seed funding – £100,000 each from Thames Valley, Shepherds Bush, Gateway and Sentinel housing associations.

The overall process, which involved getting the backing of respective key partners’ boards to release the funds, took six months. They used mainly internal staff already in place as well as conducting some external recruitment. They used Devonshires Solicitors to advise on VAT and charitable status etc as well as hiring consultants and using the expertise of the partner housing associations.

In the first six months of the launch they had monthly board meetings, which have now become bi-monthly. There are also two delivery groups, one for staff development and one for resident development, which meet monthly to shape training. Academy 4Housing has an ongoing relationship with the four partners as staff attend the respective associations weekly to deliver training.

Craig says that social enterprises that are part of organisations, “can get lost” which was why they set it up as a separate entity, so that it could grow at its own pace and avoid unnecessary bureaucracy. “If it was integrated, we probably wouldn’t have achieved as much as we have in terms of the programmes we’ve put together,” he says.

2.4 The business case

Using the partnership model means that Academy4Housing can deliver economies of scale when costing training courses for its staff members,
control training quality and ensure that training is tailored to the housing associations’ needs.

Launched only in January 2012, the academy has not yet completed a full financial year so will have a 15-month first financial year. They are only starting to bring in some of the revenue now – they have managed to generate an extra £200,000 in revenue since the launch. But Craig says they are on target towards their aim of turning over £0.5 million in the first year. While it is still very early days, they are hoping to earn between £100,000-£200,000 of annual surpluses to be reinvested once the business becomes profitable. Craig believes they only need around ten associations regularly purchasing from them in order to reach this target.

The academy pays the registered bodies for certification fees – which works out at around 25% of the total cost received per individual – and receives fees from the housing association to train the individual.

Its initial plan was to spend two years building up revenue from staff training and development courses in order to subsidise residents’ courses. “However, what we’ve actually started to see is quite a reactive demand from the sector so in the last nine months we’ve built up a partnership with another 20 associations and have started delivering a similar model to them,” says Craig. The plan is to start focusing on the residents’ courses in earnest in the latter half of 2013.

Some 60% of business comes from the four key partners with the remainder being externally sourced. There are many mutual benefits: courses to housing associations are delivered at a discounted price compared to the market. The academy benefits by not having to pay for training venues which are supplied free at the various housing association locations.

When asked about competition Craig identifies local, London-based colleges that offer similar housing apprenticeship models and “three or four” housing associations that might be setting up their own training initiatives. He also mentions the CIH as running similar courses but believes at the moment the sector is big enough to blunt any competition.

### 2.5 Social impact

At the end of the 2012-13 financial year, Academy4Housing plan to bring in a consultant to devise a social return on investment model, which will accurately snapshot social outcomes. This will track individuals from point of intervention to output, continuing to track them while in employment.

As some of the courses are long-term, outcome figures are not yet available although Craig estimates between 250-300 students overall have started courses since the academy’s launch. Residents are the main beneficiaries of Academy4Housing.

Most resident courses will be delivered after April 2013 once they start earning a surplus, however, they have already run two resident-aimed
programmes for those wanting to become more involved with housing for about 15 residents from all the partner associations. Housing associations will pay for staff courses but resident courses will be free at point of delivery, funded either by the association or the academy.

Academy4Housing has also applied for a £500,000 Big Lottery Fund grant which, if successful, would be match-funded by a further £250,000 from the partner associations to provide 200 out-of-work residents annually with employment training over three years. As part of this bid, they consulted 125 residents about training needs. Each association also has a resident involvement team which works closely with tenants to identify any training requirements.

In terms of inputs 110 people had started apprenticeships (which offer both vocational and professional accreditation) in 2012 of which 75 are current staff members within the key partner associations. This dual route is more cost-effective for the association says Craig. Apprenticeships are mainly for housing officer roles.

There have been around 200 students starting CIH-accredited programmes, although there is some overlap with the above-mentioned apprenticeships.

2.6 Challenges and lessons learned

Craig says it has been hard to find the right assessors because the area is very “niche”. He says they wasted around £30,000 on recruitment fees for assessors who were not up to the job rather than realising they could simply train their own staff up to deliver the courses.

Cultivating the right ethos is important. Using an associate model, he says, where external assessors and trainers become “associates” can be a risk: some external trainers, he says, originally came in with a “them and us” attitude rather than feeling integrated within the Academy4Housing team. He adds, “you have to get communication right from the offset”. He explains that it was important to educate all housing association staff as to the social aims of the social enterprise, stressing that it was not just another training subcontractor.

Craig also had to review costs to trainers and align fees with a social enterprise model, in some cases halving fees. This was possible by offering longer contracts at a lower daily rate. He says that if he were starting again right now, he would set up a membership model at the outset to guarantee more income upfront [see below].

Craig would advise other housing associations considering setting up their own training units to instead, “come to us, we’ll deliver for you – we already have a social enterprise that they can become a partner of”. This, he says, is because they have already invested in the framework from which others can benefit and whose support they could utilise.
He would attribute Academy4Housing’s success to the “really good network” of chief executives’ contacts that they can link into. “We had the networks that were hot so we didn’t have to go cold-calling to associations for business.”

2.7 The future

In terms of sustainability, Craig plans to introduce a membership scheme from 2013 where customers can become full partners. Its benefits will include intellectual property rights of training materials, discounted training, and access to a new e-learning platform, as well as access to funding and funding expertise for residents.

Membership revenues will ensure a regular cash flow with members’ fees coming upfront rather than towards the end of the financial year in line with usual housing association accounting practice. Craig says commitment to spend will determine the level of membership. He adds that the business aims to be independently financially sustainable and avoid any need for bank loans or other forms of external finance.

Craig is also an advocate of taking a more proactive attitude to bringing in business rather than waiting for housing association demand. For instance, they designed their leadership programme “from scratch in three months”.

“We’ll be identifying the demand before they even realise they need it,” he says.
Introduction and overview

RCT Homes manages nearly 11,000 homes on more than 60 housing estates in Rhondda Cynon Taff and was formed after Rhondda Cynon Taff County Borough Council transferred its entire stock to the housing association in December 2007.

The housing association includes Meadow Prospect, its regeneration charity, formed at point of transfer, which in turn owns GrEW, its trading and training arm, and Young Wales, its alternative education arm and part of the GrEW brand.

Meadow Prospect is funded by donations from RCT Homes’ suppliers who have agreed to donate a proportion of the value of materials supplied to the RCT Homes Major Improvement Programme, (approximately £250,000 per year for the duration of the programme).

RCT Homes is the benevolent grandfather,” says GrEW managing director, Malcolm Wilson, who explains that Meadow Prospect, a regeneration charity, was established partly to support social enterprise. One of the first things it did was to set up GrEW.

GrEW’s legal structure is that of a company limited by guarantee. Wilson explains the reason for choosing this structure: “we didn’t want to do a community ownership company because they’re difficult to set up and not
easy to manage. This is very simple – there’s only one organisation responsible, Meadow Prospect; there are no shareholders; and we can go for grant applications – it’s a model that works”.

RCT Homes increasingly badges itself as a regeneration business and this is reflected in its subsidiaries and activities, including those at GrEW.

GrEW operates from a 29,000 square feet depot 3 miles south of Pontypridd. Its activities can be divided into three main areas:

- Work experience training for adults on commercial contracts
- Accredited and non-accredited training
- Young Wales (alternative education provision for young people, commercial contracts in creative industries)

When RCT Homes was set up, tenants were promised in the offer document that the housing association would add to the community and economic regeneration of Rhondda Cynon Taff by providing local employment and training opportunities, particularly for people who had been unemployed for a long period. It also promised to support the development of community-owned social enterprises.

GrEW mainly delivers to young people not in employment, education or training (NEETs). It offers a number of work programmes, and some direct employment, with the intention of getting them work-ready. There also exist mechanisms to get them into work. Trainees work on proper commercial contracts, from recycling to preparing and cleaning voids as well as delivering the handy person service for vulnerable tenants. This, says Wilson, provides, “real work so they get real experience from working on real jobs”.

There is a paid workforce of team leaders and supervisors and a small number of core staff on minimum wages. This cohort is supplemented by volunteers, drawn wherever possible from RCT estates (currently this is around 25%). The idea is to move volunteers into work programmes and from work programmes into work. This means there is always a fluctuating number of trainees and employees at any one time, particularly when the grounds maintenance work peaks and troughs according to the season.

3.1.1 GrEW summary of commercial and social activities

GrEW undertake a wide range of activities to generate income and provide employment and training opportunities for NEET young people. In 2012 this included:

- Empty property redecoration of 400 units per annum
- Communal cleaning up to 1,440 blocks per month
- Assembly and delivery of Richmond Kitchens from Richmond Cabinet Company
- Recycling uPVC windows at approximately 10 tonnes per month
• Delivering more than 20 recognised or accredited training modules in adult training
• Grounds maintenance and arboreal work for RCT Homes
• GrEW Roses – Gardening and decorating services for vulnerable tenants
• Work with the probation service to provide work placements to young probationers
• Cardiff in Prison Construction Skills Workshop – a wing in the prison was converted in late 2011 to support a new skills workshop designed and delivered by GrEW. Some 100 prisoners have been supported to gain skills while serving their sentence and following their release.
• Placements for GrEW trainees into RCT Homes main business, supply chain and to other local social landlords.

3.1.2 Young Wales (a subsidiary of Grow Enterprise Wales)

Young Wales is a subsidiary of GrEW. It is headed up by Bill Fitzgerald and deals in creative pursuits within alternative education. It is funded by local education departments and schools directly.

All courses are accredited and are for 14-16 year olds excluded or at risk of being excluded from school. Courses include web design, photography, creative industry, catering, selling mugs and tee-shirt design. They also do construction work in partnership with local schools, often working on an RCT void released specifically for students to practise construction and decorating skills.

Young Wales deliver a range of services, mostly under contracts to local authorities. In 2012 these included:

• An Action Camp for over 2000 11-14-year old attendees, mostly from communities in the areas supported. Over 2000 attendees supported to date.
• Education for Sustainable Development and Global Citizenship (ESDGC) accreditations for each participant
• Family camps to support tenants seeking to improve financial, community and citizen skills
• Careers camp for 16-18-year olds
• Supporting 170 pupils, excluded or at risk of exclusion per week from six centres (Merthyr, Cardiff, Caerphilly, RCT, Bridgend and Blaenau Gwent) in partnership with education pupil referral services and schools.
3.2 Staffing

Malcolm Wilson is GrEW’s managing director. Until recently, Malcolm ran the business with two operational directors below him:

Mark Paerson, former construction and facilities director, and Bill Fitzgerald, YoungWales creative director. There are operational supervisors below them.

Currently Wilson is managing more of the activities directly with the support of operational manager Steve Wilson.

Around 70 people at any one time are engaged in GrEW including trainees on the various work programmes/contracts such as grass-cutting and volunteers. This does not include Young Wales pupils. There are around 35 core full-time GrEW employees as well as extra self-employed workers for such strands as Young Wales.

Trainees are on different work streams for up to six months. The labour comes from people on the Work Programme as well as from Jobs Growth Wales – the Welsh version of the now demised Future Jobs Fund – and the Youth Contract, which Wilson says is “very successful” and pays around 35% of wages.

A training team supports the whole of GrEW’s Activities group and marks the workbooks of all participants on the Young Wales and GrEW Programmes. These accreditations and qualification are subject education inspection. Every GrEW employee or trainee receives basic health and safety instruction such as heavy lifting and how to deal with sharps. Many get a CSCS card so they have entry level skills to work on a building site. The young people also get a Progress Tree workbook, which GrEW are now commercialising.

The young people also get a Progress Tree workbook, which GrEW are hoping to commercialise.

3.3 From idea to start-up

As part of the original transfer, an “offer” document, which included 86 promises, pledged that RCT Homes would set up both a painting and decorating service, and a gardening service for vulnerable tenants.

RCT Homes chief executive Andrew Lycett and Malcolm Wilson realised that they needed to deliver more in terms of employment to tenants and the community in order to fulfil Meadow Prospect’s raison d’être.

“We were sitting here in the middle of 2009 saying, ‘we haven’t done this yet, we haven’t started our grass-cutting’ and Meadow Prospect was starting to get some legs, so that was how the conversation went,” says Wilson.

They visited Aspire Training for inspiration but mainly used their own expertise. The Future Jobs Fund contract they won in February 2010 was a fortuitous event as it pumped initially around £4 million into the organisation.
and was to fund 600 placements over two years. Each placement came with £6,500 but it only lasted 18 months as FJF was pulled with the new government’s arrival.

Wilson and Pearson say that they had to adjust to going from almost nothing in January 2010 with just a few volunteers and a supervisor to a situation in March 2010 where they suddenly had 200 placements. This, they say, was a welcome challenge.

The Future Jobs Fund cash injection provided the initial drive. It took two months to get the backing of the RCT Homes and they only had to make one presentation. There was very little persuasion needed as RCT Homes was in the process of exploring its identity and future direction – did it want to be a housing association or a regeneration business? They chose the latter.

Young Wales was acquired in 2010; it was operating as a small company in Caerphilly running action camps, alternative education for Caerphilly council and creative activities.

GrEW’s setup costs were seed funding of a £170,000 working capital loan from Meadow Prospect with around £4 million coming from the Future Jobs Fund (later cut to £2.2 million).

Initially they moved a full-time manager over from RCT Homes but once the contracts were agreed with RCT Homes, they were able to start employing some core and fixed term staff. GrEW pays for back office support to the value of £150,000 annually. This includes human resources, finance, IT, policy and research as well as Malcolm Wilson, who is commercial director of RCT Homes and deputy Chief Executive.

The majority of people working for GrEW have worked their way up through the GrEW system says former director Mark Pearson. “So we’re not just cherry picking the best people. Where we have had employment opportunities in GREW, we had purposefully sought to recruit from many of our training and employment programmes.”

Some 50% of work now comes from RCT Homes contracts such as voids work, cleaning, grass cutting and low level repairs, with 17% coming from educational contracts for Young Wales, either from the six participating local authorities or directly from schools. The remainder comes from external commercial contracts such as from Richmond Cabinet Company.

However, they say that the relationship with RCT Homes was “hard” in the first year (see Challenges section).

### 3.4 The business case

“There’s a history in Wales of social enterprise being based on grant funding; as soon as the grant goes, they fold,” says Wilson. “We’ve turned it on its head. We’ve not been chasing grants but have done it through contracts and RCT Homes has given us half of our business.”
GrEW is proving itself sustainable by the major contracts it holds and continues to win, something it attributes to the growing need for businesses in Wales to deliver social outcomes.

“The Welsh Government is leading on championing social impact, encouraging contractors to prove social inclusivity,” says Lisa Balfe, Policy Research Officer RCT Homes. In our organisation, in order to win tenders contractors have to commit to social outputs as part of the bid. If the contractors fail to deliver on their commitments they can be penalised. This means that GrEW is increasingly being used by RSLs and contractors as a corporate social responsibility enabler, allowing them to fulfil their social inclusion obligations.

GrEW currently delivers a preparation and painting of voids contract to RCT Homes at £600,000 per year, a £300,000 grass cutting contract and a £220,000 communal cleaning contract, among others. They are in the process of agreeing a £27 million deal with Newport City Homes to supply, among others, ground maintenance. But rather than supplying individuals to the contractor, they will take over entire contracts on behalf of a contractor, says Pearson.

Other housing associations are potentially both customers and competition, says Wilson. Many choose not to work with RCT Homes, preferring instead to try and set up their own schemes. But the focus of GrEW is about building collaborative relationships with both housing associations and their supply chains.

They are planning to roll out GrEW across South Wales. “If I want to work with a housing association now, I don’t go to the housing association, I go to the contractor,” says Pearson. They are increasingly being sought out by contractors to deliver the social impact of business contracts, he says, and the Welsh Government is increasingly approaching GrEW on partnership working.

The fact that RCT Homes has given them a large chunk of work and that they can offer a desirable educational product in Young Wales has so far ensured steady growth. They will now focus on trading and hope to take external trading income from the current 50% to 75% over the next three years, says Wilson.

He adds that they need to become “cuter” to add value to their training and avoid becoming just another low level contractor. They will also need to secure more funding to improve the training local young people need to become ready for work.

GrEW’s turnover for 2011-12 was £2.1 million. They are aiming to achieve the same figure in 2012-13.

Any surplus, if big enough, will be ploughed back into Meadow Prospect as gift aid but otherwise will simply be reinvested in GrEW. Surplus was gift aided in its first year of operations, but GrEW made a loss in year two (2011-12, see table below). However, Wilson says, they expect to break even this year.
### 3.4.1 Profit and Loss for 2011-12

<table>
<thead>
<tr>
<th></th>
<th>2012 £’000</th>
<th>2011 £’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TURNOVER</strong></td>
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<td>Cost of sales</td>
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<td>1,221</td>
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<td><strong>GROSS PROFIT</strong></td>
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<td>960</td>
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<td>Administration costs</td>
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<td>484</td>
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<td><strong>OPERATING (LOSS) / PROFIT</strong></td>
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<td><strong>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</strong></td>
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<td>Taxation on (loss) / profit for the period</td>
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<td>(57)</td>
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<tr>
<td><strong>(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAX BEING (LOSS) / PROFIT FOR THE PERIOD</strong></td>
<td>(268)</td>
<td>97</td>
</tr>
</tbody>
</table>

**Note:**

2011-12 was the second full year of trading and the company had a turnover of £1,926,000 delivering a variety of contracts and alternative education provision. There is an operating loss of £488,000 due in part to the ending of the Future Jobs Fund (FJF) and the slow start of its replacement, the Work Programme (WP) – which resulted in significantly reduced employment support from the Department of Works and Pensions (DWP) – and also the accounting treatment for goodwill arising from the purchase of Young Wales and Young Wales Creative Enterprises (Young Wales) for £135,300 on 24 May 2011 which was fully impaired during the year.

Following the acquisition, the assets of Young Wales were transferred into GrEW and the investment in the Company impaired as a result of the uncertainty over its ability to generate future cashflows. However, this will be reviewed annually and any adjustments to the value of the investment made accordingly.
3.5 Social impact

GrEW’s literature says that the political and economic backdrop are particularly conducive to ventures demonstrating social impact:

“The Welsh Assembly Government believes that social enterprises have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy ... The social purpose provides a backdrop to commercial activity, making it easier to generate sales in its specialised fields of expertise. The local authority and voluntary sectors are keen to give their commercial contracts to social enterprises keeping in-line with government guidelines and helping to regenerate their own economies.”

Based on follow up interviews around 50% of GrEW trainees are predicted to secure employment after 12 months. This, says Wilson, is a coup, considering the average reading age of people coming through GrEW is poor, as are numeracy skills. (Basic skills assessment indicate that many GrEW trainees had the reading age of 7-9 years.) All placements understand that they must move on after a maximum of nine months when they are ready for work.

Some volunteers come through Jobcentre Plus for a couple of days. Volunteers rotate, doing a string of tasks such as recycling, painting and decorating and grass-cutting. “Before they come to us, they have no work experience at all,” says Pearson.

In September and October alone in 2012 GrEW helped 25 people into work out of around 70 trainees. In total about 900 people have had work opportunities across the group since GrEW’s launch in 2010

Richmond Cabinet Company, an RCT Homes contractor, delivers kitchen units for the Major Improvements Programme and has taken on 12 GrEW trainees or volunteers in paid positions.

With the support of RCT Homes, GrEW developed a tracker database to follow sustainability in employment up to 12 months after trainees leave and compare figures across the different work streams and with national statistics. Even six-week programme trainees are tracked.

When anyone joins RCT Homes, Meadow Prospect or GrEW, the tracker database follows all opportunities and training that they take and are accredited for, as well as noting their demographics, what programme they are on, where they move on to etc.

Each person is tracked for a total of 18 months (including the 6 months spent in the organisation). They use Facebook sometimes to trace people because the young trainees’ mobile phone numbers can change so often. Most people spend six months with GrEW after which they have a 36% chance of getting a job, this increases to 50% likelihood of employment at 12 months.

GrEW measures its social impact using these hard measures:

- Employment rate during placement
- Employment rate following placement
- Sustainability of employment
• Creation of wealth (pounds earned and spend locally)
• Number of trainees pursuing further employment or training
• Number of trainees taking optional training courses
• Number of recognised qualifications achieved by trainees
• Re-offending rates of probationers

It has also trademarked a Progress Tree workbook for trainees to measure soft outcomes such as:
• Motivation and taking responsibility
• Following instruction
• Learning and doing new things
• Working in a team
• Time management
• Ambition and self-confidence
3.5.1 Programme outcomes July 2012

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<thead>
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3.5.2 Tenant involvement

RCT Homes is a community mutual meaning its tenants can become members of the organisation and are involved in the decision-making process should they choose to be. RCT Homes’ housing officers and frontline repairs officers will encourage tenants, when visiting homes, to volunteer at GrEW and make them aware of training and job opportunities. Recently, some of their local lettings policies have also started to prioritise those who volunteer. The driving school will also encourage volunteers at the depot to give their time in exchange for driving lessons.

Their training and employment tracker database will track whether placements are for tenants or children of tenants, “so we’re able to report the proportion of tenants we offer opportunities to,” says Balfe.
3.6 Challenges and lessons learned

The relationship between GrEW and RCT Homes was hard in the first year. “It was a tough relationship,” says Pearson. “Some people within RCT Homes hadn’t bought into it, and some people within GrEW hadn’t bought into RCT Homes.” “GrEW was the new kid on the block,” says Wilson, who adds that RCT Homes staff feared their jobs would be taken by GrEW. This created a climate of mutual misunderstanding and mistrust.

While the senior staff were convinced of GrEW’s merits, it took Wilson to communicate profusely and talk to staff on the ground about the changes before GrEW was accepted. There was also resistance from tenants who, as ex-council tenants, were not used to regular staff such as that of GrEW suddenly turning up every week to do such tasks as communal cleaning, something they had been engaged with themselves.

“We should have explained to the rest of the business what we were trying to achieve in a more simplistic and succinct way,” says Wilson. “GrEW grew without really bringing the rest of the businesses along with it at the time and part of our operational problems over the past two years are down to that.”

They also learnt that young men who had never worked before in their lives, and who came from third generation unemployed families, could not easily slip into a working routine. Pearson says that the school system had often let the young people down so they had to find ways to build up trust.

“The problem you’ve got is they’ve never worked with anyone before so they don’t understand the values, of the business they’ve come into,” says Pearson. The sudden withdrawal of the Future Job Fund six months before it was due to end forced them to quickly change its business model. This was achieved by creating efficiencies, by restructuring staff, and working with fewer, more skilled core staff. Where our approach had been to over supply contracts with trainees in order to provide much needed work experience, we could not longer do this.

“The reason we made a loss in the second year was the premature demise of the Future Jobs Fund,” says Wilson. “We had to keep people on employed where we hadn’t budgeted for their full wage not being met.” Whilst we turned around the model as quickly as we could, we still had contractual obligations to service hard won contracts.

This meant they had to suddenly switch the business model from one that relied on funding to one more reliant on trading. Early attempts at using a volunteer model to man teams failed. Instead they took a hybrid approach, employing more core staff, with less reliance on volunteers, but still with the flexibility to allow volunteers and trainees to work on any of the contracts. This new structure is working well, and is fully embedded. They predict GrEW will break even this year 2012-13.

When they ran the Future Jobs Fund before it ended in 2011-12, they moved through 600 placements in 18 months, “which is one of the most successful Future Jobs Fund programme in Wales,” says Wilson.
They think the key factors that have helped them so far to succeed is getting people into work and the commitment of the team.

Pearson says the fact that placements work their way up the system, from volunteers, trainees, to supervisors and then onto outside employment, embeds commitment in the users and contributes to the scheme’s overall success. All their first line supervisors were from the Future Job Funds scheme or had come through the prison service. “It speaks volumes, they love it,” says Pearson.

One of the challenges GrEW face, particularly for their Young Wales programme is one of tendering. “The educationalists really love this,” says Wilson, “but the problem is, we have to go out to tender all the time – the tendering rules get in the way of good ideas”. Despite working across six different counties, the local authority tendering rules can reduce the number of pupils able to participate.

But challenges can be overcome. They encourage other housing associations thinking of setting up similar enterprises to come and talk to them. Balfe would advise other organisations to “take more time to plan” because working with people took longer than they expected. And the need to operate a flexible model is crucial.

Wilson says they would put more resources up front if they could do it again but acknowledges that the financial risk is cushioned by the fact they are backed by RCT Homes.

“The reason we’ve been successful is because we’ve gone for it,” says Wilson.
3.7 The future

GrEW believes in rewarding individuals for giving up their time, in order to secure their commitment. To this end, it is using time-banking to drive one innovation planned for the end of 2012 – a driving school.

Driving can be a major barrier to employment. Meadow Prospect CSR Manager working with GrEW was able to secure a car from local dealer Griffin Mill. A Driving Instructor has been funded, and theory lessons are provided via Young Wales. Volunteers time and commitment to GrEW is recognised with a period of driving instruction for every period of volunteering or trainee time given to GrEW.

GrEW also runs construction skills workshops in Cardiff Prison and they are piloting a 12 month scheme with the support of Welsh Government and other housing associations. They support up to 9 prison leavers to secure 12 month work placements attached to furnished accommodation. This is because, says Wilson, “Many prisoners have nowhere to live when they come out.” Our research suggests that reducing some of the major barriers to community re-integration such as a home and a job can have a positive impact in reducing the likelihood of re-offending.

Other plans in the pipeline include:

- Bidding to be a leading provider of Welsh Jobs Growth Fund and the Youth Contract, linking future programme bids to new European Social Fund opportunities to maximise their programme reach and impact
- Plans to expand Young Wales services and open further centres in other counties.
- Plans to develop corporate social responsibility partnerships to create employment ‘pathways’ for trainees, linking into its employability network. It has developed or is developing partnerships with Wates, NPT Homes and Newport City Homes Mi-Space, Richmond Cabinets, Mears Group, Jist Court and Costain.
- Plans to link housing opportunities for ex-offenders that go through the skills workshop programme with GrEW – a successful bid has been made to the Welsh Government.
- Plans to develop new training programmes linked to tenancy and community sustainability
- Plans to commercialise its soft outcomes monitoring tool The Progress Tree™ for volunteers and trainees
4 Employability - Temp Agency

matt25 project
Adullam Homes

4.1 Introduction and overview

Adullam Homes, a Christian-based organisation with 250 staff, launched matt25 in 2010. Matt25 is a nine-month training and work experience programme and internal recruitment agency tailored towards Adullam residents and service users who all have an accepted vulnerability or social exclusion.

There are four full-time matt25 members of staff employed by Adullam. This comprises one trainer, one manager and two administrative staff, all of whose wages are paid by Addulum. There had previously been an engagement officer and an extra trainer whose posts were not replaced after a business review. It currently has a bank of 64 relief workers, mainly being trained up in all areas of specialist supportive care and housing.

The programme is accredited by the Open College Network and designed for users to gain skills and knowledge with the aim of working for Adullam or other local employers while undertaking paid employment. All users are eligible to join the matt25 programme which comprises a 12-week, classroom-based period, culminating in a recognised qualification, followed by six months’ on-the-job work experience while undertaking an NVQ Level Two or Three in their chosen specialism. Matt25 staff deliver training, mentoring and support throughout the programme.

To take part, residents must be sponsored by a support worker recommending that they are ready and able to undertake the scheme. Addulum tenancies normally last about two years and in practice most
trainees normally join in the last six months. “When they’re ready to move on to independent life is when they get sponsored to come onto this training programme,” says Steve Woods, Adullam business development director and chair of the West Midlands Social Enterprise Group.

Three months of the programme are classroom-based at two days per week – any more time would affect the trainees’ benefits. This gives them three Open College Network (OCN) qualifications which show they have employability skills such as working as part of a team. The training offered by matt25 is mostly to become care workers but there are also people learning security work, voids maintenance, carpeting, painting etc. After the three months of classroom-based training, they complete a six-month, project-based placement shadowing fulltime members of Adullam staff for two days per week.

Matt25’s turnover is just under £0.5million per year. It made a surplus of £23,000 in year one (2010-2011), a loss of £90,000 in the current financial year two (2011-2012) and forecasts a £20,000 profit in 2012-2013.

The venture exists under Adullam’s wing as a project, trades as such, and is financed entirely out of Adullam’s resources. The manager runs the project with supervision and guidance from Woods. However, the team is trying to “set it free” into its own limited company format, says Woods, so that it would become a subsidiary of Adullam. This is because they want to expand and are already exploring external markets.

They have chosen the model of social enterprise as their aim because Woods’ strategic objective as business development director was to make Adullam Homes more financially independent: at the moment, monies from rent provide 40% of income while 60% comes through contractual relationships with local authorities through Supporting People. “We want to reduce our reliance on Supporting People [monies] so that we can continue to fulfil our teaching objectives without having to comply with some things that are [not beneficial to us].” A social enterprise model, he says, will not only give them more freedom, it should generate more income. Woods says that last year’s cuts resulted in up to 50% being sliced off “each and every one of our contracts” which meant a loss of £600,000 in cuts alone, “but we still grew the business by £1.5million”.

4.2 From idea to start-up

When Woods took over, he realised that every year, Addulum was spending about £1million on agency staff using companies such as Pertemps to cover holiday or annual leave, “because we’re contractually obligated to the local authority [through Supporting People contracts etc] to make sure we have a certain number of staff providing care”.

“But when we had people in from an agency,” he says, “they weren’t qualified or trained in anything that we’d do so we would train them until they were qualified”. Unfortunately, at the point where the staff were qualified to matt25’s
standards, the agency would not allow them to offer employment without a £2,000 fee.

“So we thought the answer to the problem was to set up our own internal agency where we train residents and users and at the end of the training period, they are able to join the agency as agency staff. That way, when we have a short-term absenteeism, we can call on someone ready-trained who understands the business and the people that they’ll be working with and we would avoid going to an external agency.”

In the event that the post became permanent, the staff member would be given the opportunity to apply for the job, “at no extra cost to us”, says Woods. “If we can prove the model works internally, which we have done, having run it for two years – and we know it works – then our next step is to go to other housing associations or builders etc to provide agency staff for other organisations.”

Addulum focused only on the recruitment agency idea. Woods had in his experience been familiar with social enterprise proposals for cafes or gardening projects so knew they were too small to make a great impact on their turnover. Woods, who has been in position for four years, was the driving force and it didn’t take the board long to be won over because the board had recruited a business development director in recognition that the business needed to change in direction.

The amount of time staff put into matt25 is hard to quantify. Woods says it is slightly complicated because on top of the four full-time employed people running the project, other Addulum staff also give their time when being shadowed as part of the six-month placement.

Woods says they didn’t need to look to other social enterprises for inspiration as he’d already been in business for 30 years. There was no external help – they recruited from within – something made easier because they were training their own internal staff to become perfect job candidates.

Once Woods had come up with the idea, he and his team wrote a three-year business plan with cash flow forecasts which they took to the board for approval. They then recruited an internal applicant, who had previously run her own recruitment company. Her background was that of a support worker, working her way up to operations manager then area manager but before that she had also been a policewoman and had worked in sales. They also recruited someone to carry out internal training.

The set up costs for matt25 were around £100,000. Of this £5,000 from a government-funded Spark Challenge (they had asked for £50,000) and the rest, just under £100,000 for staff costs, was from their own resources.

Both Woods and his small team designed the training programme, contacted all the job centres and social services to research how much training they could provide without it affecting people’s benefits and built up relationships with job centres etc.

In terms of specialist skills needed, Woods says he believes it is essential that someone with a very strong entrepreneurial spirit should be recruited to run the business of a social enterprise. “Because that will make it fail or succeed –
you can’t manage something from a distance when you’re setting it up. You need someone to drive it forward – which was why we invested so much in the manager.”

Having run the scheme for two years, they are now in the process of a three-month review, “to see how the business grew and get rid of what didn’t work and reinvigorate what did work”.

Woods say one of the key successes in winning contracts, apart from the number of people they’ve trained and recruited, is the “added value that we can offer when we’re tendering for work. So we’re saying, not only are we going to provide the support that you’re going to pay for but at the end of the support period, people will be able to come onto the matt25 programme and we’ll provide them with an opportunity to be employed, which means they won’t go back to needing support at the end of the two-year period and will avoid the revolving door syndrome.”

4.3 The business case

The business model states that providing Addulum with an agency model of staff means there is no extra cost if they decide to employ trainees. “We recoup that cost from what would have been external agency spend,” says Woods. That cost is charged back to Addulum for each individual project. For every hour that a resident or service user works for a project, matt25 charges Addulum around £14 per hour. This is what they would pay an external recruitment company but without needing to pay VAT.

Very little market research was needed as they already knew they had an internal market of £1 million and that their target market would have £1 million of business. The market research they did do was looking at whom they had been trading with, what costs had they been charging Addulum, how many hours Addulum had been using them for, and what was the service that they provided. “We looked into everything that we were buying,” he says.

Part of their business case states that 90% of people graduating from the matt25 scheme will have a job at the end of two years. They hope this will help to win further Supporting People contracts.

Turnover is just under £0.5 million per year. Matt25 made a surplus of £23,000 in year one (2010-2011), a loss of £90,000 in the current financial year two (2011-2012) and forecasts a £20,000 profit in 2012-2013.

In terms of competition, Woods says neighbouring housing association, Orbit, is just starting an apprenticeship scheme. But within the housing sector, Woods says they do not have any competitors working in the same way that they are. Their main competitors are the other private agencies such as Pertemps. However, they believe they will be more successful than Pertemps or other agency staff because, before staff go out on placement and get an agency job, they’ll have had nine months training. “This is something that the majority of agencies don’t do – all our people are trained in the skills that that organisation requires – if someone phones up for a typist, we’re not going to send them a support worker”.

28
Another reason for its hitherto success is because they don’t charge VAT as they are exempt. However, Woods admits that this “will pose a conundrum” once they float matt25 off as a self-sustaining organisation.

The main selling point for other organisations considering using matt25 staff is that they will not need to pay a fee if they decide to employ a matt25 agency member of staff having used their services first. Matt25 will support the individual within that period with training etc. “So there’s no risk to an organisation – you can try before you buy.”

At the moment, 95% of business comes from Addulum with 5% coming from external customers such as the West Midlands Probation Service and Job Centre Plus centres based in the Black Country.

They have managed to grow the project because it is very secure. It is very highly supported by the Addulum management team and the board and the review means that they are already turning that £90K loss into a profit, says Woods. This has been done by reducing the number of trainers, increasing the amount of training they do and increasing the amount of agency work by stipulating to managers that they must use matt25 rather than external agencies. The number of actual matt25 employees has been reduced from seven at its peak to four now.
### 4.3.1 Matt25 Original projected profit & loss

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### matt25 Balance Sheet

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<tr>
<td>Unearned Revenue</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>VAT liability</td>
<td>(193)</td>
<td>(191)</td>
<td>(231)</td>
</tr>
<tr>
<td>Corporation Tax Liability</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(87)</td>
<td>(84)</td>
<td>(124)</td>
</tr>
<tr>
<td><strong>Net Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>28,330</td>
<td>61,554</td>
<td>99,176</td>
</tr>
<tr>
<td><strong>Long-term Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adullam Homes loans</td>
<td>38,268</td>
<td>110,091</td>
<td>99,326</td>
</tr>
<tr>
<td></td>
<td>38,268</td>
<td>110,091</td>
<td>99,326</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>(9,938)</td>
<td>(48,537)</td>
<td>(150)</td>
</tr>
<tr>
<td><strong>Capital and Reserves</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reserves</td>
<td>(9,938)</td>
<td>(48,537)</td>
<td>(150)</td>
</tr>
<tr>
<td></td>
<td>(9,938)</td>
<td>(48,537)</td>
<td>(150)</td>
</tr>
</tbody>
</table>
4.4 Social impact

Adullam has employed 14 ex-residents on a full time basis ranging from housing support workers to maintenance operatives. It currently has eight ex-Adullam residents who are employed as relief staff for matt25, out of 45 internal and 44 external trainees. It has seen a total of 89 trainees through the matt25 programme since its conception. Currently, the service has 64 members registered as relief staff with a further 20 waiting to be registered to the service.

Adullam conducts a resident survey in which residents express their views about matt25. The survey is aimed at people leaving Adullam’s supported accommodation. Its survey conducted within the first quarter of 2012-2013 showed that 74 per cent of residents felt Adullam provided positive support towards training, education and employment. The survey also reported 84 per cent of residents felt that they had the opportunity to influence a service, improving it for the user, while a further 93 per cent said the support provided was of an excellent quality.

4.4.1 Tenant and User Involvement

In Adullam’s case, there is a large overlap between the tenants and the users, all of whom are vulnerable, high support (rather than general needs) tenants. The demographic of Adullum is 60% ex-offenders, 20% drug and alcohol users, the remainder being homeless people, young people leaving care and people fleeing domestic violence. “When people come to us, they’re at the bottom of their ebb,” says Woods.

**Steven’s Story**

“I would like to share with you my journey while being involved with Adullam Homes.

In 2008 unfortunately I found myself living in a hostel where I spent six months. During my time there I heard about this housing association called Adullam Homes from my key worker. I was really fed up and needed to move on so we got the ball rolling by arranging an interview with Adullam Homes. My interview was with Barbara Southern-Flynn. It went really well and the following day I received a call to say that had been accepted. I was made up this was a new start for me to be away from the hostel.

In April 2009 I moved into a two bedroom flat that I could call home. Adullam provided me with a furniture package that met all my needs. I was also given a floating support worker who could help me with all my housing needs, such as TV licence, gas, water etc. After a few weeks of being in my home I started to feel like my old self again, going the gym and even enrolled in college. I started a two year tiling course. Life was looking good and I was feeling great. My first year at college flew by the summer was here.

My support worker continued to call and see me each week and mentioned a new course that was starting in October. It would be a great opportunity for
me to get back into work. I had a decision to make - go back to college or go with my heart and try this new training course. I went to the open day and after finding out more I decided to leave college and choose a new career path.

Matt25 was set up to run along Adullam Homes as a working agency that offers a 12-week training course that helps you learn new skills and will enhance the chances of finding work in your chosen career. I completed my training course and decided to work in the support field, given my new-found confidence.

As part of the training my next step was to find a work placement that would be suited to me for the next six months. I was then given the opportunity to do a six-month placement training with Adullam Homes at Derby Lane working in the Community Mental Health team.

I have read policies and procedures such as professional boundaries, health and safety, risk assessments and support needs. I then went on to shadow staff within the office and out visiting clients. Part of this was to feed back to my line manager on how the visit went. I was taught how to keep accurate records of the work that I did regarding the visits.

I am doing a NVQ Level 2 in Health and Social Care which is funded by matt25. This will provide me with the right qualifications when looking for work in the future. My time at Derby Lane is coming to an end and I would like to take this opportunity to thank the Community Mental Health Team for all their support, in particular the manager, John Keating.

The second part of my work placement will take place at Amina House, again working within the mental health service. I am looking forward to the next chapter in my training.

4.5 Challenges and lessons learned

At the beginning, Woods says, “we had to think very carefully about how we set the business up because one of the challenges we faced was, do all these temporary members of staff become Adullam employees?” says Woods. “In that case, we’d have a great obligation towards them although they’re temporary. Or are they self-employed or employed by the agency?”

The difficulty of the project not being standalone is that if matt25 employs anyone, they vicariously become Adullam employees. So they had to think very long and hard about the nature of the employment contract they used with the individuals within that agency. “That was one of the most difficult questions that we had to overcome,” says Woods. Now they’re on “nil hours” temporary contracts and employed by Adullam, which means Adullam doesn’t have any obligation to provide them with a certain number of hours of work per week.

Lessons learned are just emerging as a result of the three-month review, just ending, which looks at the first two years of business. The biggest mistake
they felt they made was one that Woods identifies with the social housing sector. He says that apart from himself and his deputy, the other workers, particularly the trainers, viewed matt25 as providing more of a social benefit rather than a business benefit.

“One of the reasons that we lost £90,000 in the second year was because they spent so much time doing the training, and providing more and more facilities around the trainers – we were working in six areas so the trainers were travelling to Liverpool and Manchester, Cheshire, Birmingham etc. We were doing training in the local areas rather than having people move to us. Spending such a lot of time training meant that we took our eye off the ball in the trading side of the business.”

Another leadership mistake, admits Woods, was that the leadership team did not insist that senior Addulum managers recruit from matt25, and instead allowed them to continue recruiting from external agencies. “So they were carrying on in their own sweet way purchasing agency staff externally and we were carrying on doing the training.”

At the end of the two-year review, matt25 realised that the income stream had to be through the agency staff, continuing their mission of getting users into employment. As a result, they have reviewed the way they deliver the training and are running a two-month pilot programme in Liverpool where managers are forbidden to go to an external agency: they have to go to matt25 and if matt25 is unable to fill the position, it will go to an external agency itself.

They also reviewed the trainers travelling all over the country. Now there is only one trainer who will split his time between administration on one day and two days training in Cheshire. Cheshire will become a central point for Adullam where they will be running a rolling programme which will begin every 12 weeks. Anyone from anywhere in the country can go to Cheshire to be trained with expenses paid by Adullam.

4.6 The future

Woods says that having let the project grow organically for a couple of years, they are now acting on the results of the review. Matt25 is in the fortunate position that it doesn’t have to go to a bank for a loan as its parent company will support it.

However, he believes that now when tendering to local authorities for Supporting People contracts, their offer is far stronger than anyone else’s because they can say that all the money invested in support will also make trainees far more employable, rather than be wasted as they slip out of the revolving door.

His advice to other housing associations is: “Look at your internal market. What is it that you purchase externally that you could provide internally if you set up a programme? So for a general needs housing organisation, it could be doing their voids or their planned maintenance.”
5 Grounds Maintenance

Shoots & Roots

B3Living and
Groundwork Hertfordshire

5.1 Introduction and overview

Environmental project, Shoots & Roots, was launched in 2010 as a joint initiative between B3Living, (formerly Broxbourne Housing Association) and Groundwork Hertfordshire. Groundwork employs three formerly unemployed young people who comprise Shoots & Roots to run their own venture providing environmental services such as basic gardening, landscaping and maintenance work. One of the young people has a supervisory role, reporting to a Groundwork manager.

In the organisations’ own words, “Shoots and Roots is part of B3Living’s initiative to help local young people within its communities to find employment and improve their life prospects. It gives the team of employees a source of income which helps to build their business into a sustainable social enterprise. The project directly takes young people off state benefits and into sustainable employment. It targets those who are disadvantaged in the job market and provides the support needed to enable them to succeed. Shoots & Roots aims to benefit not only the trainees but many of B3Living’s tenants too. It delivers excellent estate improvements such as enhancing communal areas with planting and landscaping as well as installing high quality fencing and pathways. As Shoots & Roots work on projects such as clearing over-grown gardens, replacing paving, landscaping and constructing fences, the young people gain skills and confidence.”

At the moment, the major recipient of these services is B3Living. B3Living sponsors the project and provides the contract; there is a contractual business
relationship between both parties but with additional employment and pastoral support. Its strength is that where purely commercial ventures would sack workers if they are not performing well, Shoots & Roots supports its trainees – all of whom come from disadvantaged backgrounds – to improve.

As well as providing a “quality service” to the housing association, Groundwork Herts’ executive director, Steve Harvey, says Shoots & Roots has a higher aim, “It’s not just training people with no qualifications and no hope and loads of issues,” he says. “It’s not just to give them employment but to have them perform a role that really benefits the community where they live and the area that they have an affinity with.” He adds, “If we’re ultimately successful we’ll have them in a position to be running their own business.”

The mainstay of the work is grass-cutting, strimming and planting within 12 sheltered accommodation schemes. The young people are mainly B3Living tenants but that was not a criterion of the project. All are employed full-time above the minimum wage.

Shoots & Roots is not yet a separate entity but is a discretely branded operation, says Harvey, with the team driving its own van with a logo and wearing branded uniforms. It has only had one year of operation so doesn’t have its own set of accounts. Including the original pump-priming money, Harvey says its annual turnover is around £90,000 but it is too early to discern standalone profit/loss.

However, both parties are exploring Shoots & Roots’ future as a standalone social enterprise once the fledgling project expands: originally, a Groundwork supervisor was mentoring the trainees “24/7” says Harvey, but the plan is for Groundwork’s guidance to decrease in alignment with the stepping down of funds over a three-year period with a view to Shoots & Roots becoming an independent social enterprise.

Harvey says he would prefer the route of a Community Interest Company (CIC) because he has seen other Groundwork trusts use the model successfully in similar circumstances. John Giesen, B3Living’s chief executive, says he wants Shoots & Roots to follow the social enterprise model, “because it’s important it’s seen as a business, not a charity. It’s got to make money, it’s not about paying people money for not doing anything, it’s about building a business that will be successful and then reinvest its profit into other things – either that Groundwork is doing or that we are doing. And it has a distinct social purpose”.

5.2 From idea to start-up

Shoots & Roots developed from a Green Team, part of environmental regeneration charity Groundwork’s nationally recognised and highly successful 16-week voluntary training scheme. The Green Team programme is a full-time training programme for young people who are unemployed, aged 16-25 and with no qualifications. It supports them to develop outdoor environmental skills. These young people are often from very disadvantaged
backgrounds and can be care leavers, homeless, or have mental health or drug issues.

B3Living had been buying in Green Team services from Groundwork Hertfordshire since 2010. Groundwork’s Green Team already had a strong track record from which Shoots & Roots could grow. The final Green Team cohort of 2010 was outstanding and was the reason that Shoots & Roots began. Operated in partnership with B3Living, it saw all five participants achieve the City & Guilds qualification with distinction and all five gain their CSCS cards and first aid certificates.

As a result, Groundwork agreed a six-month extension of the programme with B3Living whereby four Green Team graduates would be employed full time under Groundwork’s supervision to deliver a range of environmental improvements and general maintenance on B3Living sites.

Harvey says: “The five young people, all with quite deep issues, had passed their qualifications with distinctions and barely missed a day – they were very well received by the managers of the Broxbourne schemes and by residents. “In a subsequent conversation, John was saying the Green Team’s made great improvements and a couple of them have got jobs straight away but wouldn’t it be great if we could do something else with that cohort of young people – could we set up something with the other three under Groundwork’s supervision where they could undertake genuine maintenance work for B3Living on 12 of their sheltered schemes?”

Shoots & Roots sprouted when Giesen felt that it was a pity the other three wouldn’t get jobs because of the dour economic climate. “And they were the best cohorts we’d had… I said, if you’re serious about it, why don’t you employ them – if you set it up to operate as a social enterprise, we will guarantee you an amount of work and we will also give you money towards the start up and running costs over the first three years.” Giesen says that he wanted Groundwork to employ them because it already had employability training and support expertise. “It was about giving local young people an opportunity for something they’d shown an aptitude for to be involved in the start up of a business that would benefit not just themselves but the community,” says Giesen.

To cover its overheads, B3Living committed to paying Shoots & Roots pump-priming funding of £30,000 in year one (2011-12), £20,000 in year two (2012-13) and £10,000 in 2013-14 from its Community Development Fund. “The idea was that hopefully before the end of that, it would be a profitable concern,” says Giesen. It also injected initial seed money of £35,000 which was the value of the first contract. Giesen says there is the capacity for this contractual value to grow if the business can prove itself.

They had some external help including from a group of MBA students from Middlesex University who studied Shoots & Roots’ viability as a social enterprise for their course as well as exploring the competition. B3Living also paid to hold a brainstorming day at a college with a social enterprise consultant and other stakeholders. Additionally, they had received some help from Business Link and a local business support agency. However, the bulk of
the specialist horticultural and training skills needed already existed in-house within Groundwork.

Harvey had looked to other social enterprises for inspiration such as estate cleanup operations and recycled furniture operations. B3Living also did some site visits to other parts of the country.

Key factors in its success, they say, are patience and the respective contributory skills of the partnership.

The first step was for Groundwork to agree the vision with Giesen and his colleagues before exploring practically the actual work the team could do, what standards would be required and what time commitment. Then they discussed with the five members of the Green Team, who had already been Groundwork employees since January 2011, if they wanted to be part of Shoots & Roots. Four of the five agreed.

“There was then a lot of work around equipment, tools, training etc – all of that practical stuff – site visits to the 12 schemes we were contemplating,” says Harvey. “There was also a lot of agonising as to whether the concept was viable, but the vision was strong”.

Giesen and his deputy had been the driving force behind this but there was some convincing of other B3Living senior management before everyone agreed. “There was some ‘why are we doing this? How do we know? What happens if?’ says Giesen. “Some people were asking searching questions but I think you have to have the vision and drive to make things work,” It took just weeks to convince everybody as they had already witnessed the Green Team deliver successfully. But Giesen says they reminded people of the social value of the scheme – employing people from difficult backgrounds who needed support just to get to the stage where they were employable – which would be no mean feat.

After a competitive interview process – four applicants for three places – there was a six-month pilot period as a pre-cursor to B3Living granting the maintenance contract at the end of July 2011. Groundwork then entered into a formal contract with B3Living for the team to deliver general maintenance at 12 sheltered schemes for B3Living for three years.

Both sets of managers meet regularly to ensure the contractual work and targets are being met.

5.3 The business case

Harvey says the annual turnover of Shoots & Roots is around £90,000 but it is too early to discern standalone profit/loss. There is no surplus yet, “but if it’s going to be sustainable, there will have to be a surplus in the next couple of years,” he says.
Harvey explains, “Shoots & Roots is not yet a separate business and thus does not yet have its own business plan/management accounts. That said, we believe a sensible, indicative annual future cost for running the business would be circa £60,000 which excludes Groundwork supervisor costs and any accommodation costs (currently provided as a gift in kind). The cornerstone B3Living maintenance contract is clearly fundamental to success. At current rates, further annual income of approximately £22,000 is needed in addition to that existing maintenance contract to achieve break-even. The pump-priming funding supplied by B3Living has inter alia “set up” the social enterprise team in terms of training, vehicle, tools, equipment etc.”

Their competition is the big local landscape contractor, John O’Conner, in Hertfordshire, as well as local authority contractors and the average ‘sole trader in a white van’. But Harvey feels that they are in a strong position to win business over their competitors because of the social value of the venture. In fact, Shoots & Roots has already won an external £20,000 contract to work on an Olympic site, “which was a major coup,” says Harvey. He attributes this to the fact that the contractors had already seen Green Teams’ work but also subscribed to its overall vision and the added social value they can offer. There have also been a number of small contracts out of the Hertfordshire area.

In the first year of operation, 66% of business has come from B3Living with the remainder from external sources such as from the county council. They hope to change that ratio and increase work from external contracts to make the venture more sustainable in the future. B3Living has also put Harvey in touch with other local housing associations, three of which are already interested in using Shoots & Roots in the future or concurrently with the B3Living contract.

The amount of staff time that both have invested is unquantifiable but Harvey says Groundwork’s time runs into “hundreds of hours”, all of which he says had a high monetary value but which has been vital to the success of the enterprise.

5.4 Social impact

“There’s three people working that weren’t previously,” says Giesen. “And by our assessment weren’t likely to work otherwise. They now engage with fellow residents because some of the areas in which they’re working are also the areas where they live.”

B3living did have to take the grounds maintenance contract away from an existing supplier, which will have had a knock on effect on their business and ability to employ.

The inaugural and current Shoots & Roots cohort began as the Green Team which has its own social outputs: Since 2008, 86 unemployed young people have been involved in this full-time, voluntary, training scheme, of which 95% completed the course. Some 96% of those who completed the programme
achieved the City & Guilds qualification, 63% with distinction. Some 71% were in further training, employment or education six months after completing the programme and 63% obtained CSCS cards and 99% obtained a First Aid certificate.

The Shoots & Roots team is now engaged in interviewing new recruits for the Green Team, a real turnaround according to Giesen, “There is a social value to this – I’m not saying all of these kids were causing a nuisance on the streets but if some of them were, the actual cost is huge – turning them into people who want to work and convincing others that it’s a good thing to do is part of the process – there’s an added value you wouldn’t get from Joe Bloggs’ gardening service”.

They measure social impact with the Green Team through collation of statistics such as how many progress into full-time work, and achievement of training and qualifications. It is too early to have developed a functioning monitoring system for Shoots & Roots.

5.4.1 Tenant involvement

B3Living’s tenants have fed back through open days and user surveys that youth unemployment and skills and employment opportunity is important. “Our engaged residents have confirmed to us that youth unemployment and jobs and prosperity are one of their highest priorities,” says Giesen.

They say: “Broxbourne’s local residents have been impressed by the quality of their work and the team’s work ethic. These young people have chosen to make the most of this opportunity to gain landscaping experience and skills and have applied themselves to open up new work opportunities for the future. Having local young people engaged in work in our communities is increasing a feeling of ownership and pride on Broxbourne’s estates, and is resulting in a decrease in vandalism to our communal areas.”

5.5 Challenges and lessons learned

Harvey says that initially he was “quite idealistic” about how quickly and easily the trainees would pick up business skills because of their initial successes. “They’ve made three quarters of the journey very well – they’ve got a work ethic, they work hard, they’re communicative,” he says. “But creating business minds amongst them, now that’s tough, that’s the unresolved bit of the story.” He adds that he underestimated how much time it was going to need. There was and will be a lot of work involved in getting the young people from being trainees to being able to run their own business.

Harvey also says a key lesson learned was, “underestimating the transition that the young people have to make... that gluing together and mentoring support... Those young people are brittle and will always be brittle – you wouldn’t think so if you met them because they’re quite jolly but they’re damaged,” he says. He adds that if they could do anything differently, they would not employ only trainees with difficult issues but have a mix of abilities
and backgrounds, because the six months proved, “a hell of a challenge – which we got through – but it was very demanding”. Both parties think using a balance of qualified and less qualified team members will work better in future to bring up standards.

Giesen says the next challenge will be making Shoots & Roots sustainable. He adds that they also had to take work away from an existing contractor to give it to Shoots & Roots; a situation which he says had to be handled carefully.

5.6 The future

The partnership has a lot of scope to expand. B3Living has just launched its own internal repairs service, Send and Mend, with its own apprentices and Giesen says they may in the future work with Groundwork on joint training initiatives and capacity building, etc.

For Shoots & Roots, Harvey says there are a few possible endings now that its journey has reached the three-quarters mark: it becomes a social enterprise; it is not sustainable; or it fits in with B3Living’s in-house work. But ultimately, says Harvey, it is the social value of Shoots & Roots that is most notable.

“When those guys started at the Green Team, they didn’t know how to hold a conversation, how to get out of bed and how not to get into trouble with the police – they were completely unemployable with no skills and no qualifications – so helping that group move through to social enterprise is a tough task – [it’s different to taking people who are already employable and can’t get a job] – starting right at the very beginning – that’s the sort of journey we’ve been on. If you met them now, you’d think they were absolutely employable. It’s something to be proud of that the two organisations have had a huge go at seeing if we could pull this off with one of the most difficult cohorts,” says Harvey.

Giesen’s advice to other housing associations seeking a similar venture is, “don’t be put off because it’s hard”. He says it’s worth it because, “of the social value you get from changing people’s lives”.

6 Furniture Reuse

Furnish
Shepherds Bush Housing Group

6.1 Introduction and overview

Furnish, first launched in 1996, is a social enterprise run by the charity Staying First which is part of the Shepherds Bush Housing Group (SBHG). Furnish, as its name suggests, is a furniture reuse organisation, collecting and providing unwanted furniture as well as undertaking removals, house clearances and offering storage. Its purpose is furniture provision primarily for tenants of housing associations in housing need. “We value our independence but we also value the close working relationship we have with the housing association,” says Graham Raine, Staying First /Furnish director.

Staying First (formerly Staying Put Services), was originally formed in 1984 when it offered older private tenants housing advice, later joining SBHG in 2000 where it now helps people at risk of homelessness. It offers advice, support and facilities for people in housing need. “Staying First has six other projects but Furnish is the best example of a social enterprise,” says Raine.

Furnish provides:

- Domestic appliances
- Kitchen kits and new or gifted bedding kits
- Small moves for other not-for-profit social enterprises
- New white goods and new furniture
- Empty property clearance services (but only good quality reusable furniture can be cleared)
- Storage facilities
- Hotel clearances
- Film props
Staying First is a standalone charity and company limited by guarantee and also part of SBHG. It has its own audited accounts. While Staying First provides some services for the housing association, SBHG does not core fund the charity.

Furnish is run as a project within Staying First. It has its own budget but, Raine says, “its finances are Staying First’s and not Furnish’s. We’d expect it not to make a loss but Staying First is behind it and it gives it the administrative support. And of course Staying First in turn has SBHG’s support”.

If Furnish makes a surplus, it gets re-circulated in the Staying First budget, not necessarily to its own budget, says Raine. However, if the other Staying First projects make a surplus then Furnish will benefit, he adds.

Furnish has just taken on a new management structure bringing its turnover to £1 million over the next ten years. It received half of this from key sponsor London Re-use Ltd which is a social enterprise that supports other charities to manage resources sustainably. “We’ve expanded the funding streams to make it a far more sustainable project,” says Raine.

With extra funding and support from SBHG, Furnish moved to a depot three times larger than its old one in Autumn 2012 and is now expanding into office furniture reuse where previously it dealt solely with domestic furniture.

### 6.2 Staffing

Today, the new organisation employs 22 people beneath Raine. Raine is the chief executive and is on the senior management of SBHG. Below Raine sit one manager, three assistant managers and floor staff including drivers, warehouse staff, sales and marketing staff, and financial and administrative staff (see diagram below).

SBHG’s senior management team meets on a monthly basis and Raine presents ongoing reports of Furnish’s development to the committee. The chair of Staying First’s management committee has a place on SBHG’s board and one committee member at SBHG has a seat on Staying First’s committee. “So there’s communication at board level, at director level and where we need communication further down, I’m the conduit between Furnish and the housing association group,” explains Raine.
6.2.1 Revised staff structure at Furnish
6.3 From idea to start-up

The original Furnish, a standalone charity, was set up in 1996 but in 2003, it fell into “huge financial difficulty” says Raine, and its management committee “dissolved away”. He adds, “We were approached by Hammersmith and Fulham Council who were the main funders of the charity at the time, and asked would we take them on? And that’s what we did”.

At the time, Furnish’s core business was collecting donated furniture and redistributing it to homeless families. Raine says “That remains its core business but we’ve added a number of different funding streams emanating from that core business. For example we now provide new items of furniture for housing association properties that temporarily re-house homeless families and vulnerable people, both for SBHG and other housing associations too.”

Raine was at Staying First when the executive bought out Furnish. “When we took it over, it was basically a man and a van and a warehouse,” he says. “It’s now 22 people, ten vehicles and a warehouse that’s ten times larger than it was originally.” It has also expanded from the early days in other ways. Furnish now offers employment and volunteering opportunities to local people and at any one time has 20 volunteers, some of whom are referrals from the Probation Service.

Furnish in its original incarnation was not a social enterprise but a charity before it was merged into the Staying First charity. “So it’s taken us nine years to get to the stage where we are now,” says Raine, who adds that it was Mark Hardy, current manager, and himself who were the driving force in getting Furnish off the ground.

Initial cash streamed from Hammersmith and Fulham Council core funding of £70,000 per annum although this was cut by half two years ago. They also had ad-hoc funding from Westminster Council as well as £7,000 from a local charity. Since then they have developed around 20 different funding streams from local charities, local authorities, the Probation Service and government-funded schemes to get people into employment.

When they originally took on Furnish, the decision had to pass between both Staying First and SBHG committees. Its recent expansion also required committee approval, “because a million pounds of funding, albeit over ten years, is a hefty amount of funding to enable an organisation to grow,” Raine says. However, despite striking lucky with funding from London Re-use, the rent on the new warehouse is in excess of £ 0.25million a year, “so if you look at the financial model, by the time you get to year three, the organisation has got to wipe its own feet.”
Yet despite some hefty overheads, many of the running costs are covered by SBHG. “One of the great things about working in our group structure is that all of our back office services basically come for free,” says Raine. Furnish pay between £20,000 - £30,000 for the back room services per year, when they can afford it.

This meant the costs to the business of functions such as IT, accountancy and human resources, both at the original takeover of Furnish and its recent expansion were minimal. But Raine admits that the cost to the housing association would have been “considerable”. He adds that right from the beginning, it was crucial that Staying First as a smaller charity, retained its independence from SBHG and remained a partner without being subsumed by the larger housing association.

The partnership, Raine says, is successful because of “mutual respect, working well together, and all the 200 plus staff within the group understanding what Staying First is all about”. Communication is key, he says, and this understanding is promulgated through team briefings, newsletters, and constant verbal communication. “We’re trying to get all the people within the group to say, ‘could Staying First do that?’ ”.

Raine attributes the social enterprise’s rise to, “the chief executive, Paul Doe, [who] has been instrumental in the success of Furnish. And the back room staff have contributed really well”. The social enterprise has now grown to such an extent that in Autumn 2012, they moved from a 12,000 square foot warehouse to a 36,000 square foot warehouse in West London.

“What we bring to the housing association is a huge amount of diversity,” he says. “Staying First does a host of other things such as housing, debt and welfare advice for numerous organisations, home improvements, disabled facilities works, small repairs, painting and decorating, we run a wellbeing project – we give the housing association a charity label and put the V in diversity for them.”

6.4 The business case

Staying First’s annual turnover is £2.7 million – Furnish is now the biggest project, having pushed up from being a £0.5 million project in March 2012 to a £1 million project now. “It has leaped in terms of its importance within Staying First,” says Raine. London Re-Use Ltd are their main sponsors and had in Summer 2012 given them £540,000 for the expansion to the new depot. Some 75% of income currently derives from external sources with the remainder stemming from SBHG.
All the expertise has been from within SBHG. They created a “hugely complex financial model and a pretty weighty business plan for the expansion which covered as many risk assessments as you could possibly imagine,” he says. This was, “just to convince ourselves and the funders that we could make a success of it”.

The new growth area of providing office furniture, in which they are relatively inexperienced, will form 70% of the new business with 30% reuse, also the projected ratio of finance. They will be providing furniture to any organisations with housing need beyond SBHG in the West London area. Furnish is increasingly successful in winning new business: it is going to be doing some work as part of a joint contract moving beds etc. from the Olympic village. Components from furniture that cannot be used such as metal and wood will be recycled.

In terms of the commissioning process, SBHG will commission Furnish either through Raine or through general manager Mark Hardy. They currently provide all SBHG’s fit out services on a £35,000 contract including clearing, furnishing, carpeting and curtaining, as well as clearance services for voids. SBHG will also contribute £400,000 over ten years to the rent of the new warehouse, and it provides Furnish with £20,000 annual funding to help with operational costs in return for which it expects furniture reuse services to tenants.

Raine believes the social enterprise model works best for Furnish because, “we’re not surrounded by bureaucracy. If we want to do something, we basically just do it. It’s a very positive environment in which to work”. He adds that the atmosphere is not prescriptive: “It’s not like working within a local authority where you have to get someone’s permission to do something – it’s far more dynamic than that. It also allows a great deal of flexibility both in terms of ploughing money back into the organisation – I believe a social enterprise’s ultimate aim is to work towards achieving sustainability. And if you can get past that sustainability, you’re into surplus and everyone’s happy.”

### 6.5 Social impact

“We work quite closely with the Probation Service and four days a week one of the probation supervisors comes along with up to eight people serving community payback orders hours,” says Raine. “One of the things we’re proud of is that nine volunteers who in the recent past volunteered at Furnish we now employ at Furnish. A number of others have gone into employment within the
housing association and others have gained external employment.

He says that, “we work with people in housing need who then have the opportunity to purchase reduced price furniture and have the ability to be referred by organisations for a pack of furniture at a hugely rebated price”.

There is no formal volunteer programme but Staying First was awarded the Investing in Volunteers accreditation in 2009. “It’s not the easiest thing in the world to persuade people to volunteer,” Raine says. “And once they walk through the door you’ve got to make it worth their while too.”

Tenants are able to both donate to and buy furniture from the project. SBHG tenants get a rebated price. “However, the majority of our clients are not tenants but part of the wider community,” he says.

They have recently employed Envoy Partnership to conduct a social impact report. Raine says it’s important to monitor, “because Furnish is in a position of substantially increased development at the minute so we want to use the audit as a tool for marketing, publicity and fundraising in the future.”

6.6 Challenges and lessons learned

“Funding any social enterprise is a challenge as there’s not that much funding about to allow third sector organisations to grow,” Raine says. Two years ago, Furnish suffered a 50% cut in funding from Hammersmith and Fulham Council. However, Furnish has primarily relied on contracts and/or commissions from public bodies, he says, rather than grants. “While there’s been a smattering of successful fundraising, it hasn’t been substantial.” Raine adds that it has been hard to attract quality staff to work in a “cold warehouse miles away from anywhere”.

Raine says that there is very little he would do differently,. The advice he’d give to other housing associations looking to do a similar thing is “do it” and he welcomes groups to approach him if they want to join the larger SBHG. “If you’re a small third sector organisation struggling in this environment, you could consider joining larger organisations to ensure sustainability. You’ve got to think bigger and think about the benefits of moving out of a cosy environment that’s not going very far to working out where you want to be in five years’ time. You’ve got to think about how you’ll survive because there are a lot of charities and organisations going under at the moment because of a lack of funding and a lack of forethought.”
7 Nursery

Matchbox Nursery
Poplar Housing and Regeneration Community Association

7.1 Introduction and overview

Matchbox Nursery is an independent day care nursery and social enterprise. It is based in East London on one of the estates of housing association Poplar HARCA. The nursery works in partnership with the housing association which acts as its landlord and key supporter. Poplar HARCA owns and manages around 9,000 homes and was originally set up by the London Borough of Tower Hamlets in 1997 as a stock transfer organisation. Most of Poplar HARCA’s properties were transferred between 1998 and 2009. The housing association operates in an area of longstanding social and economic deprivation with high levels of social exclusion and aims to bring about the social, urban and economic regeneration of the Poplar area.

Matchbox Nursery in its current form began in 2003 as the first nursery under the Neighbourhood Nurseries Initiative (NNI) in Tower Hamlets. The NNI was a government initiative launched in 2000 to expand childcare provision in the 20% most disadvantaged areas in England. Matchbox received three-year sustainability funding under the NNI programme. The nursery pays Poplar HARCA a subsidised rent of £12,000 annually for 25 years. It is run by Kim Arrowsmith and Beverley Webb who were already running Matchbox Nursery as a playgroup. The nursery’s emphasis on local employment means that the staff, as well as the children, are beneficiaries.
The nursery takes on children from age three months to five years. There are a maximum of 98 full time equivalent places and currently 135 children attend the nursery, which is in one of the 30% most deprived areas in the UK. The children come from a very wide range of minority ethnic backgrounds, many of mixed heritage, including Polish, Italian, White British, Lithuanian, Australian, Algerian, Asian, Somali and other African nationalities. Around 25% of children are Bangladeshi reflecting the ethnic pattern of the area. Most of the parents are in fulltime work - some in the Docklands area - or are studying.

Matchbox’s legal structure is that of a standalone registered charity and company limited by guarantee. The trustees, plus Arrowsmith and Webb are all local people who also run the playgroup on the estate’s nearby community centre. The playgroup, however, has a separate auditor and is a separate legal entity.

All childcare staff have level 3 NVQ qualifications. Management has opted not to use agency staff because of the prohibitive cost. The nursery also provides crèche facilities for local authority staff. They currently charge £210 per full week for under twos and £200 for over twos. The nursery always has a couple of volunteers, usually sourced from the local college, to undertake level 2 and 3 NVQ childcare placements for one day a week.

Total turnover is £815,205 for 2011-2012 of which fees income is £805,888. Total expenditure last year was £810,560 leaving little cushion in the way of contingency. The surplus was £4,645 but reserves, they say, are very healthy and add up to five months running costs, although they are aiming for an ideal cushion of 6 months. This financial year they envisage a small surplus.

Tessa Dugmore, community area co-ordinator at Poplar HARCA, says the social enterprise model was ideal for Matchbox: “It’s more flexible. You are able to be a charity and a business so are able to be high-minded and hard-headed.”

7.2 From idea to start-up

When the housing estate transferred from the local council to Poplar HARCA in 1997, the whole estate was about to undergo refurbishment. Matchbox had already been operating independently as a playgroup for ten years in the nearby community centre, also on the estate, running three hour sessions. The actual Matchbox nursery had always been a presence on the estate in some form or other since the 1960s and was still a playgroup in 1999 in the community centre at point of stock transfer. Webb and Arrowsmith still manage the playgroup.

There was no day care facility in the area when they were set up, they say. The only childcare was in the form of playgroups and short-stay facilities. Both women felt “ready to move on” says Arrowsmith. The driving force at the time was Dugmore’s ex-manager, “who was a bit of a guide” and encouraged both that they had potential to expand the nursery into a daycare centre. At point of
stock transfer, the manager at the time identified Matchbox as having expansion potential.

“Then the NNI opportunities came through,” says Arrowsmith. In 1999, both the ex-Poplar HARCA manager and Arrowsmith went to a council meeting about setting up NNI nurseries in Tower Hamlets. They succeeded in winning Lottery funding/NNI cash and SRB funding for the outside play area.

The initial set up costs were £140,000 capital from the National Lottery plus £10,000 National Lottery money for architects. “These buildings had stood empty for years,” says Arrowsmith. The area that Matchbox now occupies – the entire ground floor of the block of flats – used to be pram sheds and empty, wasted space. “Matchbox was operating from an estate that we took over and which we then had a responsibility to develop and regenerate,” says Dugmore. “So the old community centre from where these guys were operating from was not fit for purpose anymore”.

Dugmore says that choosing the social enterprise model made sense at its inception. This was because there was “quite a large pot of money” available for social enterprises when they originally applied for Single Regeneration Budget funding and Matchbox could feasibly make the leap to functioning as a social enterprise if parents’ fees could replace grant funding on a regular basis. The key was getting the capital funding sorted which could not have been raised without grants. The council, she says, was looking for enterprises that had realistic, long-term prospects” rather than smaller ventures such as cafes which are often the one business identified with social enterprise. They also received money from the Government Neighbourhood Nursery Initiative, says Arrowsmith.

Arrowsmith says Matchbox is a social enterprise because, “it’s for local people but self-sustaining… it was never going to keep on getting grants”. The criteria when it was set up was that it would get some capital and some revenue money on a sliding scale for the first three years but after that they had to become self sufficient. “And all the employees were local people as well,” says Arrowsmith.

“While Poplar HARCA facilitated it, you guys have done everything, you’ve grown it,” says Dugmore. It was easy to get senior management backing because the project ticked all the boxes, such as creating a safe space for children, utilising empty space and being a social enterprise. “I’d say we’ve backed off over the years,” says Dugmore, “but in the beginning, Poplar HARCA was a big facilitator… cutting through red tape, sorting all the land use, that was all tied in with our plan for the Burdett Estate”.

They did some initial market research as part of the original bidding process to establish the need but they were also being asked by parents going back to work if there were longer care hours. Poplar HARCA’s chief executive was behind the scheme from the start and was anxious for the space to be used productively. “The board agreed it all really quickly,” says Arrowsmith.

Initially they recruited 20, all local full-time staff. In the first year, the relationship was mutually helpful but space was accorded to the fledgling social enterprise.
“They backed off, but we knew that help was at the end of a phone if we needed it,” says Arrowsmith. “We were very lucky that we had that relationship with Poplar HARCA and with the council.” The council paid for them to have business mentors. They visited quite a few similar nurseries, both well and badly run, to draw lessons from their management. They also had a lot of support from the local priest who encouraged the community to accept the new day care centre. Matchbox in 1999 had used the church premises for free while all the building works were finished. This support meant that local parents were not without childcare during the development period.

7.3 The business case

Total turnover is £815,205 for 2011-2012 of which fees income is £805,888. This figure includes £177,575 of funding from the local authority through the Nursery Education Fund for three- and four-year-olds and from Nursery Education Grant for two-year-olds. The remaining income of £9,157, is from revenue grants tied to particular activities and services:
7.3.1 Revenue Income

Other revenue grants last year included:

- LBTH Development £975
- LBTH Inclusion Support £3682
- LBTH Graduate Leader Fund £4000
- LBTH Emergency Grant Olympics £500

As of March 2012, Matchbox is carrying forward reserves of £722,473 (assets and cash). It has no loan income.

Total expenditure last year was £810,560 leaving little cushion in the way of contingency. The surplus was £4,645 but reserves are healthy. This financial year they envisage a small surplus. Matchbox carries out its financial projections on the basis of assumed 80-85% occupancy.

Arrowsmith says they’ve only had one year of deficit since they opened which was in 2010-11 when they had to invest a lot of capital in development of the building. The surplus, she says, only shows as £4,000 but actually should be £40,000 because of this capital expenditure. “As an average we make between £20,000 and £40,000 per year which goes into a reserves fund to build it up towards six months running costs.”

In terms of competition, the management team says they are the only local day care centre in the area so do not have any serious competitors. The nursery is over-subscribed and does not have immediate vacancies – the next spaces being available in six months’ time. Matchbox considers itself very sustainable because year on year it makes a surplus and it has healthy reserves while keeping the service affordable.

Government figures from 2010 show that Tower Hamlets was the seventh most deprived area in the country. “There’s a huge pressure on schools because there’s not enough school places,” says Dugmore who adds that the area has a very young population. This means there is likely to be a market in the area and they’re looking to expand to increase the enterprise’s sustainability.

“We’ve got a good reputation and it’s word of mouth,” says Arrowsmith. “People have watched us grow as well,” says Webb. “We’ve got families where we’ve had their first, second and third children,” she adds.
7.3.2 Key success factors

- Matchbox's high visibility location on the main road near to Canary Wharf
- The manager has a “hands on” financial management role and is always aware of the ‘bottom line’ on a month-by-month basis.
- Focus on high levels of occupancy
- Word of mouth reputation
- Tendency to accommodate changing initiatives
- Tight financial controls
- Good staff relations save recruitment costs
- 84% of staff are local
- They believe happy, well-remunerated staff are strong marketing point, boosting occupancy and maximising income.

7.4 Social impact

Arrowsmith acts as a mentor to local nurseries including some in difficulty. Students can get practical experience within the nursery. They engage in supporting other nurseries, for example, they recently supported the recruitment of a new manager for a nursery struggling with occupancy levels. Dugmore says Matchbox is regarded as an exemplar and mentor through the network of nursery managers in the borough.

Matchbox is helping to economically bolster the vicinity by employing local staff – 26 out of 31 live in the area. They also pay over the London Living Wage. “Give someone a decent wage and decent environment to work in,” says Webb.

There is a cyclical benefit evidenced within Matchbox. Webb and Arrowsmith consider the staff as one of the main beneficiaries and some of the children that attended playgroup have now, in their early 20s, started working or bringing their children to the centre. Five of the children’s parents have gone on to become Matchbox employees.

The manager prices her fees in accordance with what the local market can take, bearing in mind that Tower Hamlets has both huge levels of deprivation and high nursery fees in the nearby Canary Wharf area. Subsidised places include 10 places at £127.50 per calendar month for parents working at the Mental Health
Trust. This subsidy is in the form of block contracts which aids financial planning and forecasting and provides guaranteed incomes.

It is also estimated that 70% of parents are claiming Working Tax Credit and Matchbox provides information and signposting to specialist help. This includes a dedicated worker at the SureStart children’s centre down the road who carries out Working Tax Credit calculations. Matchbox staff often assist in filling in out application forms.

### 7.4.1 Tenant involvement

The managers estimate that around 50% of the children have parents who are Poplar HARCA tenants or residents. While numbers vary, four residents from the block above the nursery, at time of writing, attend Matchbox. Figures are not as high as for the playgroup but most children are from postcodes E14 followed by E3 and E1.

Residents are spread across the Poplar and Mile End areas within a mile radius. This year they expanded the green space in front of the nursery, both as playspace and as a space for residents. They also have two Poplar HARCA residents on its board of five members. Originally when the refurbishment took place, all residents were consulted on plans including the setup of the nursery.

### 7.5 Challenges and lessons learned

“We’d never done anything like this before,” says Arrowsmith, who explains that just getting her head around the issues was a major challenge. “And all the form-filling... the amount of time after hours from the playgroup, at home, at weekends, I spent filling in forms and answering questions....”

Neither feels that they would do anything differently now if they had their time again.

“The hardest thing we faced was managing staff,” says Arrowsmith. “We went from it being just us two to managing 20 staff but I don’t know that we could have done it any differently, that was just the learning journey you had to take.” They also had to learn how to administer the payroll, health & safety etc. “But it was good,” they say.

Arrowsmith says the biggest factor in their success has been location. “We’ve never marketed,” she says. The busy Burdett Road thoroughfare leads to the financial hub of the Docklands, Canary Wharf so the nursery is very visible both to local parents and to commuters working in Canary Wharf.

As for the future, both Matchbox and Poplar HARCA agree that if the venue can be found, they would love to develop another neighbourhood nursery!
8.1 Introduction and overview

Plymouth Community Homes Services (PCHS), the trading and manufacturing arm of Plymouth Community Homes housing association, was born into its current social enterprise form at the point of stock transfer from Plymouth City Council in November 2009. All 15,000 homes were transferred to the new housing association while some former council staff were moved over to PCHS. The PCHS depot, in Prince Rock part of Plymouth, occupies 5.3 acres of land and comprises various warehouses and workshops. It is being rented from Plymouth City Council.

PCHS manufactures and supplies products such as windows and doors to PCH, mainly as part of its ongoing £168 million Decent Homes programme, due to end in 2015. At transfer, PCH was just embarking on its Decent Homes programme so it made sense to the PCH and PCHS boards to use the manufacturing arm to provide refurbishment products in-house and tailor-made. Currently, 90% of its work is for PCH/internal markets with 10% supplied to the private sector.
PCHS, a subsidiary of PCH, operates four individual businesses that will succeed or fail on their own merits. PCHS gift aids any surplus back to the parent company PCH.

The businesses are:

1) A **windows manufacturing factory**, “that makes high quality uPVC windows”. Now the internal market is diminishing as Decent Homes work tapers off, they are, over the next two to three years, going to be identifying external markets for the windows. There are 21 members of staff including one apprentice.

2) A **high quality joinery** making wooden interior and exterior doors, casement and box frame windows, counters, shop fronts, staircases, furniture and benches. It uses high quality timber from sustainable sources. There are 11 members of staff including one apprentice and three agency staff. One unique selling point is the fact that the joinery reportedly produces the only one-hour fire-doors in the world with a hardwood timber frame. This is something they would like to sell to other housing associations or organisations.

3) A **metal fabrication workshop** which carries out both traditional hand-crafted and modern high volume work. They also perform on-site repairs and improvements to metal work. Products and services include: fencing, railings, stairs, ladders, agricultural ironwork, ducting, architectural metalwork, doors, windows and all aspects of welding. There are 20 members of staff including one apprentice and five agency staff.

4) A **sign shop** which can both design and produce a wide range of products such as exterior and interior signs, vehicle graphics, window graphics, banners and posters, road traffic signs, labels and stickers and contemporary style canvas wraps. Apprentices have made signs for the local Americas Cup Boat Race and for local bus companies. There are seven members of staff.

Martin Snell, PCH property services director, stresses how avoiding redundancies at transfer and keeping true to its social mission of serving local communities is illustrated when the sign shop transferred over with PCHS. “Now, a housing association needs a sign shop like a hole in the head,” he says, “but the view of the executive team and board was to keep as many people working as we could”. There was very little work at transfer so they were forced to grow the business and now 80% of the sign shop’s work comes from the private sector.
PCHS also does some installation of products which includes:

1. uPVC products:
   1.1. Doors
   1.2. Windows
   1.3. Conservatories
   1.4. Roof line products (fascia, guttering)

2. Metal products:
   2.1. Gates
   2.2. Fencing
   2.3. Street furniture

3. Joinery:
   3.1. Bespoke joinery products
   3.2. Fire doors
   3.3. Wooden furniture (i.e. park benches)

4. Signage:
   4.1. Vehicle wrapping
   4.2. Directional signs
   4.3. Re-branding of organisations

PCHS is a subsidiary of PCH and has charitable status – this means surpluses can be gift-aided back into PCH from PCHS. Unusually, all the employees have joint contracts with both PCHS and PCH but, says Greg Tooze, Head of Manufacturing and PCHS, this makes no difference to pay, terms and conditions.

PCHS’ annual turnover is £1.6million while the turnover of PCH housing association overall is in the region of £8million. Internal works are all done at cost price with no profit, external work is done with a profit, in 2011-12 making £50,000 - £70,000 which was gift-aided back to PCH. This surplus was invested in a PCH handy person scheme for tenants.

David Farley, PCHS strategic services manager, and Tooze say that PCHS already existed in form as a social enterprise when it was transferred from the council. Its infrastructure as a social enterprise was already in place but they continue to push the ethos of employing local workers and suppliers and using local raw products where possible with all surplus being reinvested within the overall group. Tooze says, “we are working for the local economy, we’re not for profit and our profit gets ploughed back into PCH and gift-aided back”.
The underlying purpose of maintaining PCHS is to stop buying manufactured products from abroad, says Farley, who adds that the “easy option” would have been to simply ship everything from overseas. “It’s now a one-stop shop,” he says, adding that ordering and installing products in the same geographical area also shortens the process chain and is cheaper in the long run. That’s one of the core issues we had; to ensure we used local people and use local companies where we need other parts of the process.”

Farley says that keeping jobs local is also essential given Plymouth’s economic problems exacerbated by its poor transport links: Plymouth Airport closed last December and the M5 motorway ends at Exeter. Now, with the downsizing of the Navy, Plymouth is on a “downward spiral”, he says. “Plymouth is a bit of an economic black hole. So with the money we got for gap funding [see later], we decided to keep our local people employed and thereby become a major player in the local macro-economy.”

Tooze and Snell, being ex-apprentices, also felt that they owed it to the organisation to take on the challenge and use local labour. “If we don’t train them, nobody else will,” says Snell

PCHS will not discount floating off any of the four companies if they become a liability in order to save the umbrella social enterprise.

### 8.2 Staffing

The manufacturing department is headed up (PCH side and PCH Services) by a single Head of Service below whom are a joinery/signs/metal fabrication manager, a uPVC manager, a senior surveyor and a quality/health & safety manager. The next layer comprises production managers beneath whom are foremen and operatives. The PCH side of the service reports to the PCH executive management team while the PCHS side has its own management board. PCHS employs 100 local people across all of its operational and back office systems. Indirectly this can also involve up to a further 20 local subcontractors to help periodic demand spikes. Operational staff are full-time with some of back office staff being part-time.

### 8.3 The journey from acquisition

At PCHS’ launch, which is taken as point of transfer, its very survival was in question. The board and executive had to fight to prove the services/manufacturing arm was a viable business.
The Tenant Services Agency (TSA) at the time was not confident that it was viable and did not want it to transfer along with PCH. But this meant that 64 jobs were at stake as well as 200 jobs in the direct labour operation (DMO) on the housing side.

In order to prove its viability, PCHS undertook an independent service review from developer Savills for the manufacturing side as well as constructing a separate five-year business plan for its housing parent association. “Of all the transfers that [the TSA] had seen through, they’d never come across anything like this and the questions were probably more around the basis of how would it sit?” says Farley, who adds that PCHS’ positioning is unique: “No [other housing association] has got it that we’re aware of – it’s a one-stop shop.”

The TSA was primarily concerned about the exit strategy at the end of five years, that is, in 2015.

“Now in the three years we’ve been going we’ve increased our staff from 60 to 100 because of Decent Homes,” says Snell, who has worked his way up from being an apprentice 41 years ago. The main reason they have survived is the acquisition of gap funding – PCH is one of the last tranches of housing associations to receive gap funding – which stands at £117 million over four years. This was needed, says Snell because of lack of prior investment by the City Council. There are now just two years to go before they finish the Decent Homes programme.

Tooze says, “We had to prove our competitiveness initially, to the board and to the chief executive etc. Once we’d proven that then we had to prove that we could produce the goods within the five-year process so we had to look at increasing our output substantially within all our areas”.

One area was in the manufacture of uPVC windows – from 100 per week they increased this to 250 per week. They did this by, “improving processes and systems, investing in new machinery and kit and employing additional staff,” says Tooze. He admits it was difficult to produce the volumes required but they had promised they would do this in the five-year programme. This meant he had only three months between transfer in November 2009 to April 2010 to increase window production by 150%. “But we did it,” he says. The chief executive Clive Turner and Martin Snell drove this forward because, says Snell, “however it did mean putting around 60 people out of work”.

It took four months to get approval from the TSA. Tooze had to make a presentation to the board. However, once Savills had proven it as a viable operation and that it was going to generate income, the TSA was convinced. “But it’s got to be value for money,” says Snell.
The initial set up costs were £500,000 in gap funding loans from Royal Bank of Scotland. The infrastructure was in place, they only needed to increase volumes to cope with Decent Homes work which started in earnest in 2010. Initially there were approximately 60 staff on transfer; however this has been increased by a further 40 full time employees as well as periodic use of subcontractors.

Apart from the service review conducted by Savills, there was specialist help in forming new terms and conditions (solicitors Trowers & Hamlins) and management and customer care training by Gober Training.

In terms of market research, the team used both informal and formal approaches. Farley initially used an unconventional approach in his soft market review. “It’s not your basic marketing – it was actually my house,” he says. He invited local companies to come around and quote prices for new windows and doors etc. “I got a price on a range of products and service aspects,” says Farley. “The thing was, his wife thought he was actually getting windows and she wasn’t happy,” says Tooze.

Since then, they have used consultancy Altair to identify competition on all products to see how their products compare with local and regional companies.

They also visited Wrekin Housing Trust which had undertaken a similar transfer where they transferred their DLO. “It was a useful visit for us,” says Tooze. “They said they’d have liked their own window factory for their own housing stock.”

### 8.4 The business case

From 2011-12, the profit was £50,000-£70,000 and they are forecasting the same for this year.

Farley says PCHS is well placed to win business: “The conjoined service has a very unique selling point locally in that it is a one-stop shop that has no equal competitor on a local basis. Essentially a customer could approach the service for, for example, a metal product and some timber doors. The service would design the products to the customer’s specifications, manufacture them and fit them.”

There is a disparate competition base in the local community including small joinery companies etc. Local and regional companies, such as Britannia Windows, also pose a competitive threat.

At the moment, 90 per cent of its work is internal with 10 per cent sourced from external markets. Post 2015, this will change to 60 per cent internal work as they will lose Decent Homes work which is why they are increasing external private sector contracts.
They grew the business by taking out loans and using gap funding to enable investment in new equipment and staff.

A recent review from consultancy Altair says that they are secure and sustainable and this is feeding into a change programme which started in summer 2012. Tooze says: “If we want to be sustainable in two years’ time, we’ve got to get smarter, we’ve got to get more clever working, we’ve got to get leaner production because the outside market’s demands can be tough.”

In terms of the windows factory, there is currently a change programme underway with the objective of putting an emphasis on commercial operations within the service. They are examining diversifying into other product ranges such as roofline (guttering/fascia) products as well as extending the current range and type of windows and doors. Apart from expanding its unique fire door manufacture and fitting, the joinery is looking into providing solar panels.

8.5 Social Impact

All residents in PCH’s 15,000 properties are benefiting through the Decent Homes programme administered to their residences. PCHS’ policy of using local labour has injected an estimated £2.5million into the local economy in the form of wages. Tenants are encouraged to apply for jobs but do not get preferential treatment. Some 10% of PCHS employees are PCH tenants.

Farley is clear that they were aware that PCHS could be the “big beast unleashed” on the local economy, negatively impacting on small companies but he says they mitigated this potential impact by actively using local companies as part of their supply chain. They use a local glass supplier for all their uPVC windows and doors, their metal comes locally as does the timber within the joiner’s shop. These are all small local businesses. They prioritise local suppliers and companies “where possible”.

An apprentice scheme was set up in the summer of 2009 as part of their succession planning strategy, says Farley. Their aspiration is to take on apprentices annually to replace the ageing workforce. “Because of the insularity of our region, our workforce tends to age and not move away. This means there are not that many openings locally for apprentices so we grasped the nettle and decided to employ apprentices across the business wherever we possibly could.”

Apprenticeships are part of the organisation’s ethos. Snell says, “I joined the local authority as an apprentice from a secondary education background – when they were prepared to train you until age 27. You started off at 16 as a joiner and ended up in your 50s as a director because at the time, the administration, whatever it was, was prepared to invest in local people. That’s one of the visions
that we had when we took on PCHS; that we could take local people and apprentices on, train them and the sky is the limit.”

The scheme has just started and they currently have five apprentices in manufacturing as part of the Modern Apprentice scheme, including one in the back office, and 15 overall across the whole company. Taking on young apprentices means they can shape the raw product more successfully too, says Farley. It also gives apprentices a chance at securing fulltime employment within the company. They are paid minimum wage during the two-year apprenticeship after which they progress to a third year.

On a yearly basis they provide up to 60 work experience placements of around two weeks each partnering with schools and colleges. Farley says they chose to source placements from a Construction Studies cohort because of the generally low educational attainment levels in Plymouth. He says using students also drives up standards.

Using a customer call-back service on a larger than 10 per cent sample, they established that overall satisfaction with PCHS was 98 per cent, 100 per cent on the windows.

8.5.1 Tenant involvement

Tenant feedback is well represented as half of the four roles on the PCHS board are taken up by tenants. They also have satellite core tenant groups which feed into operational policy such as the Continuous Improvement Group (CIG) which discusses everything from products to services.

“Tenants are all for it,” says Tooze. “They like the idea of local employment for local people using local businesses and they’re very proud of what we produce. We get feedback from the board meetings where they sit, we go to tenant events where we put a stall up and we also have Trevor the Trailer which goes out in the community and displays our product samples etc.”

“All of the association’s tenants can receive the services of the unit and can further benefit from the surpluses it gift-aids back to the association i.e. the Handy Person service,” says Farley.

8.6 Challenges and lessons learned

While PCHS has internal work guaranteed, market forces are very much in evidence and they do also have to prove themselves continually on value for
money, says Tooze. “PCH would go elsewhere if the board felt that the products were not cost-effective. The board’s and the management team’s view is to use internal services as much as they can but if they can prove they can get them substantially cheaper elsewhere then they would do.”

The TSA was, at transfer point, their main point of reference, says Farley. It was also the biggest threat by telling PCHS that they could not transfer with PCH. This forced them to increase production and write the five-year business plan.

Another challenge has been dealing with the trade unions. “We did have to have a consultation with trade unions about the joint contract,” says Tooze, who adds that there was no change at transfer to break in service or pensions, and that the joint contracts are no different to single working contracts.

Farley says another challenge is changing the cultural mindset of a low turnover workforce used to slower working practices. “Essentially, the culture of our workplace is in part very much mired within a local authority way of working which will not bode well for the future so we need to look at the actual processes, how we work and how to change the mindset and culture of the workforce.” At the moment they have highly-trained staff, they say, but they need to increase performance which they will do and are doing by buying in better tools and investing in additional training.

They feel that the key factors in their success so far have been proving that there was a demand for the products and that they were competitively priced and of the right quality. They also invested in staff, equipment and training for all staff. The future will see them focus more on commercial markets and building works rather than refurbishment. They add that retaining services in-house means they can also exercise an element of control over the products and their quality.

Their advice to other housing associations that have the same business infrastructure and business units would be to “just do it”, despite the difficulties they have encountered because they feel they have proven they can build a venture against the odds. Tooze says he’d advise housing associations, “to retain their in-house services, invest within that service and the staff, training etc. And if you get the opportunity keep as much work as you can within the local economy.” This, they say, works, because they are guaranteeing employment for local people – either local residents or tenants – and helping an otherwise economically depressed region.
Empowering Residents to become Social Entrepreneurs

Accord AddVentures
Accord Housing Group

9.1 Introduction and overview

Accord AddVentures is a strategy within the Accord Group, set up in 2011 to tackle high levels of deprivation and unemployment in the West Midlands, where Accord operates, mainly in the Black Country and Birmingham. Some 70% of Accord’s residents are economically inactive which is why Accord AddVentures forms a central part of the Group’s business strategy 2011-16.

The Accord Group comprises six housing associations and a domiciliary care and support organisation. Accord AddVentures tackles unemployment across all the housing associations. Another Accord AddVentures is being set up in Manchester.
Accord AddVentures’ 11-strong management team is headed by Jas Bains, Accord AddVentures executive director and Ashram CEO. Bains directs the two strands of the programme, enterprise and employment. The enterprise strand (RiSE) is managed by William Lilley, who looks after a development officer and a business coach. RiSE, which stands for Residents into Self-Employment and Social Enterprise, was set up in May 2012. It can be described as umbrella programme with three aims (this case study will only look at the first):

1) To support resident-led ventures, and incubate them within Accord before launching them independently. The intention is then to work with the fledgling businesses as potential suppliers.

2) To nurture and unleash creative youth talent (The A Fund, a £10 million investment pot for five years aimed at young people in Birmingham).

3) To develop internal social enterprises such as Socialbreakfast.org (a youth engagement website to help young people develop their campaigning voice), Planning for Real (a planning tool for regeneration and development), LoCal Homes (an energy efficient timber homes factory), Walsall Housing and Regeneration Agency, and Health for Living Consortium (joint consortium of four organisations to bid for public health contracts).

Lilley believes it is the first mission of encouraging residents themselves to become social entrepreneurs that is the most unique and pioneering aspect of RiSE. “We’ve developed a distinctive approach to social enterprise,” he says. “We’re trying to encourage our residents and the broader community to take the lead themselves in setting up initiatives. That’s our philosophy and we’re very passionate about it.”

RiSE exists to, “sponsor and support social entrepreneurs” and is an incubation programme for pre-start up or early stage enterprises both of a commercial and social nature. “The point is to help residents overcome the barriers to setting up an enterprise,” says Lilley. It only aims to support ten resident ideas/enterprises in 2011-12 and at the time of writing this case study was working with six.

The free umbrella of support to kick-start residents’ social mission includes:

- Seed capital of up to £1,000 each for equipment etc
- Incubation and office space
- Access to back office functions such as marketing and communication support
- Access to free support and mentoring
- A network of entrepreneurs
- A virtual reception/phone line for businesses

The eligible group for this support is adults aged 16 and over, who are residents and/or service users of the Accord Group. This includes Jobcentre Plus clients in
receipt of benefits/credits, those receiving support from the Work Programme or through the New Enterprise Allowance scheme. Within this broad category, a number of resident groups such as BME, ex-offender or lone parents face particular barriers and experience significant disadvantages. Where possible, individuals from these groups will be prioritised, reflecting local and regional needs.

The process works like this: if someone has a business idea, they can initially discuss this with an Accord AddVentures jobs and skills coach, who can refer them to the AddVentures enterprise team. The team will then determine whether they should proceed to the RiSE support programme, seek advice from Jobcentre Plus, or use a different business support agency.

According to RiSE: “Changing entrenched behaviours and attitudes takes a while and everyone has a role to play in encouraging people to get ready for work and apply for jobs. The more support and preparation that is available to individuals, the better their potential for employment ... AddVentures is working with partners to increase employment access and opportunities for residents, but residents must be prepared to work with a coach and put in the required effort to improve their chances. We need to reinforce the message to unemployed residents that having a job could improve their independence, health, social networks and open the door to new opportunities.”

Criteria for RiSE support:

- Resident or service user of the Accord Group
- Aged 16 plus
- New social/commercial venture
- Clear evidence of need
- Applying as an individual or behalf of a group

Qualities RiSE looks for in individuals they support:

- Demonstrable commitment to their idea
- Drive and ambition to succeed
- Skills and abilities to develop their idea
- Willingness to acknowledge weaknesses and strengths in themselves and their idea
- Professional and respectful

Accord AddVentures and RiSE is in a six-month pilot stage. By November 2012, they hope to have the information and a knowledge base to put forward a further business case from March 2013 onwards for next year. Lilley says that there is very strong executive support from Chris Handy, Accord Group CEO, as well as
from Jas Bains, Ashram CEO. They have developed some internal key performance indicators to measure the success.

Lilley has also trained up 20 social enterprise champions across Accord to cascade knowledge about Accord AddVentures through the organisation and integrate knowledge about social enterprise.

9.2 From idea to start-up

RiSE was inspired by a North American organisation called Tides which provides “fiscal sponsorship” for over 230 social enterprises and charities every year. In the UK, Chris Handy adapted the Tides model, deciding to take on Accord Group’s own version from which RiSE was born.

Other background factors influencing its creation included:

- In 2011, 56% of social housing residents of working age were not in work, around 3.5 million people
- The rate of unemployment is over 70% across the Accord Group
- Welfare Reform poses challenges for residents and risks for Accord Group
- Housing associations need to do more and to do things differently
- There are opportunities for organisations that come up with innovative solutions

All these factors prompted Accord to ask, “How can we power community entrepreneurship and skills development through the A Fund and Accord AddVentures?”

The team employed a consultant to help develop the programme as well as enlisting the help of a social enterprise advice agency called Sandwell Women’s Enterprise Development Agency (Sweda) and Pathways to Enterprise, also in Sandwell. They also consulted Jobcentre Plus, Business Links and persuaded some business leaders among their contractors to become mentors. RiSE also used data last year from a knowledge transfer partner at Birmingham City University that was researching the business support needs of entrepreneurs.
9.3 The business case

RiSE does not have a separate set of accounts because it is a programme rather than a separate entity, but Accord AddVentures had initial investment of £600,000 of pump-priming money in 2011 from Accord Group. It is at the moment subsidised by the Accord Group with any surpluses of the Group reinvested in Accord AddVentures. RiSE also received £175,000 of money from the European Social Fund until the end of the financial year.

Lilley says that many of the eight fledgling enterprises are not yet generating income because it is such early days.

RiSE is roughly 85 per cent funded by Accord Group with the remainder coming from European money. “The view though is that this is a medium to long term approach to income generation and to bid for external funding to develop this work,” says Lilley. “So Accord Group will initially pump-prime [RiSE] but it eventually has to wash its face.”

Lilley doesn’t believe there is much competition as few housing groups are developing their own enterprise support programmes. However, he mentions The Princes Trust and UnLtd as organisations running similar enterprise schemes.

9.4 Social Impact

“RiSE is aimed at residents who are more disadvantaged,” says Lilley.

So far the outputs from the programme include:

- 28 residents and community members supported
- 8 projects and enterprises established
- 6 receiving intensive support, four of whom are from BME communities, two of whom are women and half of whom are ex-offenders
- 300 hrs of business coaching delivered

One of this year’s residents has set up a car valeting service in Leamington which reflects RiSE’s commercial and social approach, says Lilley; he has managed to move off benefits and is now trading six days a week. The resident received 15 hours of business support and £1000 to procure equipment.

Another has set up a decorating business and has become an approved supplier for the Accord Group - he originally volunteered for six weeks and shadowed the local teams to “test him out”, says Lilley. The tenant has an initial early agreement to deliver one or two contracts through one of the member associations. He is in the process of moving off benefits but Lilley stresses that
automatically flinging people off benefits is not always appropriate because Accord AddVentures cannot guarantee the business will be a roaring success.

Because there is a risk involved so RiSE does a lot of analysis with prospective entrepreneurs to first make sure their businesses are viable. They look at the circumstances of the residents, capacity (skills, experience, knowledge), their individual social circumstances (have they come out of prison, do they have a family, are they a carer, are they already trading, are they on benefits?). They will also expect business plans, income and expenditure accounts and a synopsis of the competition. After that initial vetting process, RiSE will evaluate the concept.

This is imperative, says Lilley, because if they fail in their businesses, and fall into rent arrears, Accord will ultimately lose out. “There will be a commercial detriment… that’s why we take a supportive and developmental role at Accord AddVentures to make sure they don’t get into that situation.”

Instead, tenants enter into a business support agreement. Jobs and skills coaches under the employment strand will also train and support the tenants. “The pastoral side is very important and often isn’t catered for in other business support programmes,” says Lilley. Many ex-offenders apply for RiSE and one third of its current intake is ex-offenders.

The entrepreneurs receiving services are also tenants. Lilley says the tenants are “very proud” that the housing association is running Accord AddVentures. In November they will have more data as a result of the three-month review.

9.5 Challenges and lessons learned

Lilley says that one of the main challenges has been supporting residents and providing the right amount of pastoral and business support they need. He says they, “probably under-estimated the pastoral side – you need to put as much emphasis on developing them as people as on developing businesses. But we found that a tailored approach to supporting them and being flexible at the same time worked; if they don’t show commitment then we do withdraw support.” The budding entrepreneurs often don’t have financial literacy to manage their enterprises, he says, and debt can be a big issue.

Lilley thinks one of the key factors in succeeding is being flexible with the programme and tailoring it to the users’ needs, many of whom lead chaotic lives.

“Blending seed capital with mentoring has been really effective and linking it into our back office and procurement [using residents as preferred suppliers etc]. And training staff and getting staff buy-in has been really helpful because they can see opportunities that we can’t and they can really work with us.” Lilley says running RiSE is “new territory, we’ve never done this kind of work before, we’re learning as we go along.”
However, one thing they have learned is that they needed more resources in the development stage to bring the idea to fruition. Initially, RiSE only had a business coach who found that residents needed a lot more development support before they could practically work together on the business. This prompted them to recruit a development officer. “If we were starting now, I’d make sure we had the development officer there from the beginning,” says Lilley.

He says he would advise other housing associations to support and empower residents within their own social enterprises before taking on the labour of developing a proprietary one. Tapping into the network of local entrepreneurship in communities, he says, will also require a proper system, support, back offices and staff.

And it isn’t easy, he says. “We set up this model because we wanted to reduce and minimise the failure rates of starting up entrepreneur enterprises. However, even with this support model there are still big barriers out there and people closing their doors on entrepreneurs. Our model is a helping hand.” Additionally, he advises housing associations to procure services from local entrepreneurs.
10 Procurement

Wates

10.1 Introduction and overview

Wates Group is a major contractor for many housing associations and over the past three years they have worked hard to build social enterprise into their supply chain. In 2009 they had no social enterprises in their supply chain at all. By the end of 2010 they had worked with 36 social enterprise organisations, awarding contracts to a total value of £625,000 across 56 different projects. By the end of 2012 the total spend with social enterprises had exceeded £3.5 million.

Wates offer many examples of good practice that could be adopted by housing associations.

- They set targets for annual spend with social enterprises
- They measure their performance against targets
- They report on their performance in an annual social enterprise review
- The commitment to spend with social enterprises is backed at the highest level by Paul Drechsler, Chairman and CEO.
- This commitment is communicated throughout the group through a series of presentations
- They surveyed all social enterprises with whom they spent over £2000 to capture key information about the social enterprise and the social impact to which Wates has contributed.
- Celebrating Success – the social impact of the social enterprises with which Wates works is shared with staff, and celebrated.
• They held workshops for social enterprises to inspire them to compete as effectively as possible with the private sector, and to give them a greater understanding of Wates’ supply chain process.

• Every social enterprise that completes EXOR (Wates’ supplier/sub-contractor pre-qualification questionnaire) is flagged to encourage procurement using social enterprises.

• A question has been added into Wates’ monthly contract review which asks if a social enterprise has been used on the project.

10.2 From idea to implementation

The idea to target social enterprise procurement originated as part of an internal leadership development programme. As part of the programme participants were asked to come up with ideas to improve Wates’ business, and one team of four came up with the idea of buying products and services from social enterprises. One of the team members had a brother who worked for the Jericho foundation which provided the initial inspiration.

Wates have a charitable foundation called ‘Wates Giving’. An application was made to the charity for funding to employ someone to implement and manage the project. And in 2010 it was launched.

The senior management team was won over to the idea fairly quickly but this proved harder at site level. To help spread the message and ensure buy-in to the project across the company, national social enterprise champions were appointed in each region and social enterprise champions were appointed in each business unit. These were a mix of production and commercial staff with varying positions from trainee to management level. The role of the champion is to actively encourage their business unit to engage with social enterprises; act as a source of information regarding social enterprises, find and vet appropriate social enterprise suppliers, and to report monthly on business unit activity levels.

There was some concerns in some areas that the champions were in junior positions and did not have sufficient influence in their own right. In these instances a senior director was brought in to support them.

The project had buy-in at the highest level, and this was crucial in getting genuine uptake across the whole company. Update meetings and conference calls were held every six weeks, and Paul Drechsler, Chairman and CEO, and Rachel Wolliscroft, Sustainability Manager, were present at the end of year meetings in November. These meetings were an opportunity for champions to share best practice and success stories, challenges and issues as well as a chance to create effective solutions going forward.

Wates initially targeted ‘low risk’ areas of the supply chain such as catering, cleaning and recycling. Many Wates’ contracts were too large for the majority of social enterprises to deliver so using sub contractors to buy services from social
enterprises was seen as important. But Wates also committed to invest in capacity building social enterprises to enable them to deliver the services they needed. One example is Clean Start, who were given a grant from Wates Giving to help them scale up. This capacity building was carried out pre-contract. Wates also divided up larger contracts into smaller lots to allow smaller social enterprises a ‘foot in the door’.

Early on it was decided to set targets for procuring from at least one social enterprise per project that Wates was delivering. In order to monitor this and ensure delivery on the ground a question added to the monthly contract review with all project managers as to how many social enterprises had been included in the project supply chain.

Targets and good intentions alone have not been sufficient on their own to bring social enterprises into the supply chain, however. Wates have had to amend their procurement process to make it more accessible. The central procurement team manage the pre-qualification questionnaire (PQQ) and strategic relationships with suppliers, but procurement is devolved down to site level. The PQQ has a number of criteria looking to ensure that correct systems, processes, insurance etc. are in place. Wates has produced a toolkit to help social enterprises through the PQQ. There are also quarterly performance reviews with the social enterprises where the working environment is measured and challenged.

Wates have spoken publically about this area of their work and have used the media to encourage others to engage with social enterprises.
10.3 Wates social enterprise strategy

Wates set out their vision for working with and supporting social enterprises very clearly in their social enterprise strategy:

Our strategy is to engage with Social Enterprises in the course of our normal business:

- By embedding them in our supply chain, and contracting with them for supply of skills, goods or services on each project we undertake;
- By supporting community projects involving Social Enterprises with all kinds of help from building work through to a wide range of business skills and occasionally funding;
- By working jointly with clients on initiatives that involve Social Enterprises.
- By pointing Social Enterprises towards other organisations who can support their growth and development.

Our goal over time is to build a model of good practice for working with Social Enterprises that we can share with others, both within and beyond the construction sector.
10.4 The business case

Wates have won numerous contracts as a result of their social enterprise procurement policy. With employability now fundamental to the qualitative assessment of most tenders their work with social enterprises gives them an obvious competitive advantage.

The implementation of the Social Value Act is an example of the increasing pressure on publically funded organisations (including housing associations) to consider social value, as well as simple calculations of unit cost, when making procurement decisions. Companies, like Wates, that can demonstrate additional social value through their activities and supply chain are then in a strong position to win business from the public sector, and from private sector companies supplying the public sector.

10.5 Social impact

Wates have been able to offer work to a number of social enterprises on both the supply side and on the sub-contracting side through reviewing work packages and looking at gaps in their supply chains. For instance in the Midlands, a social enterprise was able to supply windows and doors in a package worth more than £200,000, delivering to the Wates Living Space business unit on various housing projects.

In the same region, Wates worked closely with another social enterprise to enable them to deliver a landscaping package. Initially they did not have the scale to deliver the whole package so Wates allowed them to deliver part of the works - worth £30,000 - to help build the relationship and provide opportunities for their workforce.

In total £3.5 million has been spent with social enterprises in the period 2010-12, supporting the sustainability of around 60 organisations.

It was important to Wates that they were able to understand exactly what their impact was, and so considerable thought and effort were put into capturing their social impact.

All social enterprises are flagged on the database of approved suppliers which encourages sites to use them, and also allows reports to be easily compiled. Key performance indicators (KPIs) for project managers include the number of social enterprises in their supply chain, and they are required to report on this, alongside traditional measures such as project expenditure.

A measurement survey was produced using the Smart Survey tool. This was given to all social enterprises with which Wates had spent more than £2000.
The intention of the survey was to capture key information about the social enterprise and the impact on society they have contributed to.

The survey shows that Wates’ social enterprise strategy has helped contribute to the creation of a number of short-term jobs; a significant number of work placement opportunities as well as developing the social enterprises themselves.

For example social enterprise Catering2Order report that they have benefitted from working with Wates in the following ways:

- Revenue growth to support business development
- Potential leverage with other construction sector clients for new business
- Providing employment opportunities for local, disadvantaged people
- Opportunity for local people to become skilled and qualified in catering

The Jericho Foundation reports they benefitted from:

- Procurement of services from various social enterprise businesses within the Foundation - many for repeat business
- Revenue growth to contribute to social objectives
- Potential leverage with other construction sector clients for new business
- ‘Hands on’ employment experience for disadvantaged people
- More employment opportunities for local disadvantaged people

Some of the key social outcomes of the programme are:

- Social enterprises are winning work and have a competitive advantage.
- There is an element of legacy within the communities
- There is a focus on employability for those most excluded from the labour market
- Wates is setting a direction for the industry
- Engagement levels of staff within Wates have been raised
- There has been experiential learning for the development of staff within the social enterprises e.g. at board level.
- Business support has been provided to ensure sustainability of the social enterprises.

**10.6 Challenges and lessons learned**

The biggest challenge for Wates has been finding social enterprises of a sufficient scale to deliver what is needed and with suitable geographic coverage. Most social enterprises are small businesses and when they first engage with Wates they often do not have in place the robust policies and procedures that
such a large contractor expects in its suppliers. There were problems, particularly in the early days, of reliability, managing health and safety and appropriate risk management. However site teams have helped the social enterprises develop to meet these demands, and this has become easier the more they have worked with Wates. It is important to remember that these challenges can be the same for all small and medium sized enterprises (SMEs), not just social enterprises.

Communication of the social enterprise strategy throughout all levels of the organisation was vital, particularly amongst the Bid teams, Commercial teams and Project teams.

It was equally important to communicate the success of the strategy, the challenges faced on the ground, and best practice in action.

The process for engaging with social enterprises needs to be made as easy as possible for those doing the buying. Intermediaries such as Social Firms UK played a vital role, as did the Social Enterprise Champions within Wates.

Investing in long-term relationships with social enterprises to supply core services has paid dividends.

10.7 The future

Now that Wates have a number of social enterprises established within their supply chain they are focussing on increasing the level of trade with those they have already worked with, whilst still looking for other social enterprises to include. They are aligning in a three-year partnership with an intermediary as a partner to create a national brokerage service. This partner finds appropriate partner social enterprises in relevant low risk areas such as cleaning, recycling and catering.

Wates see the formation of consortia of social enterprises to deliver services at scale or across wider geographic areas will be important. They also say that a solid database of social enterprises searchable by sector is really needed.

Wates can see huge potential for housing associations to adapt the Wates model and procure far more services from social enterprises. Obvious areas of the supply chain where there is an opportunity to buy services from social enterprises include recycling and catering. There is also the opportunity for housing associations to support existing social enterprises by outsourcing existing core services such as maintenance or landscaping. And for facilitating residents to take on direct management of community facilities and run them as social enterprises with the support and backing of the housing association.