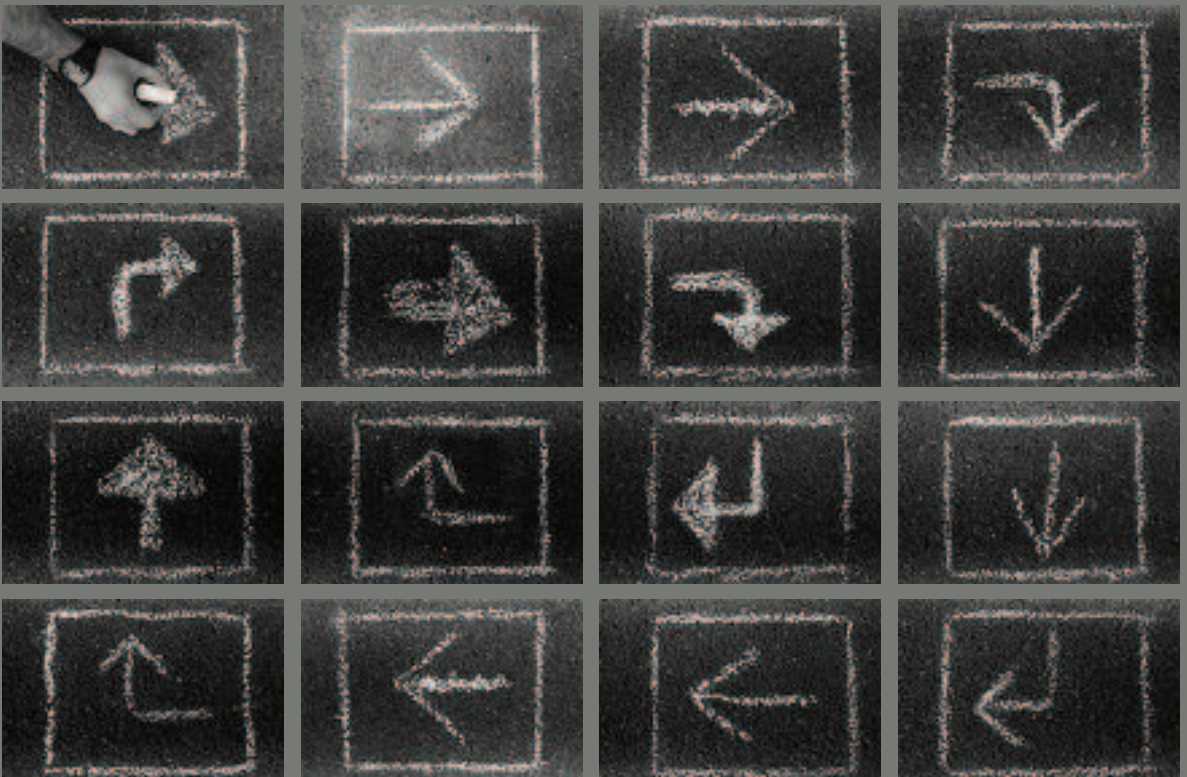Supporting community and social enterprise in deprived communities

A Good Practice Guide for Practitioners

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Supporting community and social
enterprise in deprived communities

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Contents

In Spring 2010, ippr north carried out new research exploring the critical success factors for community and social enterprise in deprived communities in the North West of England. The final report entitled *Growing the Big Society* (Cox and Schmuecker, 2010) identified a series of barriers and opportunities facing community organisations in taking an 'enterprise leap' and made a series of recommendations for policy makers and practitioners wishing to tackle the Big Society agenda.

The research involved a survey and a series of interviews, and it was also informed by a number of case studies. This Good Practice Guide summarises the findings and recommendations of the research in a format aimed at practitioners, particularly those working in local authorities. It is not intended to be a comprehensive guide but simply seeks to set out material gathered through the research in a more accessible format. It is divided into five sections, each addressing a specific issue or concern, and is interspersed with case study examples of some of the best community and social enterprises in the North West Region.

Section 1
Community enterprise in context

This section:

- **Provides definitions for the terms community enterprise and social enterprise**
- **Outlines Coalition Government policies relating to community enterprise**

Social enterprise has been climbing the policy agenda in recent years, and represents an important concern of the Coalition Government. The 'Big Society' has emerged as a key theme for the new government, placing community and voluntary organisations at the heart of public policy making, with a central role to play in public service delivery and civil society. Early policy statements emphasised in particular the role of social enterprise, setting out measures to support the growth of existing social enterprises and the establishment of new ones.

Social enterprise

A social enterprise can be defined as a business with primarily social objectives, whose surpluses are principally reinvested for that purpose in the business or community, rather than surpluses being used to maximise profit for shareholders or owners.

Within the North West region social enterprise has been at the heart of the region's creative and radical traditions; a "strong sense of collective action and collaboration has also characterised the North West and is reflected in this region being the birthplace of the Co-operative movement and Groundwork Trust."
(RS 2010, p27)

Community enterprise

Community enterprise is a slightly newer term to the policy lexicon, which was defined by a recent Department for Communities and Local Government (CLG) strategy:

Community enterprises have exactly the same principles as social enterprises. However, they are different in that they seek to benefit a particular geographic area or community of interest and are often run by people from within the community they serve. (CLG 2010)

Like social enterprises they reinvest surpluses back into their communities, but they also act "…as a focal point for local people to identify the unmet needs of their communities and to respond to those needs with the help of their own income-generating activities. Community enterprises provide local employment and training opportunities, help create and retain community wealth and can make a real difference to local people, particularly during the economic downturn." (CLG 2010)

Types of community enterprise

This definition fits a number of different types of organisations, most obviously community anchor organisations: substantial multi-purpose organisations that provide a range of services to a community and own or manage a local asset, such as a community centre. However community anchors and community centres are not the only form of community enterprise. They can also be much smaller organisations, operating where the free market does not provide a sufficient return for private enterprise, for example childcare providers in deprived communities are often community enterprises, as are credit unions and community cooperatives. Indeed, community enterprise can play a particularly important part in deprived areas, supporting communities to come together to improve their area, and delivering services that would not otherwise exist.

Community enterprise and the Coalition Government

The Conservative Party's *Big Society, Not Big Government* document published just before the election, set out a number of commitments, suggesting social and community enterprise will remain central to their approach, *as outlined in the box opposite.*

Big Society, Not Big Government particularly emphasises the role of social enterprise, with the Big Society Investment Bank to focus its resources on supporting organisations to become social enterprises and deliver public services. Interestingly the document adds an explicit responsibility dimension to the value of the voluntary sector, seeing the sector as having an important part to play in moving away from what is perceived to be an excessive focus on entitlements, and an insufficient focus

on responsibilities. Voluntary action is seen as a route to a more responsible and mutual society with a strong culture of obligation. Social and community enterprise are seen as having a fundamental part to play in mending our 'broken society'.

Cabinet Office Minister, Francis Maude, in his first major speech on the Big Society set out a number of commitments, including the opening up of services, enabling voluntary sector and social enterprise organisations to compete on a level playing field with the public and private sectors; making it easier to set up and run new organisations and enterprises by reducing regulation and red tape; and increasing the amount of resources flowing into the sector, although these are not likely to come through public spending other than through more contracting. He did however outline some spending commitments, including a Communities First Fund, providing start up funds targeted at deprived communities and reiterating the commitment to establishing the Big Society Bank (Maude 2010).

Conservative commitments:

- Create a *Big Society Bank* to invest £75 million from unclaimed bank assets to finance the sector playing a larger role in the provision of public services and provide funds to intermediary bodies providing support to social enterprises.

- Establish National Centres for *Community Organising* to train 5000 independent community organisers.

- *New powers and rights for neighbourhood groups* to take over running community assets, start schools, get local information and data, create Local Housing Trusts, Right to bid etc.

- Redirect Futurebuilders revenues into a *neighbourhood grants programme.*

Case Study 1:
St Peter's Partnerships and St Peter's Trading Partnership, Ashton under Lyne, Tameside

St Peter's Partnerships began to evolve in 1998 as a legacy to the work initiated by Ashton Regeneration Partnership, a Tameside Borough Council partnership funded by Neighbourhood Renewal and Single Regeneration Budget plus European funding.

The key stimulus for this was the asset transfer of Clyde House to be run as a business start up unit with ERDF money and a new deal contract to run Intermediary Labour Market activity. Three enterprises (all companies limited by guarantee) operate within St Peter's Trading Partnership:

- *Greenscape* - a professional landscaping, gardening and project management service, which offers on-the-job training opportunities to local unemployed people

- *Enterprise Plus* – providing guidance on getting back to work, access to training, volunteering and work placements

- *Safeguard it* - a community safety and security service in partnership with Greater Manchester Fire and Rescue Service, which also provides volunteering and employment opportunities for local people

In addition to Clyde House Business Centre, St Peter's Partnerships also manages the following assets:

- Clyde House Business Centre
- Holy Trinity Community Centre
- Ashton West End Doorstep Green
- Trinity Moss Millennium Green

What have been the key turning points?

Reviewing the organisation's aims and objectives in 2006 was a key turning point, which led to a restructure of the organisation and business model which resulted in:

- The creation of more structured operations.

- Redefined focus and refreshed look at the initial mission and aims to create a clear and shared vision for the future.

- Change from being an organisation running projects to an organisation delivering services.

- Winding down projects' services which were running at a loss despite being successful on the surface.

- A change of staffing and leadership and the set up a pool of employees that can be drawn in to work across a range of services, rather than set Project Managers.

Winning a series of awards also helped to raise their profile locally, regionally, and nationally.

Section 2
Making the 'enterprise leap'

This section:

Sets out some of the key factors that help community organisations develop a more enterprising approach to their activities. It covers:

- Carrying out an organisational review
- Becoming more business-minded
- Securing contracts and assets
- Building networks and marketing the organisation
- Working with local authorities

One of the key success factors identified by a number of our case studies was the need to make an 'enterprise leap' – to change from being an organisation depending on voluntary support and grant aid to an enterprise that seeks to operate on a business basis: selling its goods and services as its principal means of generating revenue. This 'leap' may not be for every community organisation, but this section highlights some of the key factors for consideration for those seeking to make such a leap.

Organisational review and vision

Many organisations highlight an organisational review as a key turning point on their journey to becoming a successful enterprise and enabling them to fulfil their ambition. Such a review can be prompted by a moment of crisis or when a new opportunity arises which pushes the organisation out of its normal pattern of work. It can also be initiated by a new organisation head or a foresighted group of directors or trustees.

It is also clear that having a clear vision and mission that is widely and confidently communicated is also critical to success.

Being business-minded

Being business-minded is central to success. This is generally interpreted as being hard-headed about what an enterprise does and can afford to do. Sometimes it means ceasing activities that are being delivered at a loss unless they are deliberately and consciously being cross-subsidised.

Another aspect of being business-minded identified amongst successful community enterprises is the ability of an organisation to be clear about a market niche. Enterprises need not only to understand the community that they serve but also how to access markets and – where relevant – develop new markets. Part of this challenge is to identify and fill a niche and then gather evidence to demonstrate community need and gaps in service. This requires good quality market research and professional marketing of the resulting good or service.

Contracts, income streams and assets

For many organisations, securing a significant contract is a key catalyst to making a transition from being a charitable organisation to an enterprising one.

Procurement and commissioning public services can be key to achieving a high level of financial sustainability, but many organisations experience significant problems with public sector procurement practices.

A number of areas for improving commissioning and procurement were highlighted, including:

• ending restrictive specifications that set out how delivery should occur, rather than focusing on the outcomes sought;
• overly complex processes;
• tight timescales;
• and large contracts that are out of the reach of smaller organisations.

• A key recommendation from our research is that local authorities and other local service providers should review commissioning and procurement processes to better understand the needs and benefits of the social and community enterprise sector and should then move quickly from developing strategies and planning to concrete action.

• Commissioners should involve local social and community enterprises in this task, so any new processes are designed to ensure accessibility. They should also look at contract size. As contracts increase in size they become more difficult for locally based social and community enterprises to deliver, favouring instead larger national or international organisations and businesses. There is dissonance between economies of scale on the one hand, and supporting sustainable local community and social enterprises on the other. Part of the answer lies in continuing to develop capacity for consortia working in the voluntary sector, but part of the answer is also likely to rely on a fundamental reassessment of what we mean by value, to incorporate ideas of place shaping, and promoting social, economic and environmental sustainability.

• Also, owning or being able to manage an asset in a way that generates a profit can be crucial for many community enterprises. Community enterprises need to take care though not to accept attempts by local authorities or other agencies to offload liabilities to community and voluntary groups which don't have the capacity to manage them effectively.

• Finally, some enterprises have become successful through ensuring they have diverse income streams. This would appear to be a vital element of building the sustainability of an organisation.

Networking, marketing and profile

Having strong networks with other organisations and a positive profile with key stakeholders is important for most successful enterprises. For many this means taking a proactive approach to marketing both services and the organisation itself.

Having a good relationship with the local authority is particularly important, even if at times such partners might seem to have a lack of entrepreneurial spirit and a high degree of risk aversion.

Networking with other voluntary and community sector organisations is also seen as valuable, particularly peer-to-peer support and mentoring. However, the benefits of mixed networks with public and private bodies can also be vital in hearing about contracting opportunities and building consortia to bid for contracts.

Local authorities

Local authorities can play an important role in supporting an organisation's enterprise leap. Sections above highlight a number of ways in which this can happen: through supporting and encouraging commissioning with community and voluntary groups and simplifying contracting and commissioning processes; or through the transfer of local authority-owned assets. Another form of vital support can be through the provision of 'seedcorn' grant funding in order to support organisations become 'enterprise-ready': short-term, low-level grant funding given specifically to support the transition to enterprise can help to catalyse change.

Case Study 2:
Five Children and Families Development Trust, Speke, Liverpool

The Five Children and Families Development Trust has its roots in the 1990s when a group of parents ran a children and families centre in partnership with a local church. This initial project won the contract to deliver SureStart services in Speke in 2000. They formed as a company limited by guarantee in 2001 and relocated to a new family centre funded by SureStart, ERDF and The New Opportunities Fund.

Five Children and Families Development Trust was incorporated as a company limited by guarantee with charitable status delivering employability services, health services, young people's services and a cafe. In addition, a successful cookery and nutrition project has evolved into a cookery school and commercial kitchen which first arose from a £15k grant in 2007 to a project now with a £320k turnover.

The key enablers and barriers for successfully making the 'enterprise leap'

· Creating a high profile and not skimping on publications and marketing
· Surviving long enough for people to take an interest
· Running the organisation as a business
· Not being afraid to challenge or be challenged
· Really knowing and understanding the community
· Reshaping the organisation in response to the companywide review and board restructure;
· Retaining their passion for meeting the needs of the community and continuous community development

Some significant barriers to their development were identified. In a way, their success was sometimes regarded as a barrier, commenting 'If funders see organisations being too enterprising they wonder why they need their money'. They have also felt held back by the public sector lacking entrepreneurial spirit, vision and being overly risk averse.

Section 3
Building an enterprising team

This section sets out the importance of:

- **Strong leadership**
- **The development of a core team**
- **The key skills required in nurturing community enterprise**

In all of the case studies, the importance of people – the human assets associated with the enterprise – were highlighted as being essential to their success. This included not only staff and volunteers but extended to board members and mentors too.

Leadership

A strong leader with a clear vision was also considered to be crucially important. Strong leadership that can offer a clearly articulated vision is critical, and can act as a vital check on mission drift brought about by chasing funding. However, in keeping with other research, this project has highlighted that many organisations are heavily reliant on a small number of key staff, which can put pressure on them that sometimes risks their mental and physical health. Whether an organisation is led by an individual entrepreneur or a team of community activists, ensuring these individuals are supported is a key area for development.

Core functions

A shared characteristic of all successful enterprises is the need for good organisational structure and planning and support for core infrastructure.

Successful organisations are built on good processes. Effectively functioning financial management and human resources enable the rest of the organisation to operate smoothly. Most of our case studies had at some point undergone a full organisational review, which in some cases had resulted in difficult decisions having to be taken.

In each case this streamlining and refocusing of the organisation was regarded as a critical turning point in making them the enterprise they are today. Having the space and finance to undertake such a review to ensure the core infrastructure is in place can prove critical to success, and without it organisations may not reach their full potential.

A key barrier however is how to fund core infrastructure on an ongoing basis, making the question of full cost recovery central in relation to negotiations about public sector contracting. Contractors and funding agencies must recognise the importance of full cost recovery in ensuring services are provided by sustainable and efficient organisations.

Key Skills

A further critical issue is having relevant skills. This is a particularly tricky issue for many social and community enterprises serving deprived communities, where such skills are in shorter supply. Fear of being liable for the failure of an enterprise can also be a bigger barrier in deprived communities, along with a lack of enterprising capacity.

Some of the key skills for social and community enterprise identified through our research included:

- Financial management
- Marketing
- Procurement
- Networking
- Commercial business acumen
- Risk management

Case Study 3:
Clayton Brook Community House, Lancashire

The local community came together through a motorway development protest in 1994 which created the impetus for this project. Clayton Brook Community House was formed in 1997, in response to a lack of community facilities and accessible services in the area. Clayton Brook Community House is located in Clayton-le-Woods, a village in between Chorley and Preston.

Clayton Brook Community House provides a venue for local people and groups to meet, gives assistance to start-up organisations and acts as a resource for the whole community.
They are open five days a week, and continue to expand their opening hours.

The services rely entirely on volunteers and include:
- A tea and coffee bar
- A resource centre providing telephone use, photocopying, faxing, form completion, CV writing and letter typing
- Weekly activities and events
- A free counselling service
- Outreach Drop-In Services

They are currently developing an office stationery publishing service for local businesses. The organisation is sustained by keeping overheads low, having no employees and bringing in a number of small grants to cover running and project costs. Additional revenue is raised through local activities, room rental, beverage sales and office services.

What have been the key enablers and barriers to success for building an enterprising team?
- Effective team work
- Consistent leadership centred on a passion for people, with active local people driving the organisation forward
- Strong relationships for long term assistance and in kind support for premises
- The commitment of their general manager to grow and sustain the services to the community has been the most critical factor in their success.

The organisation has also faced a number of barriers, including:
- Lack of finances to grow and lack of time to find financial resource
- The level of business acumen and required training to create a truly sustainable business model

Key support needs and access:
- Understanding policies and procedures of community organisations
- Funding for expansion of assets and services
- Financial planning
- Business development support
- How to recruit, manage and maintain volunteers

Section 4
Policy and strategy

This section:

Highlights the importance of local authorities having good policies and strategies supporting community and social enterprise. It illustrates this with examples from Liverpool and Tameside.

Interviews with local authorities and other local service providers generally demonstrate a good level of awareness of social and community enterprise and a high level of value placed on their work particularly in areas like health and social care, social housing, community regeneration and tackling climate change.

Despite this general picture, there is considerable variation in policies and strategies to support enterprises, with some authorities developing specific voluntary sector or social enterprise strategies (*see boxes overleaf*) and others working on an ad hoc basis. Even in local authorities where strategies were in place, awareness of social enterprise can differ between council departments, with some more aware of and signed up to strategies than others.

For one local authority, the central focus of their economic development work is boosting enterprise, with social and community enterprise explicitly recognised as having a role to play. Support on offer included identifying aspirant entrepreneurs and targeting enterprise (social or otherwise) start up grants of up to £5000 in specific deprived communities.

Another local authority had identified asset transfer as a key means of developing community enterprises. They had developed a programme of community facility asset transfer with community development activities, in order to build the capacity of community organisations to manage assets and use them to generate income. The authority regarded the transfer of assets without including community development as unsustainable.
Some examples of local authority approaches are set out overleaf:

Liverpool – understanding and supporting social enterprise

In Liverpool research has been conducted to assess the size of the social enterprise sector, with an estimated 280 social enterprises identified, of which 170 have significant levels of trading (the average level of trading income is 45% of turnover and rising).
The turnover within these small businesses and social enterprises is around £75m annually, and they employ 2000+ people.

The City Council has audited its commissioning and procurement, and found it spends around £11m annually purchasing goods and services from social enterprises via around 70 separate contracts. The figure of £11m represents around 0.6% of the Council's budget. A major initiative, the Merseyside Single Procurement Vision, is trying to increase levels of contracting with social enterprises in the municipal, health and housing sectors. There have been examples of contracts being split in order to make them more obtainable for small businesses and social enterprises.

Social enterprise plays an important role in the council's economic development activities; enterprise grants and start up grants are available to entrepreneurs in targeted deprived communities.

Some other local support projects include:

• The Liverpool School for Social Entrepreneurs which in its initial phase will assist 45 aspiring social entrepreneurs and create 15 fully trading social enterprises.

• The Liverpool Academy of Sustainable Enterprise, assisting 240 people managing social enterprises win more contracts and improve operations.

Tameside draft social enterprise strategy – identifying and filling gaps in support

The objectives of the strategy are:
• To promote and develop a wider understanding of social enterprise and its benefits across the borough;
• To increase the number, size, and sustainability of social enterprises in Tameside;
• To design and provide suitable support interventions as required by social enterprises in Tameside.

Key gaps in support are identified as:

Pre-start up
• Community development support to build awareness of social and community enterprise.
• Information about trading and income generation alternatives and opportunities
• Advice and guidance on corporate structures
• Limited availability of pre-start funding
• Low levels of capacity and self-confidence in the local community

Early days support gaps
• Insufficient intensive, long term, business development support
• Insufficient specialist social enterprise business support
• Insufficient revenue funding to support the first two years of operation
• Lack of flexible and credible training provision

The strategy proposes the development of a Social Enterprise Partnership to bring together the local authority with support providers in order to reduce duplication and increase coordination of support.

Some of the key activities for local authorities can be summarised as follows:
• Carrying out research to properly understand the size and potential for community and social enterprises in the area.
• Reviewing commissioning and procurement processes in partnership with the voluntary and community sector.
• Involving the community and social enterprise sectors in wider economic development activities – especially those targeted at deprived communities.
• Providing enterprise seedcorn grants and supporting other support and training programmes such as 'Schools' and 'Academies' for social entrepreneurship.
• Articulating the approach towards community and social enterprises through a carefully monitored and evaluated 'strategy' or 'policy' with a clear implementation plan.

Developing a picture of success

When asked what they thought the key factors were for successful social and community enterprise, this is what some key players in the North West said:

"Have the right people involved, who have appropriate skills, are creative and innovative and see change as positive. There would be a strong culture of learning and strong leadership from a person who catalyses activity and empowers those around them as well as the wider community."

"Be strongly rooted and well known in the local area, owned and controlled by the community and accountable to it, with a good understanding of community need. Good organisations should also build the local community, developing and utilising positive forms of social capital."

"Know what support is available and make use of it."

"Be enterprising and actively try to generate sustainable revenue and ensure a diverse funding base. A strong organisation will be choosy in what it does, and not simply driven by available funding."

"Have a clear vision and plan for the future, including HR and business planning."

"Identify economic opportunities and use quality market research to ensure its services meet local needs."

"Use their success to inspire further success in the community, sharing knowledge, ideas and space with others."

"Build strong partnerships and relationships."

Case Study 4:
Bubble Enterprises, Manchester based, working across the North West

Bubble Enterprises is a service user led Community Interest Company established in 2008 to provide business expertise and support to individuals and organisations in the mental health field. It emerged as a result of the success of the Laughing Budda Bubble Incubator, which was a Phoenix Fund project backed by the Department of Health and the former Department of Trade and Industry to explore how enterprise could benefit mental health.

Bubble Enterprises works locally, regionally and nationally, but the majority of its activity takes place in the North West. Its key beneficiaries are people with mental health issues and their carers. It aims to create sustainable service user led initiatives and training, employment and volunteering opportunities.

Bubble Enterprises work in partnership to create social enterprises. They deliver a range of services, including:

- Enterprise engagement and training, to improve business skills and personal development of mental health patients, carers and professionals;
- Consultancy services in Enterprise and Social Enterprise development;
- Enterprise Creation, which provides hands on support to develop new business opportunities through partnership;
- Cafe development, delivery and management. For example the Oasis Bubble Café located in Stepping Hill Mental Health Hospital;
- Support the strategic development of the mental health arena in the North West, through research, consultation and an annual conference.

Areas where they would like to see support improved:

Business Development
Through arranging business introductions into organisations and agencies which can benefit from the services of social and community enterprises, along with regular networking events bringing together public sector organisations and social entrepreneurs.

Core infrastructure development
Organisational capacity is key to enable social enterprises to grow and manage large contracts. Pump priming funding and improved localised budget handling might help. This could also be supported through collaboration within the sector, with more established organisations providing back office support to other organisations, including HR, payroll and administration.

Improvement of procurement processes
Contracts can provide a key route to sustainability, but the procurement process needs to be reviewed to ensure thresholds are not excluding potential bidders and tender documents and reporting processes are simple. Allow a proportion of the money to be paid up front and cover costs like holiday and sick leave to ensure social and community enterprises are not subsidising the public sector.

Section 5
Social enterprise support

This section:

Sets out the support needed by community enterprises. It considers:

- **Different 'stages' in an organisation's life-cycle and how support needs differ for each**
- **Access to support**
- **Key elements of a good support package**

The support needs of social enterprises do not differ greatly from those of private business, but the language used in the delivery of support is different and advisers need to be sympathetic to the social or environmental aim of the organisation. If this is true for social enterprises, interviewees considered it to be doubly so for community enterprises. This was thought to be particularly important in the start-up phase and early life of an enterprise. At this stage, support might be more appropriately delivered by voluntary sector organisations, rather than mainstream business support.

Pre-start-up

Targeted pre-start up support for individual entrepreneurs and groups of entrepreneurs was thought to be important, along with proactively promoting social and community enterprise as a vehicle for improving life in deprived communities and *making the enterprise leap* (see Section 2, above). A key part of this approach needs to be targeting individuals with the skills to lead the establishment of social and community enterprises. These could include retired professionals living in or near to deprived communities.

Start-up

The interventions required to help individuals or organisations prior to start up, and assistance required by young community enterprises in order to move on were considered relatively simple. For example, opportunities to network, advice on developing strong organisational procedures and advice on issues like marketing and building a public profile were highlighted.

Support in deprived communities

There are some specific support needs of social and community enterprises in deprived communities. Getting people with the right skills on the Board and the management team was considered to be a particular challenge in some deprived communities. Access to finance can also be an issue, given the barriers to developing a strong business case, and organisations may need to find ways of selling services or products to other areas too.

Achieving sustainability

A key area where social and community enterprises need support is in achieving sustainability, which was regarded as still being some way off for some aspiring social and community enterprises. A key challenge is how to get organisations into a position of being 'enterprise ready'. More specialist social enterprise support, training and mentoring opportunities are key areas for development.

Seedcorn funding

Many successful community enterprises state that seed-corn funding available at either the pre-start up stage, or when an organisation is making the transition from community organisation to enterprise can be vital. This funding should be in the form of time limited, one off grants, given specifically to move organisations onto an enterprise footing. It should be seen as a way of getting an enterprise off the ground while keeping their eye firmly on enterprise activity.

Procurement and commissioning support

Once an organisation is established, local authority procurement and commissioning were regarded as pivotal to securing sustainable social and community enterprises. Providing training to commissioners, so they better understand social and community enterprise and making use of social benefit clauses could be of significant benefit.

Accessing support

Accessing good quality support in a timely and affordable fashion is essential. There are a large number of organisations offering a variety of forms of support to social and community enterprises, from mainstream business support providers, to general voluntary sector and social enterprise support organisations to specialists providing niche advice and support.

Social and community enterprises seek support in different places, with community enterprises more likely to seek support from other third sector organisations or local authorities, while those not identifying themselves as community enterprises were much more likely to seek support from specialist social enterprise support providers and organisations like Business Link.

It is vital though that enterprises are aware of what is available and how to access it. Co-ordination and sharing information and proper signposting remains a crucial challenge, as does ensuring that there is a local system which is geared to the needs of the organisation seeking support, and appropriate to their stage of development. This suggests a 'life cycle approach' to the provision of support is needed, with some enterprises needing general organisational development support in their early years, while others need sectoral support (for example, in the spheres of children and young people, education or health) as they mature as businesses. Community development support might be appropriate, particularly in the very early stages of development.

Voluntary sector organisations tend to be the favoured source of support and mentoring stood out as particularly valued. Mainstream business support services were criticised for a perceived emphasis on growth as a primary goal, when this is not always desirable for social and community enterprises.

Some key elements of the support package needed by community and social enterprises:

Supporting individuals and collectives
Peer-to-peer support and mentoring opportunities have been highlighted as highly valued by this research. Ensuring people can link into networks and find appropriate mentors is essential to growing social and community enterprises.

Marketing
Access to marketing and PR advice has been highlighted as a gap in support provision. This is a key area for support, particularly as enterprises look to raise their profile and promote their activities in a professional and persuasive way in order to build their business activity.

Engaging in commissioning and procurement
Whilst there is clearly a need for service providers to review procurement and commissioning processes there is also a need for community and social enterprises to be better equipped to bid for such contracts.

Training to take on assets
Building the asset base of social and community enterprise is another important route to greater sustainability. The pressure on the public sector to make savings could signal a wave of asset transfer, which could be very positive for the sector. However this should be done hand in hand with community development work to ensure local organisations have the capacity to receive assets, and involve the local community in the running of them.

Support to conduct organisational review
Organisational review proved to be a vital tool for our case studies on their journey to becoming enterprises. Providing funding to enable organisational review could be a key area for investment to increase the number of organisations that are 'enterprise ready.'

Case Study 5:
Nenthead Village Shop and Post Office, Nenthead, Cumbria

The Nenthead Village Shop and Post Office was initiated in August 2006 following the closure of the only shop in the village. The intention was for a social enterprise from the outset, and a Co-operative Society for the Benefit of the Community (Bencom) was established. It came into being in November 2007 and has grown in product and service offering ever since. The original project was funded by grant aid from Cumbria County Council, a loan from Versa and the money raised by the Co-operative share offer. This totalled around £70,000 and enabled the founders to procure a 99 year lease and begin refurbishment of the premises. Nenthead was one of the first purpose-built industrial villages in England. It is a rural, isolated village in the Eden area of Cumbria. The population is predominantly white and older. Nenthead is not a deprived community although it does face barriers in terms of access to housing, transport, and services.

The village shop added the Post Office and now offers a wide array of food and consumable goods to the community at prices that are often competitive with the out of village superstores. It offers various services, has informal meeting space, offers a chat and a cuppa plus books to read.

Moving forward, they hope to raise £1/4 million to purchase the disused church opposite and offer affordable housing, training facilities and a café, to build upon the local amenities available.

What have been the key enablers and barriers to success?
Nenthead Village shop identified a number of enablers to their success, including:

- Setting financial targets
- Business advice from various sources
- Ensuring transparency and accountability
- Having clear goals

They regard transparency and accountability as most critical to their success. This is seen to have led to trust being established within the community and regular use by the residents. Their management structure enables day to day operational decisions to be made quickly with the management committee consulted on major strategic issues, and people involved in the venture are well known and respected within the community.

There have also been a number of barriers they have had to overcome along the way, including:

- The reluctance of large suppliers to work with community concerns, and building appropriate relationships and a track record has taken time.
- Lack of storage space for the business has been a challenge.
- Trying to find a large cash injection has held up expansion plans.

Section 6
Summary of key learning points

Current Coalition Government policy contains significant encouragement for a growth in the role of community and social enterprise, not least in the provision of local services and the growth of community ownership of public assets.

Community organisations seeking to develop a more enterprising approach need to take an 'enterprise leap.'

Some of the catalysts in this process include:

- Carrying out an organisational review
- Becoming more business-minded
- Securing contracts and assets
- Building networks and marketing the organisation
- Working with local authorities

Successful community enterprises also need to build an 'enterprising team.'

In most cases this involves:

- Identifying and nurturing strong leadership
- The development of strong core functions, especially good financial management
- Developing key skills within the organisation including:
  - Financial management
  - Marketing
  - Procurement
  - Networking
  - Commercial business acumen
  - Risk management

Contacts and references

It is vital that local authorities having good policies and strategies supporting community and social enterprise.

Such policies might include:

- Carrying out research to properly understand the size and potential for community and social enterprise in the area.
- Reviewing commissioning and procurement processes in partnership with the voluntary and community sector.
- Involving the community and social enterprise sector in wider economic development activities – especially those targeted at deprived communities.
- Providing enterprise seedcorn grants and supporting other support and training programmes such as 'Schools' and 'Academies' for social entrepreneurship.
- Articulating the approach towards community and social enterprise through a carefully monitored and evaluated 'strategy' or 'policy' with a clear implementation plan.

Some of the key support needs demanded by community organisations in making the enterprise leap include:

- Pre-startup and start-up support, including provision of seedcorn funding, organisational development and marketing support.
- Support with commissioning and procurement from public agencies in particular and training to take on public assets such as buildings and parks.
- Support in terms of becoming 'enterprise ready', becoming more business-minded and achieving sustainability.
- Support needs to be targeted for individuals and organisations at different stages of organisational development.
- Mentoring and peer-to-peer support can be particularly effective but wider support needs to be far better co-ordinated between providers with clear signposting between organisations.
- Support also needs to be targeted and made accessible to community enterprises in deprived communities.

Agency contacts

ippr north – www.ippr.org/ipprnorth

North West Together We Can – www.nwtwc.org.uk

Social Enterprise North West – www.senw.org.uk

Voluntary Sector North West - www.vsnw.org.uk

Social Enterprise Coalition – www.socialenterprise.org.uk

Development Trusts Association – www.dta.org.uk

Case studies – further information

www.stpeterspartnerships.org

www.fiveforfamilies.co.uk

www.cbch.org.uk

www.bubbleenterprises.co.uk

http://towns.org.uk/files/Community-Shops-Nenthead-Case-Study.pdf

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Supporting community and social
enterprise in deprived communities

A Good Practice
Guide for
Practitioners

Ed Cox and Jenni Viitanen, ippr north

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