



Research Summary

Research Project Summary

■ Number 6

Community Enterprise
Gloucestershire

Note: this is a brief summary of a detailed research document. To see the full research, please contact:

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Information contained in this document was correct at the time of the research being completed.



A better partnership

Policy makers and procurement staff should actively consider social enterprises as a potential solution to a range of social and economic issues – developing working relationships between local authorities and social enterprises.

Nationally, social enterprises are playing an important role in neighbourhood renewal through the provision of jobs and services for local people. They can also create new goods and services to develop opportunities for markets where mainstream businesses cannot, or will not, go.

The range of social enterprises includes local community enterprises, social firms, co-operatives and some large-scale organisations operating nationally and internationally. Social enterprises are predominately driven by their mission which is often aligned to the objectives of the statutory sector and there are many opportunities for partnership working. The purpose of this work was to audit the working relationships between one local authority and a range of social enterprises with a view to recommending ways to optimise partnership working.

Research aims

The project looked at the relationship between Gloucestershire County Council and four of the county's social enterprises to identify:

- actions to overcome specific barriers that hinder effective working between Gloucestershire County Council and social enterprises
- actions that could be taken in order to optimise partnership working
- elements of a “performance management kite-mark” that could be used by the Council when working with social enterprises in the future

Who carried out the research

David Bray at the Audit Commission on behalf of Gloucestershire County Council.

Method

The audit included document reviews and interviews with representatives from the following four organisations:

- Co-operative Futures, Gloucester
- Gloucester Dial-a-Ride
- Social Enterprise Centre, Stroud
- Vision 21, Cheltenham

A facilitated group discussion with representatives of these organisations and the County Council was also held which informed the report.

The report's first section identifies barriers to optimal working and suggests actions and is applicable to the wider voluntary sector. These are informed by work of the Government's Social Enterprise Unit. The second section covers elements of a performance management kite-mark.

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Barriers

All the organisations surveyed were dependent, to a certain extent, on income from various local authorities which was provided on a 'grant-funding' model. There is potential for the organisations to become more independent and move away from this method of financing – this will require efforts from both the Council and the social enterprises themselves.

All parties need to view social enterprises as being service providers rather than simply the recipients of grant funding and should work together to achieve this goal.

The main barriers identified within Gloucestershire are:

- **Funding deadlines.** Interviewees were not made aware of funding applications that would become effective in April 2005 until March 2005. This lack of notice hindered the financial planning of the organisations concerned and some felt it may be better to apply a year in advance for ongoing support
- **Spending all the funding.** The grant-funding model requires that all of the funding is spent in the way that it was intended. This means it is difficult to improve the financial standing of organisations with a low level of reserves as there is only a limited opportunity to generate a surplus in any year
- **Short-term funding.** In order for the County Council to work effectively with social enterprises, the relationship needs to be one of a partnership. Organisations felt that the need to re-apply for funding each year did little to foster the ongoing relationship with the Council.
Furthermore, the need to re-apply was time-consuming for both parties and did not take into account both the information already held by the Council and its experience of dealing with a particular organisation. It creates a climate of uncertainty in which long-term, sustainable planning by the sector cannot be properly considered

- **Late agreements.** Organisations expressed concern over the delays in producing Service Level Agreements (SLAs) and some cited examples of instances where there were significant periods of time, at the beginning of the year, when there was no SLA in place. An appropriate performance management system is difficult in such circumstances. There were also mixed views as to the status of the SLAs. Did they form part of a contract with the council?
- **Performance monitoring.** Some organisations felt there was no clear link between the SLAs and the monitoring undertaken by the Council. The arrangements could be enhanced if the performance monitoring was based on the SLA and clearly focused on the outcomes being achieved.

Summary of issues for consideration by the council

- Provide organisations with **earlier notification** of opportunities in order to assist financial and business planning in the social enterprise sector
- Make opportunities available **throughout the year** in order to balance the Council's workload and to provide fairer access to the available funds
- Introduce a **two-stage process** in order to reduce the administrative burden for both the Council and the organisations seeking funding
- **Increase the use of IT** in the contracting process in order to reduce the administrative burden for both the Council and the organisations seeking to contract
- **Enable organisations** to use income from Council contracts to improve their overall financial standing in order to enhance future service delivery and to help them become financially self-reliant
- **Offer loans** to organisations in order to enhance future service delivery and to help them become financially self-reliant

- **Move away from providing short-term funding** to organisations in order to develop longer-term service delivery arrangements and reduce the administration for both the Council and the social enterprises
- **Use previous knowledge and experience** from working with organisations to expedite agreements, reduce administration and develop ongoing relationships
- **Provide clear guidance** on the completion of application forms in order to reduce the number of rejected applications and to ensure that funds are used to their greatest effect
- **Provide feedback to unsuccessful applicants** in order to improve the transparency of the process, reduce the need for re-submissions and to improve the overall standard
- **Analyse** submitted applications in order to identify areas where their process can be improved
- Introduce a **fast-track process** for small, one-off grant requests in order to reduce the administration for both the Council and the organisations seeking financial assistance
- Introduce a **common approach** to funding and contracting from Councils across the County in order to reduce administration costs for the organisations and to demonstrate a joined-up approach
- Provide **in-kind resources** to organisations in order to ensure that the Council's limited resources can be used to their greatest effect

Performance management

An integral part of performance management is a Service Level Agreement (SLA) that sets out service standards expected and enables their objective assessment. Organisations reported that this helped to give them direction and to foster an ongoing relationship with the council.

Summary of issues for consideration by the council

- Ensure that service level agreements (SLAs) are in place from the commencement of the arrangements in order to provide clarity to both the Council and the service provider
- Improve the arrangements for the production of SLAs in order to reflect the fact that they were agreed by both the Council and the service-providing organisation
- Where one organisation provides services to more than one local authority, consider joint SLAs and joint monitoring in order to reduce the administration for both the Councils and the service providers
- Discuss the performance management information to be provided by each organisation rather than using standardised requests in order to reduce the administration for the service provider and improve the quality of the data being submitted
- Review the performance monitoring undertaken by the Council, ensuring that it focuses on the outcomes and links to the SLA in order to be sure that the social enterprises are making a difference and are providing the service in the format that was agreed
- Increase the use of IT in performance monitoring in order to reduce the administrative burden for both the Council and the social enterprise
- Roll forward satisfactory SLAs rather than re-negotiate them in order to reduce the administrative burden for both the Council and the social enterprise

Recommendations

Realising the potential of social enterprises

- Policy makers and procurement staff should **actively consider** social enterprises as a potential solution to a range of social and economic issues
- **Consider wider social and environmental needs** when

procuring goods and services in order to ensure “balanced” service provision and to encourage social enterprises to participate in these markets

- Explore **alternative ways in delivering outcomes** in order to encourage imaginative solutions and to encourage participation from social enterprises
- Consider **trade-offs** between the quality of delivery and costs in order to allow for the “social costs” of dealing with social enterprises
- Provide a **clear and accessible list of procurement opportunities** in order to ensure that the maximum level of response from the social enterprise sector
- Use **consistent approaches** to the procurement of similar types of goods and services in order to reduce the level of administration for both the council and the prospective service providers
- In order to ensure that the Council’s procurement processes are not restrictive, **review** whether the pre-tender assessments of prospective contractors hinder small scale or start-up organisations
- Encourage the provision of **support** to the social enterprise sector in order to help it develop
- Develop a **tendering assistance programme** that supports social enterprises wishing to be included on the approved tender list for council contracts by providing them with assistance to complete the complicated paperwork
- Provide staff involved in awarding contracts with an **understanding of the voluntary and social enterprise sectors** in order to ensure that informed procurement decisions can be made

New partnerships

- Encourage the move from grant funding to greater self-sufficiency in order to help make social enterprises viable organisations in their own right
- Request information on outputs

when dealing with the social enterprise sector in order to understand the benefits of dealing with social enterprises and encourage them to monitor their own effectiveness

- Ensure that contracts include a fair apportionment of risks between the Council and the service provider in order to encourage social enterprises to provide Council services and to enable them to become established and viable organisations
- Help social enterprises become self-reliant by moving towards longer-term funding arrangements that match organisations’ business planning timescales
- Provide feedback to social enterprises on bids and tenders to promote transparency and improve the quality of submissions

Developing the social enterprise sector

- Support and develop capacity in local social enterprises in order to help the sector develop and grow
- Ensure that the social enterprise sector receives an appropriate amount of business support in order to help the sector develop and grow
- Ensure that guidance is available to help social enterprises measure their social and environmental impacts, thus enabling them to demonstrate their contributions to the community
- In order to help social enterprises become self-sufficient, ensure that guidance is available to help them understand their funding and financing options
- Encourage networks of social enterprises, whether real or virtual, taking advantage of IT wherever possible in order to share good practice, foster joint working arrangements and help the social enterprise sector develop

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Kite-mark for Social Enterprises

The Government's Social Enterprise Unit considers good social enterprises to have the following characteristics:

They have gained both independence and autonomy through trading activities and are entrepreneurial and innovative

They are flexible and adaptable – focused on their customers and the wider community and they involve their stakeholders.

Their management is both democratic and participative and they deliver both socially and/or environmentally as well as financially.

They are financially viable organisations, gaining their income from selling goods and services.

The following checklist is suggested:

- Has the enterprise been properly constituted?
- Does the organisation have a democratic and participative management and do the planned meetings actually take place?
- Is there stakeholder engagement in order to ensure a customer and community focus?
- Does the organisation have appropriate policies and procedures?
- Does the social enterprise have a quality assurance system in place?
- Does the organisation or its staff possess any relevant technical qualifications?
- Does the organisation have experience of work of this type and of contracts of this size?
- Does the organisation measure and report its social impact?
- Does the social enterprise have the financial resources to deliver the services at the required standard?
- Does the organisation have a realistic business plan?
- Has financial/ business training been provided to the Board of the organisation?
- Has a capacity check shown that the social enterprise is able to deliver what is required?
- Where appropriate, are adequate change management arrangements in place?
- Are adequate corporate governance arrangements in place? ■

Community enterprises are organisations which employ business methods and an entrepreneurial outlook to achieve social and environmental aims.

This can include the delivery of public services and the regeneration of deprived areas. Well-known national examples include 'Co-op' shops, The Big Issue, Café Direct and Jamie Oliver's Fifteen restaurant.

In Gloucestershire, community enterprises employ thousands of people across a wide range of sectors including the arts, childcare, transport, recycling and village halls.

Many more people benefit from volunteering or training with them. Some are charities, some are co-operatives, but all share a different way of working.

Community Enterprise Gloucestershire brings together networks of hundreds of enterprises in the county to exchange information, share good practice, promote new ideas and present their views with a single voice. It is hosted by Co-operative Futures, an agency which provides specialist support to co-operative and community enterprises.



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