

## SEBDF Report

21 May 2007

**CNR**  
supporting business growth

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## **1 Main messages**

1. This document is a report on the evaluation of the Social Economy Bristol Development Fund, which operated from 2003 until 2005.
2. The Fund appears to have successfully established a set of straightforward procedures, minimising the bureaucracy that is often associated with grant processes.
3. The Fund has been successful at generating significant financial leverage, with at least £4.1m of funding having been brought in as a result of the work undertaken.
4. The Fund has had a significant effect on increasing capability within the funded organisations, by enabling them to access skills not available within the local infrastructure and thus contributing to their sustainability and confidence.
5. The Fund guidelines and application documents are in need of review, to increase clarity and reduce inappropriate applications.
6. Applicants should be required to evidence a clear commitment to development as a social enterprise.
7. Board involvement with the work of contracted experts could be enhanced through some revisions to the documentation and the approval process.
8. The availability of free expert support prior to application has been extremely valuable for many applicants and should continue if the Fund is reopened.
9. Support organisations (and materials) should ensure that applicants are able clearly to define the brief for the consultant and the processes by which the consultant will be managed.
10. There should be a clear distinction between the roles of Panel member, advisor and grant recipient.
11. The opportunity exists to integrate the operation of the fund with the proposed delivery of business support to social enterprises over the next three years.
12. A targeted Fund, drawing on a wider network of financial contributors, could support the City Council's priorities, particularly by supporting smaller social economy organisations that are seeking to develop their enterprise capability and confidence in order to tackle issues in disadvantaged neighbourhood communities.
13. The Fund should be seen as part of suite of measures to provide support to the development social enterprise within the City. These measures should provide support to the sector as a whole whilst ensuring that applications to the Fund are only made by those organisations that are stable and committed to transformation of attitude, culture and practice.
14. Detailed recommendations are set out below.

## **2 Executive summary**

### **2.1 Introduction**

The Social Economy Business Development Fund (SEBDF) was introduced by Bristol City Council as a component of the Social Economy Bristol Development Programme. The fund was intended to promote the growth of social enterprises by improving support at critical growth stages, leading to the strengthening and development of the social economy in Bristol. Funding was provided by Bristol City Council and management was carried out by The Greater Bristol Foundation (now the Quartet Community Foundation)

Grants of up to £15,000 were available to help Bristol's social economy enterprises for specific business growth purposes, in particular for the purchase of expert support in the form of advice or training for development in specified areas.

The Fund was established in 2003 and suspended in 2005.

This evaluation has been carried out by CNR Ltd., on behalf of Bristol City Council, through a mixture of desk research and interviews conducted during March and April 2007.

### **2.2 Overview of the evaluation**

The Social Enterprise Bristol Development Fund appears to have been extremely successful, disbursing 40 grants with a total value of £248,497 which has led to the leverage of a minimum of £4.1m of further funding; a ratio of 1:16.

In addition, the support of the Fund was extremely valuable to recipients in other ways. The work of funded experts enabled organisations to make a *step change* in structure or product/service delivery or to develop an evidence base to support such changes. Furthermore, it led to an increased *capability* within the organisations, contributing in many cases to the subsequent engagement of other experts to provide specific support to exploit other growth opportunities.

### **2.3 The Fund and its processes**

The intention to create a simple application and approval process, with decisions made by an informed and supportive group, appears to have been substantially met.

The Fund provides an effective mechanism by which organisations are able to facilitate change by accessing skills that are not readily available in their local infrastructure.

The availability of expert support, to assist applicants to frame and submit their applications, has been highly valuable to many organisations. However, this has meant that organisations can hold multiple roles (expert, applicant, Panel member).

The Fund is concerned with supporting transformation in culture and practice; it is not concerned simply with capacity building. Organisations applying to the Fund should be stable and committed to such transformation in order to justify the Fund's investment. Capability increase, in the form of knowledge and skills transfer from the engaged consultant is a significant component of this process and should therefore be reinforced in the guidelines and application documents.

The Fund experienced a relatively high number of inappropriate applications, a situation that could be improved through greater clarity of criteria and guidance documentation. A further reduction in inappropriate applications could be achieved through ensuring that all applicants have an initial discussion with the Fund administrator at an early stage.

The opportunity to negotiate levels of funding, rather than receive a simple rejection, was greatly appreciated by applicants.

The availability of a resource pack for applicants would provide a tool to deliver standard advice on issues related to the Fund, for example on evaluating & managing risk [related to the transition to social enterprise], selecting and managing contractors, ensuring knowledge transfer etc., thus reducing the load on Quartet staff and support organisations. This will aid the positioning of the Fund within a suite of support measures available to social enterprises.

The opportunity exists for the delivery of ad hoc advice by Panel members if applicants attend the Panel meetings. This would also provide an opportunity for the Panel to gauge the 'passion of the applicants' and their commitment to new models of operation.

The SEBDF monitoring requirements appear to be a reasonable compromise between the need to provide accountability and a proportionate level of administrative effort. However, it was apparent that in many cases the full benefit of the work was only now being realised and a 6 month monitoring time frame may not enable the full value of the fund's input to be accurately reflected. Monitoring forms should explicitly reflect the aims of the Fund

The practice of routing contractor payments through the applicant organisation is a sound mechanism to reinforce staff involvement in the expert's work.

Applicants should be strongly encouraged to allocate key staff to work alongside the contracted expert, particularly in cases where the organisation's lack of capability is a motivation for the application.

Feedback suggests that there is a case to implement some form of quality standard or approved contractor list. However, many feel that a more sustainable approach would be for support organisations to ensure that applicants are able to carry out the commissioning process effectively – to clearly to define the brief for their consultant - and are able to implement good management processes to monitor progress and performance.

Board engagement with the work of the consultant should be strengthened, not only to ensure ownership of the work but to ensure that the Board is engaged at a strategic level with any issues necessary to consolidate the organisational change, for example further skills development.

The comments received suggest that the level of funding allocations was broadly appropriate to enable recipients to undertake significant and effective pieces of work. However, as and when the Fund is reopened, it may be necessary to revise limits to reflect increased costs.

The role of the support organisations can and should be to enable the organisation to consider not only the mechanics of the application and the subsequent management of a consultant but also the implications of the resulting work for the organisation's development as a sustainable enterprise. This may best be achieved through the consistent use of tools such as PERform<sup>1</sup>, the use of which can be supported by the C3 partnership<sup>2</sup>.

## **2.4 Future development**

The opportunity exists for a reopened Fund to integrate with future IDB business support services, through the provision of targeted Funds to enable established social enterprises to carry out recommended changes.

The operation of a targeted Fund, drawing on a wider network of financial contributors, could

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<sup>1</sup> <http://www.c3partnership.org/page.aspx?pageId=26>

<sup>2</sup> <http://www.c3partnership.org/>

support the City Council's priorities, particularly by supporting smaller social economy organisations that are seeking to develop their enterprise capability and confidence in order to tackle issues in disadvantaged neighbourhood communities.

## **2.5 Recommendations**

We have set out below, in Section 9, a number of recommendations which are based on our conclusions and which, we feel, we contribute to the further development and success of the Fund.

## **2.6 Acknowledgements**

We are grateful to all those individuals who have given time to assist us with this piece of work. We have set out their names in Appendix 1 below.

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### **3 Background to the Fund**

The Social Economy Business Development Fund (SEBDF) was introduced by the City Council as a component of the Social Economy Bristol Development Programme. The fund was intended to promote the growth of social enterprises by improving support at critical growth stages, leading to the strengthening and development of the social economy in Bristol. Funding was provided by Bristol City Council and management was carried out by The Greater Bristol Foundation (now The Quartet Community Foundation and referenced throughout this report as Quartet) through a service level agreement with the Council. Applications were considered by dedicated decision Panel, thus providing a level of independence from the funding body.

Grants of up to £15,000 were available to help Bristol's social economy enterprises for specific business growth purposes, in particular for the purchase of expert support in the form of advice or training for development in the following areas:

- Market research and testing: marketing materials (up to a maximum of £1,000)
- Quality assurance materials
- Preparation of business plans to secure major investment
- Premises: search, design, feasibility, negotiation etc., other technical aid
- Product and service development and technical advice
- Management and skills development for business start-up and growth
- Computer hardware and software (up to maximum of £1,000).

In particular circumstances a portion of the grant could be used to provide key staff time to work alongside the expert.

The Fund was established in 2003 with initial Bristol City Council funding from revenue of £108,000 and further funding of £115,000 in 2004 and £33,000 in 2005. Application approval rates were: 61% in 2003, 44% in 2004 and 48% in 2005. 40 grants were approved, to 37 organisations, with a total value of £248,497. A further 37 applications were rejected, although 7 of these applicant organisations had revised or other activity funded by SEBDF during its operation. The last grant panel meeting prior to suspension (due to depletion of funds) was September 2005. Grants are summarised in Appendix 6.

A key focus of the Fund was seen as enabling 'transformation' of the organisation so that it would be able to improve performance. The Panel was initially prepared to fund organisations structured for private profit, if the grant would enable them to fulfil a particular

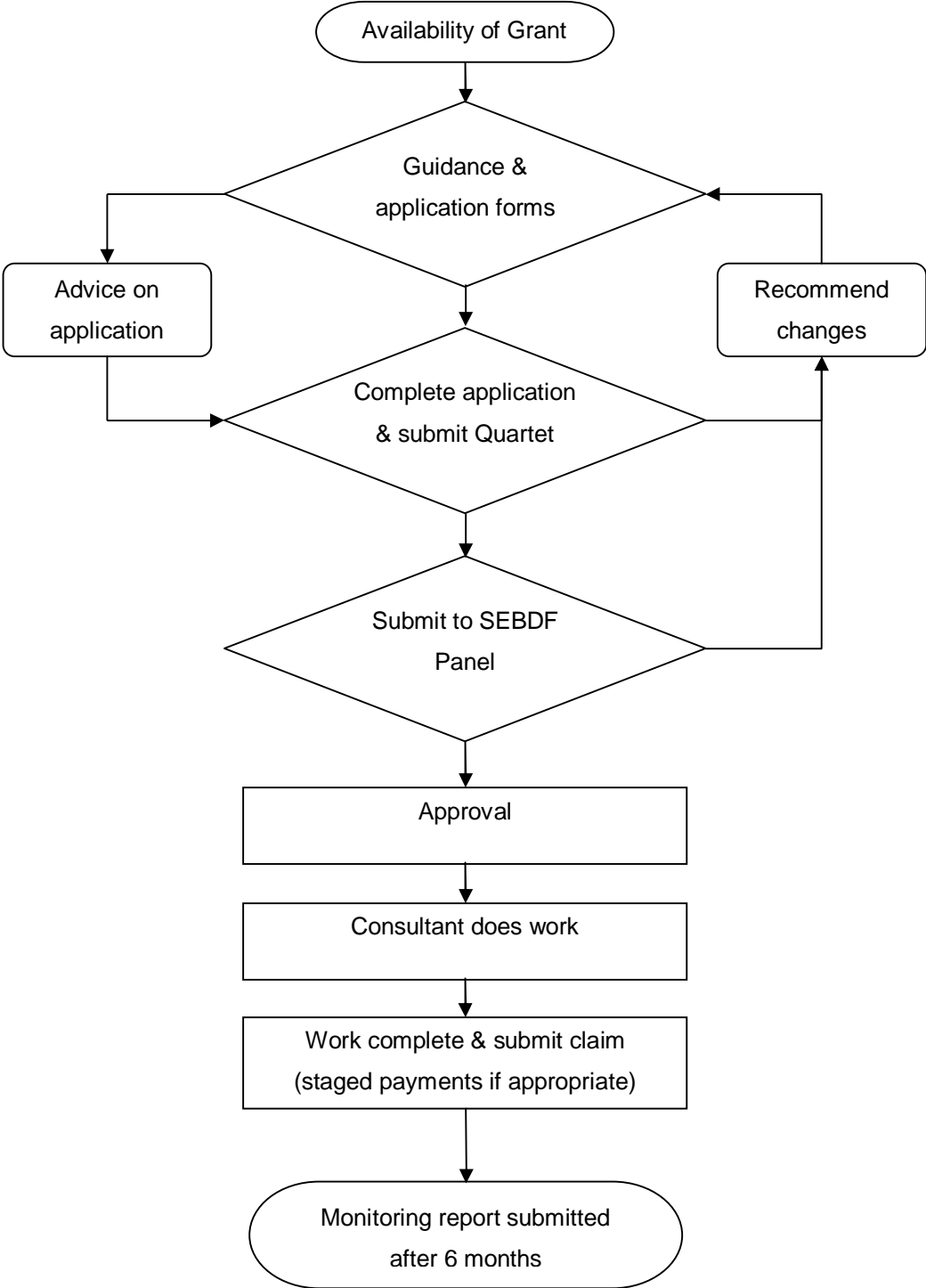
social purpose. In practice, however, grants were awarded only to social economy organisations structured on a not-for-private-profit basis. Of the surveyed organisations, 79% were companies limited by guarantee, 7% unincorporated and 7% community interest companies<sup>3</sup>.

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<sup>3</sup> <http://www.cicregulator.gov.uk/>  
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# 4 Application and approval process

The following diagram summarises the application process:



All applications were handled by Quartet which issued guidelines and application forms (see Appendices 2 & 3). These were available in hard copy from their office or via the Quartet website.

Organisations were encouraged to obtain free advice and support to frame their project and prepare an application. This support could be drawn from one of a number of social enterprise support organisations that had volunteered their services and these were detailed in the guidance notes. They were:

- Avon CDA
- BACEN (now known as Social Enterprise Works but referenced throughout this report as BACEN)
- Black Development Agency
- BRAVE
- CEED
- VOSCUR

Completed applications were reviewed by Quartet staff and presented by them to a decision Panel made up of social economy support organisations, drawn from the sector itself, with officer representation and support from Bristol City Council.

Quartet staff conveyed the Panel's decision to the applicant and, in the case of a rejection, a reason was given. In some cases the unsuccessful applicant was encouraged to resubmit, perhaps after taking further advice from one of the support organisations; in other cases applicants were signposted to support organisations to provide assistance not related to the Fund. An appeal process was available.

Following panel approval, further support was available to successful applicants in order to help them address the issues of selecting, appointing and managing contractors.

Normally, applicants were obliged to obtain 3 quotes for any work. In certain circumstances, for example when the activity required highly specific expertise, this requirement was waved by prior agreement with Quartet. Applicants were advised not to tender for consultants until they had received an approval from the Panel.

Funding was released according to project milestones, with recipients copying their contractor's invoices to Quartet.

The process included the completion of a brief monitoring report after 6 months. This report covered:

- Original purpose of grant
- Itemised detail of spend
- Information on further investment/funding received as a result of the grant
- Explanation of how the grant has contributed to business growth
- Comparison of this growth with measures outlined in the original application
- Future plans
- Comments and suggestions on the application process

An earlier version of the form was initially used which asked a slightly different set of questions:

- Original purpose of grant
- Itemised detail of spend
- Information on further investment/funding received as a result of the grant
- How many people had benefited from the grant
- What the project achieved
- Future plans
- Benefits to the organisation other than funding
- Comments and suggestions on the application process

## 5 What we were asked to do:

CNR was asked to undertake an evaluation of the Fund; specifically

- To evaluate the BDF to assess the impact of the Fund for the organisations who were successful in receiving grants
- For this evaluation to assist in the future development, direction and sources of funding for the BDF itself.

It was proposed that the Fund be evaluated by conducting case studies of the 3 nominated organisations, and focus on:

- Analysis of the application process
- Analysis of the impact on the organisation, ie;
  - purpose and amount of grant
  - amount of grant awarded
  - outcome of receiving the grant
  - initial expectations
  - value of the overall investment
- The risk involved using the grant funding including the level of commitment required from the organisation
- What were the drivers for the business development funded and how were the decisions reached

The evaluation has taken place in the context of the contribution of the Fund to the SEBDP Strategic objectives, which are:

1. Improve skills, and level and quality of employment in the sector
2. Increase number and capacity of enterprises to deliver goods and services
3. Strengthen the social economy contribution to neighbourhoods, communities and public service development
4. Maximise and diversify the resources available to the sector
5. Promote the development of the social economy at local, regional and national levels

## **6 How we said that we would do it**

Our proposed approach was to identify an initial sample group of 15-20 recipient organisations which broadly represented the spread of organisations that received SEBDF support. This process was introduced in order to ensure that the selected case study organisations were broadly representative and did not have any particular characteristics that would skew the selection.

After analysing the responses from these organisations we intended to recommend three organisations for further, detailed study and development into case studies. This selection would be passed to Bristol City Council for approval.

The agreed organisations would then be subjected to a more detailed face to face interview to draw out issues covered in the telephone conversation as well as identifying further issues of relevance to the evaluation. On the basis of this information we would draw up our case studies.

In the preparation of our report we also undertook to comment on:

- An analysis of the context of future funding support to social enterprises, including potential funding available to increase the Fund.
- How the Fund can best meet these support needs in terms of future grant funding to organisations
- How the Fund processes could be improved to ensure the commitment of the bidding organisations to achieve real change (ie performance improvement).

Drawing from evidence obtained in the course of our work we agreed to produce best practice guidelines that would inform the development and operation of similar funds elsewhere.

We agreed to present the key messages of our draft report to a consultation seminar before producing the final version, in order to take account of the views of organisations working in the sector.

## 7 What we did

### 7.1 Data gathering

This was undertaken in 3 stages:

#### 7.1.1 Stage 1

With the assistance of Quartet we obtained key data regarding each successful application from files held in their office. We reviewed the minutes of the decision Panel to understand the reasons why other organisations were unsuccessful (we did not interview unsuccessful applicants)

#### 7.1.2 Stage 2

We undertook interviews with Paul Hassan, the Chair of the SEBDF Panel, with Ronnie Brown from Quartet and with Ted Fowler of Bristol City Council. In addition, we attended the February meeting of the Social Economy Bristol Development Project, which provided an opportunity also to talk with two of the consultants who had been contracted to undertake work using SEBDF funding.

Using the data from Phase 1, we undertook an initial analysis of all applicants and used this to prepare simple categorisation of applicant organisations. Using this as a guide, we selected 20 organisations to take part in an initial telephone interview sample. These interviews were carried out using the interview script set out in Appendix 4.

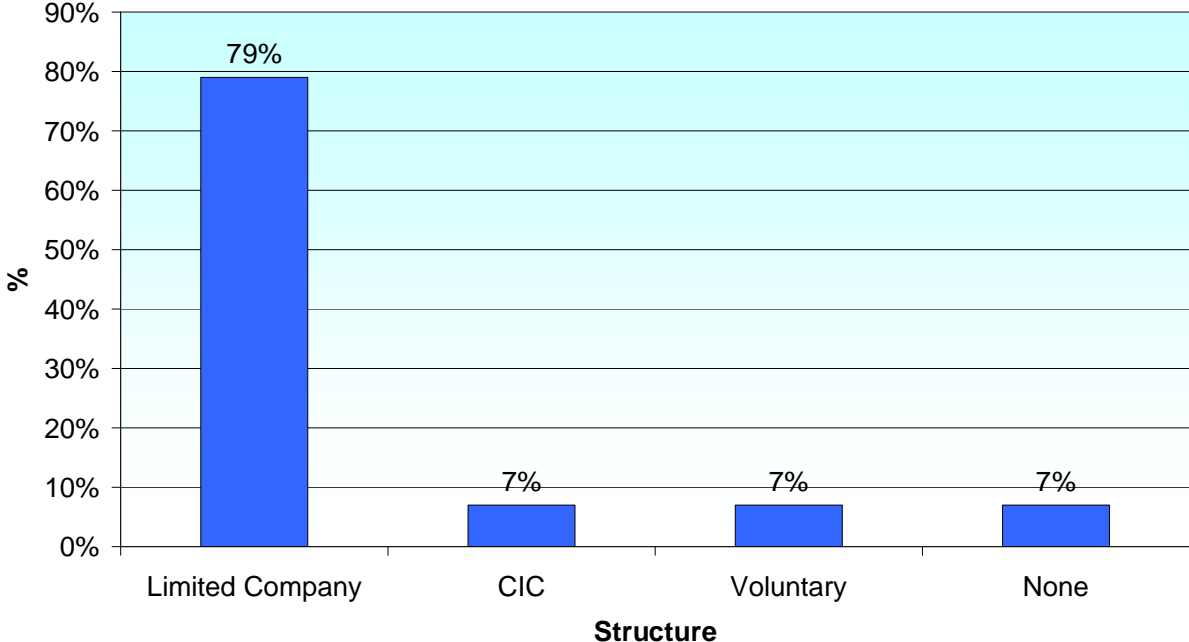
Of these 20 organisations, we were able to conduct successful interviews with 15. Contact was established with the others but, after 3 or more repeated calls, we were unable to complete the interview process, largely due to pressure of time on the contact individuals.

The organisations responding to the initial telephone interviews were:

Bristol East Side Traders	BRAVE Enterprise Agency
Bristol Care and Repair	Bristol Playbus
Childrens' Scrapstore	Christmas Steps and St. Michael's Association
Community Resolve	Living (formerly the Disabled Living Centre)
FABU UK	Knowle West Media Centre
Silai for Skills	Southmead Development Trust
Southville Community Development Association	St.Werburgh's Community Association
VOSCUR	

In terms of their governance structures, this sample comprised:

### Structure of organisations



In discussion with Ronnie Brown of Quartet and Christine Storry of the City Council, we agreed a framework that would illustrate 3 categories of change, potentially enabled by the SEBDF. These were:

1. A traditional voluntary sector organisation requiring support to undertake a change of practice and culture to a trading body.
2. An organisation making use of expert support to enable it to obtain new forms of finance
3. An organisation using expert support to position it to work through Service Level Agreements etc

Using the data gathered in Stage 2 we matched organisations against these 3 categories to identify candidates suitable and willing to become case studies. We recommended, respectively:

1. Living (formerly the Disabled Living Centre)
2. BEST
3. Community Resolve

### **7.1.3 Stage 3**

Our case study recommendations were accepted by Council Officers and visits were arranged to each of the 3 organisations. All 3 had previously indicated that they were willing to be case studies for the report.

These interviews were carried out using the same script as in Stage 2 but in greater detail. In addition a number of other points were addressed and explored in discussion.

The resulting case studies are set out above.

## **7.2 Analysis of data**

We have set out our consideration of the data in the next section <what we found>.

In addition to its use for the selection of the case study organisations, the data was also analysed to produce a number of recommendations for the future operation of the Fund, which are set out below. Our analysis has also led to the generation of a set of good practice guides which will inform the development of similar funding streams elsewhere and promote knowledge sharing in the sector.

## **7.3 Staff churn**

It is necessary to briefly comment on immediate problem in conducting the evaluation - the churn of staff within the surveyed organisations.

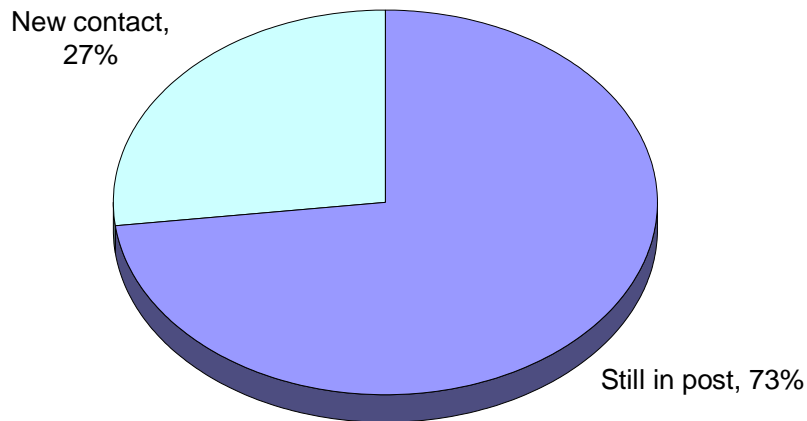
## **7.4 Seminar**

The key messages from our draft report were presented at a consultation seminar, to which were invited representatives of organisations working in the sector. The views of this group have been incorporated within the body of this<sup>4</sup> report.

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<sup>4</sup> Appendix

### Percentage of organisations that had original contact still in post



This change of personnel meant that there was some loss of knowledge about the experience of dealing with the SEBDF; however, even where this had taken place, the individuals with whom we spoke were very helpful.

In addition, in two of our case study organisations the key worker was about to leave.

### Conclusion

High levels of staff churn, especially among key workers, make it imperative that the knowledge gained from the SEBDF funded activity is embedded within the organisation and that a high level of Board engagement is achieved. If this is not the case then the organisation is at risk of losing much of the benefit as a result of the departure of particular individuals.

## **8 What we found**

This section sets out our findings and conclusions.

### **8.1 The Fund aims and the make up of the panel**

As noted above, an informed and supportive decision Panel was put together of social economy support organisations, drawn from the sector itself, with officer representation and support from Bristol City Council. All the Panel members knew one another and had previously worked together. This familiarity helped the Fund to establish the application process quickly and graft it onto the existing grant distribution systems of the Quartet Community Foundation.

The Panel met on 10 occasions. It had a quorum of 3 plus the Chair, a Quartet trustee and a representative from Bristol City Council; average attendance was 6.5, excluding attendees (normally Quartet staff).

The Chair was keen to structure an application process that would be free from the bureaucracy that had dogged other processes of distributing public sector funds to the social economy. To enable the Fund to be initially fleet of foot, the application process was designed to be simple and eligibility criteria evolved as the Fund progressed. A key focus for the Fund was seen by the Panel to be 'a small injection of cash to get support to develop exponential business growth'.

As a result, the Fund was rapidly established and operational. However, there were initial teething problems in administering the Fund, which might be attributed to the lack of common understandings of the Fund's focus. Some groups were referred inappropriately by support organisations, which caused early exasperation among Panel members and also among groups which felt they had been misdirected or rejected by the Panel.

These early confusions may have been made more acute because the process allowed for multiple roles - as a provider of expert advice to applicants, a panel member, a beneficiary and a funded contractor. However, appropriate declarations of interest and strategic withdrawals from decision-making took place which, together with a high-level of process transparency, has meant that neither Panel members nor funded groups have reported concerns in respect of conflict of interest.

In discussion with Council Officers and the Panel Chair, it is clear that the Fund has two objectives – one of these, which is fairly explicit in the documentation, is to make accessible

to the applicant organisation skills that are not available within the local infrastructure and thus to enable it to exploit a specific growth opportunity. To quote the guidelines:

“Development grants are awarded for specific business growth purposes, in particular for the purchase of expert support in the form of advice or training for development...”

However, the second objective is much less clear. This is to increase the capability of the organisation in order to sustain change. This is not explicit in the guidelines although it is inferred by the following reference:

“In particular circumstances, a proportion of the funding can be used to provide key staff time to work alongside this expert support.”

This lack of emphasis is surprising in view of its relevance to Objective 1 of the Social Enterprise Development Programme:

“Improve skills, and level and quality of employment in the sector”

In practice, much of the potential value of a consultant’s work lies in the opportunity for the organisation to gain the new knowledge, skill and understanding which was not available within the local infrastructure, rather than simply engaging an expert to do something a specific and go. A number of organisations referred to ‘their’ consultant as having done more than expected, of having ‘gone the extra mile.’ This often related to the sense that the consultant had transferred knowledge and skill to staff, thereby improving sustained capability.

## **Conclusions**

The intention to create a simple process, with decisions made by an informed and supportive group, appears to have been substantially met. The Fund did provide a mechanism to close a market gap by enabling organisations to access skills that were not available within the local infrastructure.

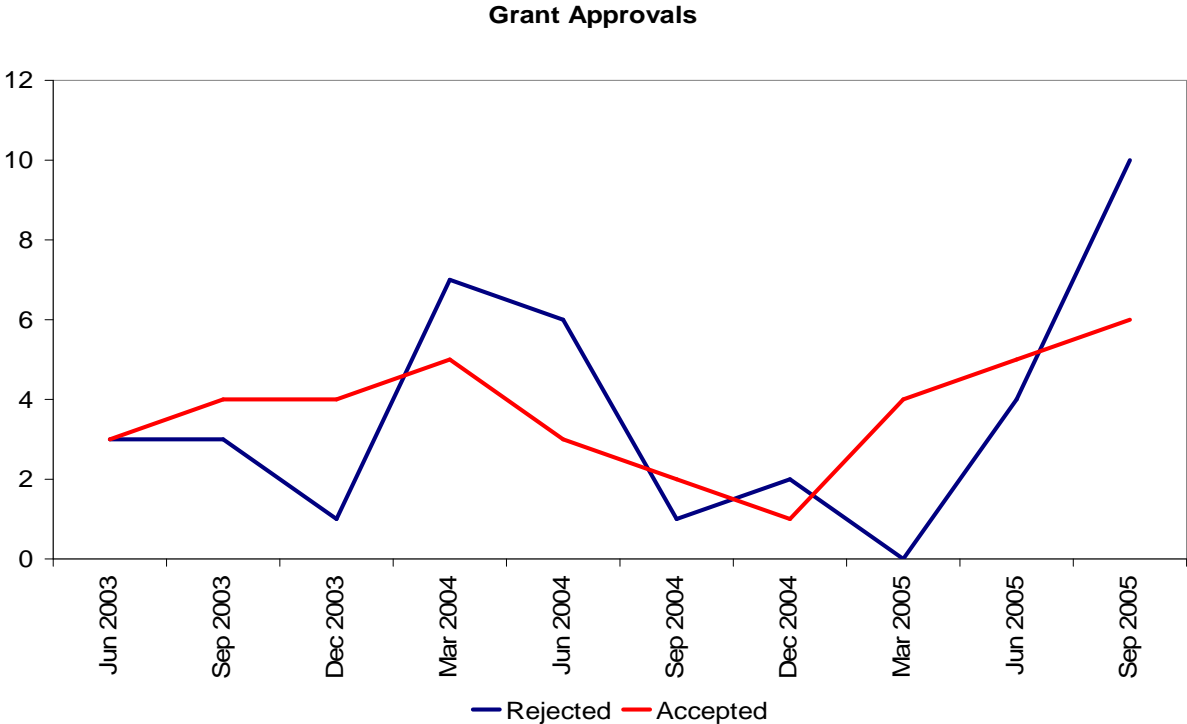
Administration of the fund by Quartet provided a visible level of independence from the funding body, which we believe to be beneficial.

We believe that the knowledge/skills transfer aspect of the Fund should be reinforced in the guidelines and application documents. This would encourage applicants to identify areas in which they lack capability and ensure that they consider ways to embed the skills and knowledge gained from the consultant to ensure long term capability increase, rather than simply using the Fund as a way of providing short-term capacity.

**8.2 The application process and support provided.**

In addition to the simplicity noted above, it was also clear that the application process had been designed to be highly supportive of applicant organisations. As a result, the entire application process itself was a potential contributor to the development of organisational capability.

The following graph shows the distribution of applications throughout the period in which the Fund operated, indicating the balance of successful and unsuccessful applications.



The relatively high number of rejections reflects a tendency for some organisations to submit applications without taking advice either from Quartet staff or from one of the support organisations. The Panel did consider making it mandatory for applicants to take advice from the support organisations prior to applying but this idea was rejected, largely on the grounds that as the Fund became more popular, support capacity might be exceeded.

In cases where applications came in without prior discussion and appeared to be borderline, Quartet staff would contact the applicant in order to clarify any issues about which the Panel might be predictably concerned. In this way, issues could be addressed during the Panel discussion, rather than referring the application back. However, a substantial number of the applications that came in without prior notice simply did not fit the Fund criteria, often suggesting that the applicant had not read the guidelines. Notes of Panel meetings indicate that rejections were made for a variety of reasons:

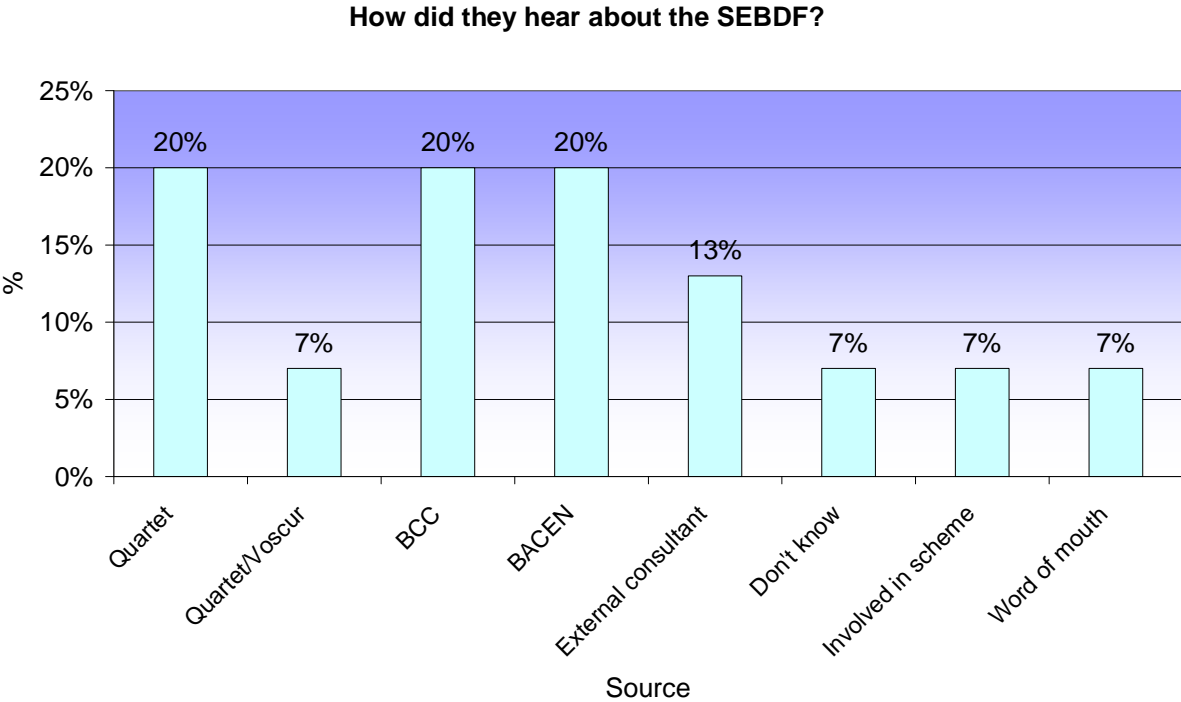
- Not appropriate [to this Fund] 24%
- Insufficient detail 13%
- No specific business growth opportunity 53%
- Weak 3%
- No broad social benefit 3%
- No fit with City policy 3%
- Low priority, as already had 2 grants 3%

In all cases, the applicants were given reasons for rejection and, where appropriate, signposting was provided to further support. 4 applications were successful on resubmission.

The appeals procedure was invoked in 2 cases, one of these was successful but in the other case the appellant failed to accept invitations to discussions and the matter was dropped.

*The following comments relate to the sample group of successful applicants:*

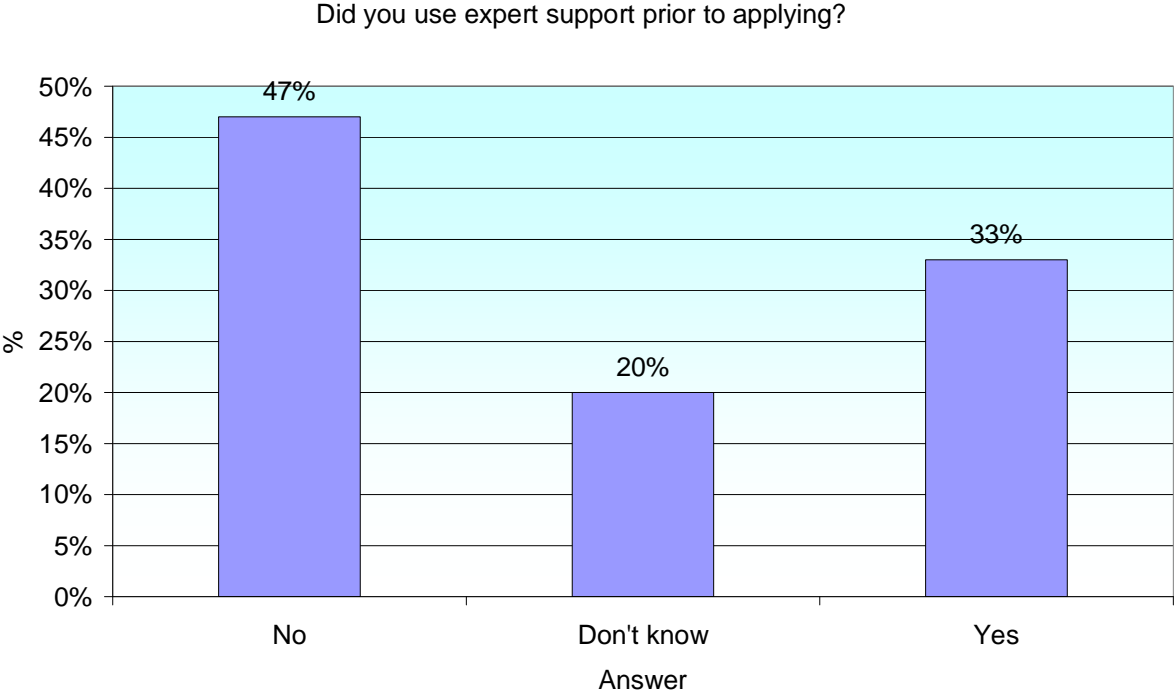
The SEBDF was promoted through a number of channels including press releases, 's magazine, Quartet's newsletter, workshop presentations and by word of mouth. This range is reflected in the comments received from respondents about their source of SEBDF information, as follows:



Advice was available from Quartet at all stages. Of the sample group, two thirds stated that they received such advice prior to submission whilst only 3 did not; the others were unable to answer the question because the individual who had steered the process had left. 2 organisations had obtained further advice from Quartet after submission but before the Panel consideration, however this did not result in any substantial change to the application.

Applicant organisations were encouraged to approach one of the infrastructure support organisations to obtain assistance with framing any potential project and completing the application process. This support was provided at no cost to the applicant organisation.

Of the survey group, five of applicants made use of the free support. In a number of cases the respondents were unable to comment as a result of staff turnover.

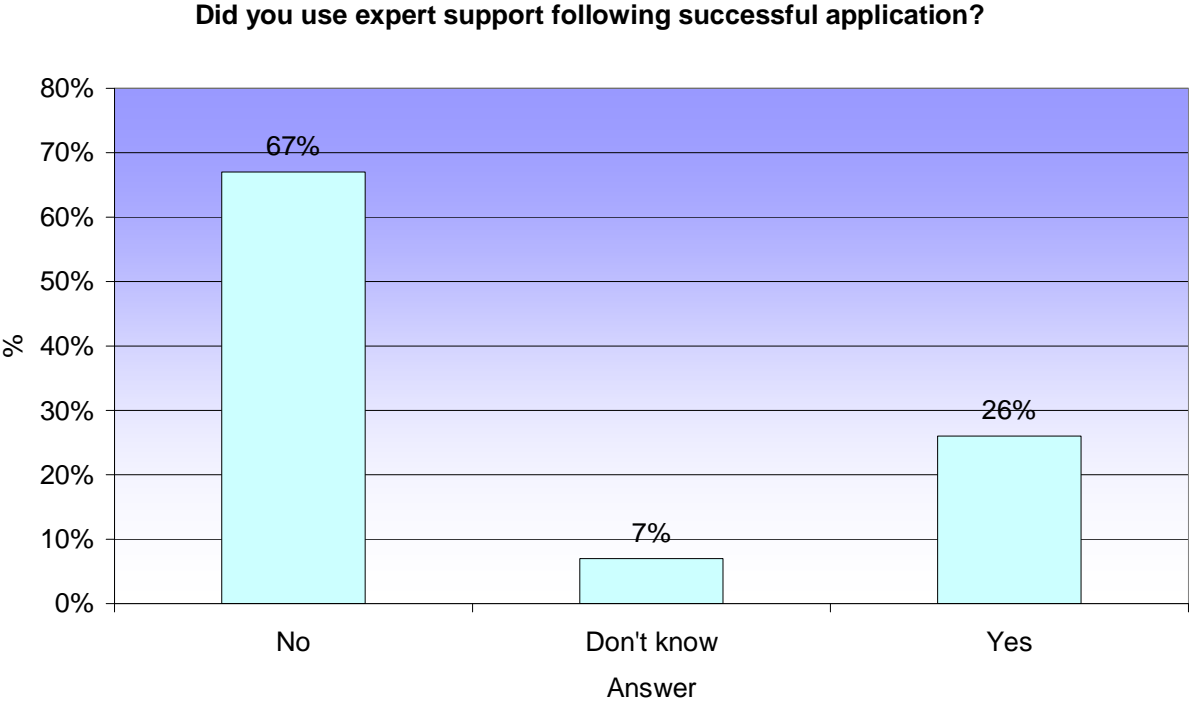


Those receiving free support prior to submission obtained it almost exclusively from BACEN, although in one case VOSCUR also assisted. Support was requested to help define the purpose of the work that would be the subject of the application (3 ex 5) or to help formulate the application itself (2 ex 5).

The Panel itself also provided comments on applications and these were conveyed back via Quartet. Rather than outright rejection, in some cases funding was finally agreed for more limited work or different work, following revision and resubmission. For example, in one case

an application was submitted both for a feasibility study and for a subsequent piece of work. However funds were awarded only for the feasibility study on the grounds that this would determine the necessity for and the scope of any further work.

Following approval, successful applicants were again encouraged to obtain further support, if appropriate. Circumstances in which this was taken up include requesting help to specify the consultant's role together with the definition of suitable processes for tendering, appointment and contract management. In other cases, due to the time taken to obtain final approval, the organisation's requirements had changed and support was required to adapt the proposed piece of work. Once again, this advice was free to the applicant organisation. 4 organisations obtained support at this stage, 3 from BACEN and one from a combination of BACEN, BEST and BRAVE.



Although this free advice was provided by established support organisations, in some cases the advice provided was felt to be inappropriate.

In addition to the successful applications, there was an almost equal number of unsuccessful applications.

All respondents stated that they valued the advice and support provided by Quartet. As administrator of a large number of grants, the organisation occupies a key position. Its

relationship with individual organisations, local knowledge and understanding of national issues give it a pivotal role, uniquely placing it to signpost additional or alternative sources of funding, as well as effecting introductions to other organisations with complementary activities or aspirations. These characteristics beneficially complement the independence provided by using an arm's length body to administer the Fund.

A number of respondents commented that the application and approval process could be quite long. As noted above, this could result in the organisation's needs having changed. This could be compounded in the event that that organisation had received unsuitable advice from a support provider, with the result that the appointed expert was engaged to do work that they felt was inappropriate. It should be noted that organisations were advised not to recruit consultants until approval was granted and the recruitment process often extended the perceived delay from application to the start of work.

In a small number of cases we received feedback about inadequate performance by consultants. One potential solution to this would be to provide some form of accreditation or approval process. However, at the consultation seminar, views on this were mixed. Some participants felt that such a process would be useful. Others felt that this issue is more about the support organisations helping applicants to be clear about what they are seeking to achieve from the consultant and developing a brief that enables the requirement to be conveyed accurately and a management process that effectively monitors performance and progress against their intended outcomes.

A key objective of the Fund was seen as enabling 'transformation' of the organisation so that it would be able to improve performance. In practice however, the social purpose of the organisation or the specific business growth opportunity it wished to exploit were also under scrutiny and consideration by the Panel. In other words, the likely social outcome was considered and approved (or rejected), not merely organisational performance in isolation from social impact: the outcome (what the organisation would be able to do as a result of this grant) was as important as how the organisation's skills and management practices might improve.

## **Conclusions**

The application process and guidance is commendably simple. However the high level of rejections, particularly those not providing evidence of a specific business growth opportunity, suggests that there is scope for a review of the criteria and guidance documentation to ensure that they are clear to applicants. This will reduce the number of

inappropriate applications, which waste time for both the applicants and the Panel.

The availability of application forms on the web improves their accessibility for potential applicants. However, it also opens the way for applications from organisations that have not taken prior advice. We believe that application forms should not be available via the web, thus ensuring applicants have, as a minimum, an initial conversation with Quartet at which the relevance of their proposal can be assessed briefly and a recommendation made to consult a support organisation, if appropriate. An alternative would be to compel all applicants to take advice from a support organisation. However, this would require the organisation to be resourced to undertake this role, possibly diverting funds away from the grant pool. (Although this may be impacted by new arrangements for business support for social enterprises)

The development of a concise resource pack for applicants could be a mechanism to provide standardised advice on the selection and management of contractors, ensuring knowledge transfer etc. thus reducing the load on Quartet staff and support organisations. This pack could be incrementally revised and available on the web, thus representing an accumulated body of knowledge related to the SEBDF which is accessible to all social enterprises, irrespective of whether or not they choose to apply to the Fund.

There could have been greater potential for the delivery of ad hoc advice by the Panel had the applicants attended the Panel meetings. This would also have provided an opportunity for the Panel to gauge the 'passion of the applicants' – something that was not possible from a simple, two page form.

A requirement for the organisation to evidence clear, established plans to develop towards sustainability, perhaps informed by the use of tools such as PERform, will assist the decision making process.

### **8.3 Payment of experts**

Payment was made to the applicant organisation on submission of a contractor's invoice, accompanied by a statement that the work had been carried out to an acceptable standard. There were no adverse comments about this procedure.

Paying the contractor directly would have been administratively more straightforward but this mechanism was intended to reinforce the involvement of staff in the work of the consultant. Even so, we received a number of comments that the quality of some contractors' work was less than satisfactory.

In one case, the consultant was undertaking such specialised work that the organisation had no datum against which to judge his performance. As such, although the work was extremely useful, staff members were unsure about whether or not it represented value for money.

## **Conclusion**

Routing payments in this way is a sound principle to reinforce staff involvement in the expert's work. However the suggestion that some contractors failed to provide high quality work indicates that there is a need to provide further support or guidance materials to help applicants define clearly the consultant's brief and to manage the consultant's work more effectively.

This issue also prompts consideration of some form of quality standard or approved contractor list. This may be pre-empted in due course by wider moves in respect of qualifications and accreditation of business support professionals.

## **8.4 Monitoring**

In addition to ensuring that contractor invoices are signed off by the organisation, each recipient of SEBDF funds was required to complete a brief evaluation form after a 6 month interval.

As with the Fund criteria, the monitoring form appears to have evolved with experience and 2 versions were used. The earlier form asks for a general assessment of project achievements and general assessment of the benefits of engaging with the Fund. However, in the later monitoring form the questions had firmed up to be more specific to SEBDF, asking for an assessment of business growth, coupled with asking the organisation to assess this level of growth against the measures they had in their original application.

Monitoring reports were summarised for subsequent presentation to the Panel by Quartet staff.

Forms were completed to a variety of standards – some provided considerable detail, others gave more cursory answers. In one case a blank form was on file and in another, no form appeared to be in the file (although a full copy of the consultant's report had been provided). In both cases, Quartet staff had been in contact with the organisation to ensure they had captured outcomes, as evidenced by the monitoring summary report to the Panel.

All three case study organisations commented that the interview for this evaluation was useful, providing an opportunity to reflect on the value of the grant and what had been achieved as a result of it.

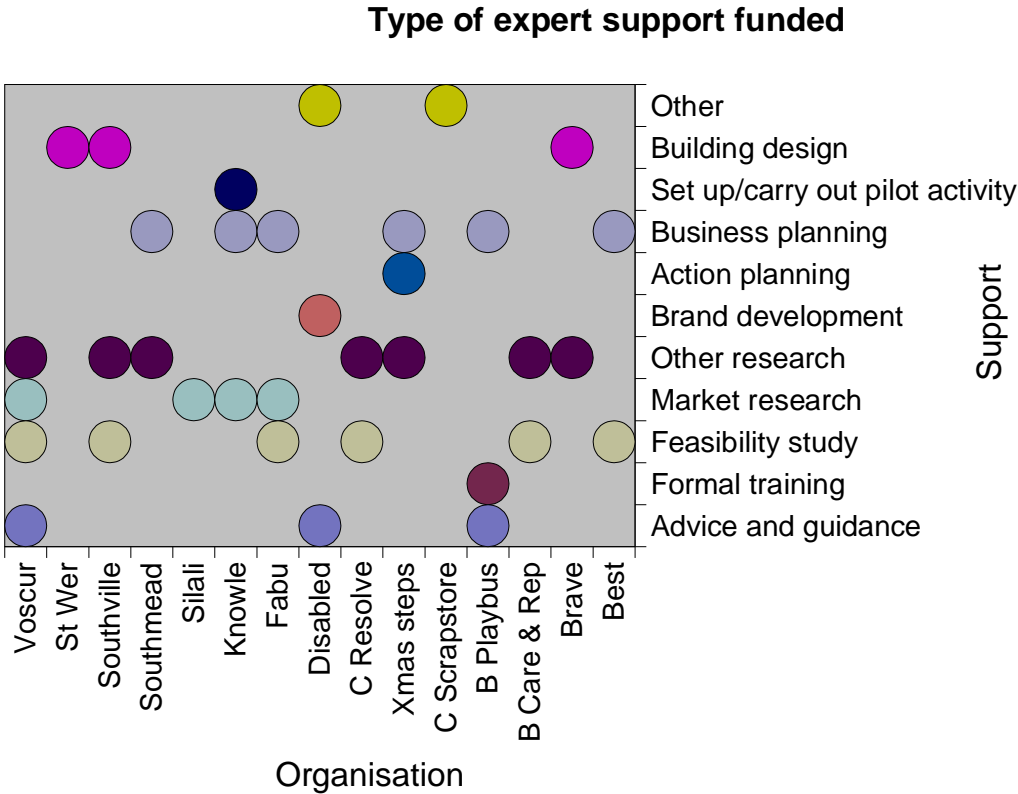
### **Conclusion**

Post hoc monitoring is always difficult - organisations are busy and have moved on to other priorities, staff may have changed. The SEBDF system appears to be a reasonable compromise, providing accountability and the data necessary to review benefit, without requiring a disproportionate level of administrative effort.

It was apparent that in many cases the full benefit of the work was only now being realised. As a result, a 6 month monitoring time frame may not enable the full value of the Fund's input to be accurately reflected.

### 8.5 Purpose of grant

SEBDF guidance materials detailed a number of activities that could be the subject of a grant application. These are summarised in the matrix below<sup>5</sup>, together with the distribution of successful applications against the category for which the application was made.



The majority of groups accessed professional support to enable them to undertake *organisational change*. This included assistance to test the feasibility of developing new products or services in order to generate income whilst others used experts to support changes in organisational structure or aspects of business or strategic planning, including undertaking market research.

Other groups required *professional technical support* – for example building surveys and building design schemes, developing a database or upgrading financial accounting systems: two groups accessed design support for marketing and promotional activity.

<sup>5</sup> This figure excludes Momentum and Greenleaf, which have closed.

In a number of cases it was clear that support had been requested because the organisation did not have the *capability* to undertake the necessary work. In other cases it was apparent that the organisation already possessed the capability but did not have the *capacity* to undertake the activity. In either case, in order to enhance sustainability, it is essential that the work of the consultant created an embedded change within the organisation. The Fund offered the opportunity for part of the grant to be used to enable a key staff member to work alongside the consultant, thereby ensuring that the capability of the staff body was increased. However this need to embed change remains a concern for us, particularly where the organisation is using the consultant to boost capacity, and we received feedback in a small number of cases that the consultant had 'been left to get on with it'.

Two organisations marginally changed the purpose of their intended activity after award. In one case, a slight modification was the result of recognition that some organisational change was necessary before the work to achieve the original purpose could be carried out. In the second case, it became apparent that the scale of organisational change was larger than anticipated and, as a result, they sought and obtained approval to via all the granted funds to buy more consultant time.

The range of applications echoes the discussion at the final consultation seminar regarding the range of interpretations of the Fund's objectives:

- The Fund is about supporting organisations that *want* to adopt a business model for their operations
- The Fund is about helping organisations to explore without risk *whether* they want to adopt a business model for the organisation: it is one of very few small grant funds to enable organisations to explore this question
- The Fund is about growth in an organisation, to enable it to have an impact in the local economy as well as a social impact.

## **Conclusions**

Applicants should be strongly encouraged to allocate key staff to work alongside the contracted expert, particularly in cases where a motivation for the application is lack of capability.

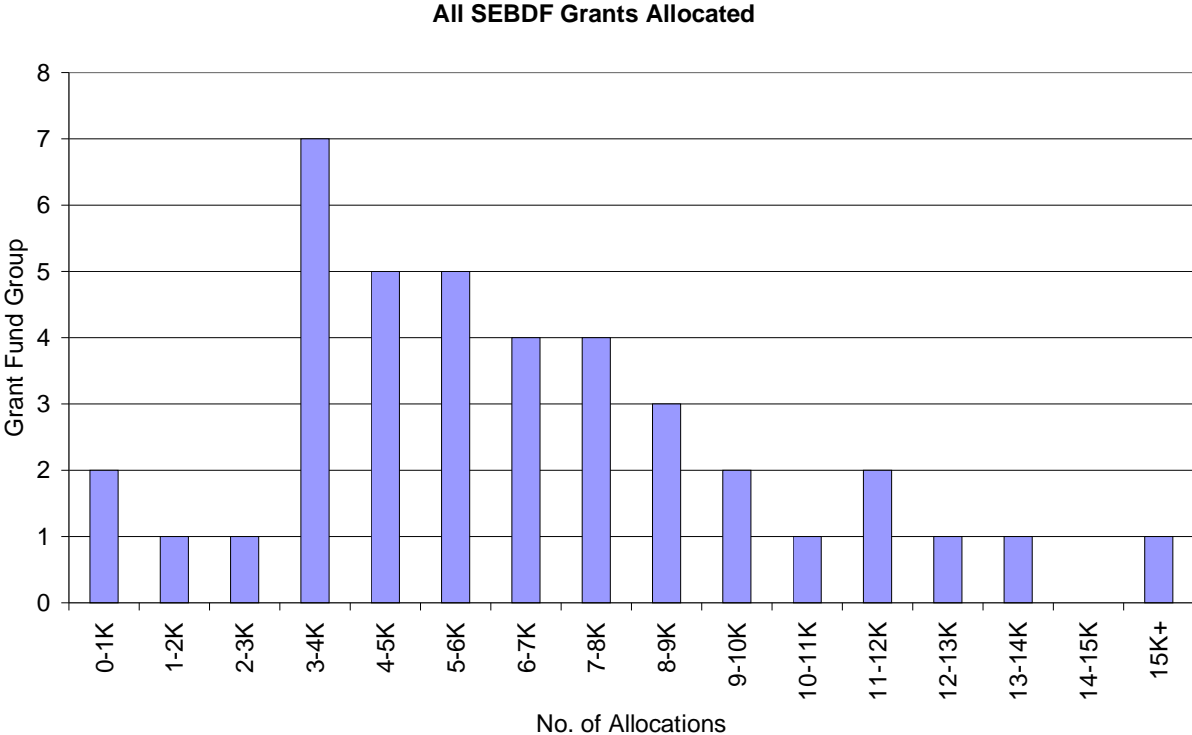
Board engagement with the work of the consultant should be strengthened through an obligation on the contractor to meet briefly with the Board at the start and end of their work. The former, which could be fairly informal, would reinforce Board engagement. At the latter meeting, the contractor should briefly outline the work undertaken and make reference to any

actions s/he considers necessary to ensure that the outcomes are embedded. This will ensure that the Board is engaged at a strategic level with any issues necessary to consolidate the organisational change, for example further skills development. In addition, it will reduce the risk of new knowledge and understanding being lost to the organisation if a key member of staff leaves.

Irrespective of the reason for each individual application, the Fund is concerned with supporting transformation in culture and practice; it is not concerned with capacity building. Organisations applying to the Fund should therefore be stable and committed to such transformation in order to justify investment from the Fund.

**8.6 Amount of grant**

We had anticipated that most organisations would apply for the maximum or close to maximum grant but this does not seem to have been the case, with a wide range of grants awarded and an average grant of £6212.



The opportunity for applicants to engage in dialogue and revise an application was noted in several cases and was seen to be a major benefit. Organisations invest considerable effort in preparing grant applications and this effort is normally lost if the grant is declined. As noted above, the SEBDF process enabled a revision of the application so that even if the whole

sum was not granted, a smaller amount could be awarded for a more limited activity.

## **Conclusions**

The comments received suggest that the range of allocations was, at the time, appropriate to enable recipients to undertake significant and effective pieces of work.

As and when the Fund is reopened, consideration should be given to raising the upper grant slightly to reflect increased costs.

## **8.7 Outcomes**

Of all successful applications, 2 returned part of their grant, in one case because they completed the work for less cost than had been anticipated, in the other because they were unable to complete the work.

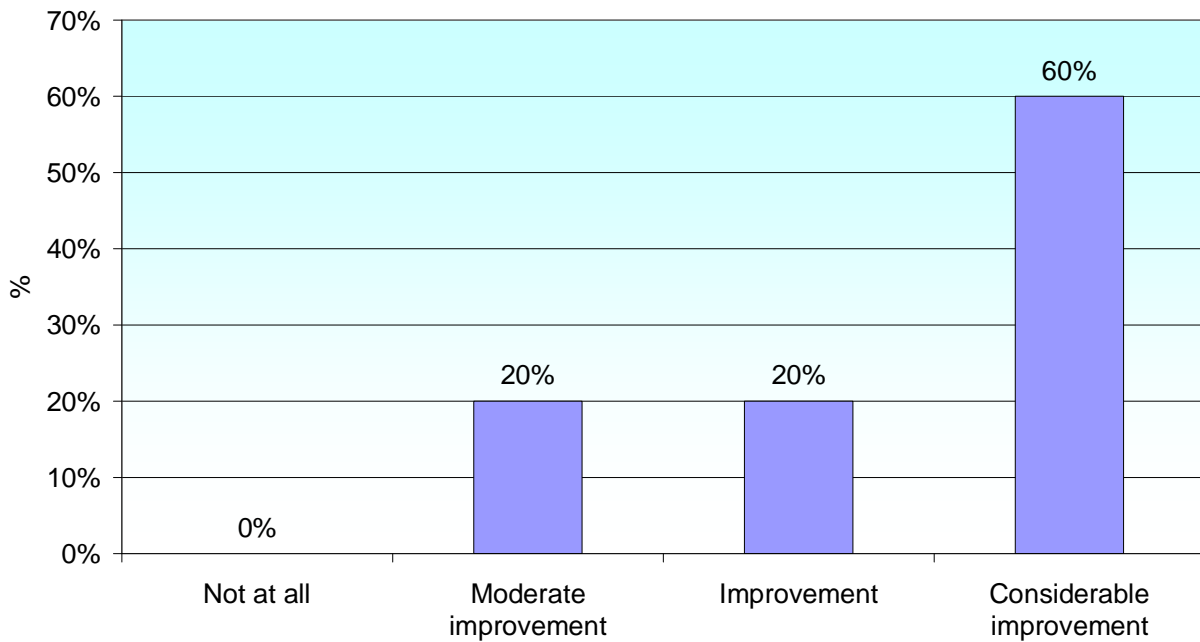
One organisation subsequently dissolved as a cooperative and another closed, having concluded, as a result of the consultant's analysis, that it was not financially viable. Whilst these could be seen as negative outcomes, it may be argued that a planned closure is a better process than a succession of financial crises leading to eventual closure.

A frequent comment was that the SEBDF grant supported the 'first step on a ladder.' As such it was an essential facilitator for the subsequent development of the organisation towards its intended goal, the specified business growth opportunity and, beyond that, to other developments.

Of the 15 members of the sample group, 7 stated that they had successfully completed their specific business growth project, 6 were still in the process of pursuing the business opportunity and 2 had been unable to complete. In the latter cases, one organisation had put their project, a building purchase, on hold whilst considering an alternative, better opportunity; however the funded work had informed their exploration of this new opportunity. The second had abandoned the specific project but explicitly stated that the work had been invaluable in enabling them to exploit other opportunities.

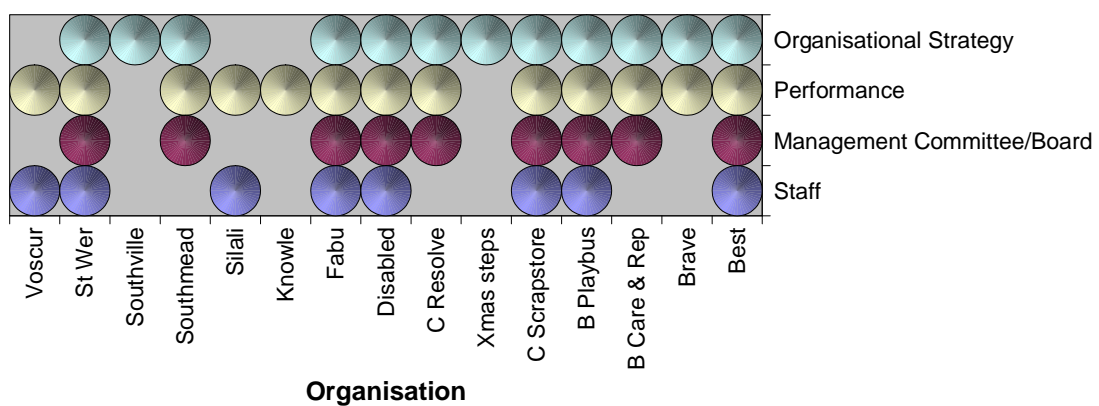
Respondents were asked to comment on the extent to which their organisation's capability had improved as a result of engaging with the SEBDF process. Responses indicated overwhelmingly that the process had been effective in improving their capability.

**After the SEBDF grant did your capability improve?**



Furthermore, rather than providing limited benefits, respondents in the majority of cases felt that benefits extended to multiple aspects of their operation and management, as shown by the following diagram<sup>6</sup>:

**Areas of improvement**



The availability of support throughout the application process and after approval was

<sup>6</sup> This excludes Momentum and Greenleaf.

intended to ensure that organisations were enabled to recruit and effectively manage their contracted expert. Comments received during the interviews suggest that this experience has impacted positively on the confidence of staff to engage and manage contracted experts - of the surveyed organisations, 73% have subsequently employed other experts.

One of the main potential outcomes of the consultants' work was to provide leverage to obtain other resources. In the case of the sample group, an analysis of the monitoring reports provided at 6 months shows that only one organisation stated that it had not leveraged further funds. One organisation needed to undertake more organisational change before applying for funds whilst 6 were awaiting the outcome of various applications that had been enabled by their expert's work. Following up these organisations suggests that over £4.1m of funding has been obtained as a result of the initiatives started with the support of the Fund. This is undoubtedly an underestimate since a number of organisations have not yet fully exploited their business development.

### **Conclusions - value of the overall investment**

From monitoring reports and responses received during our interviews it is clear that the support of the Fund was extremely valuable to recipients. It was instrumental to achieving positive outcomes in a number of ways - the work undertaken provided leverage to obtain substantial further funding, it enabled organisations to make a step change in structure or products/service delivery or it enabled organisations to develop an evidence base to support such changes. Furthermore, it led to an increased capability within the organisation, contributing in many cases to the engagement of other experts to provide specific support to exploit other growth opportunities.

## **8.8 Drivers for the business development and decision making**

On the basis of our interview evidence, the primary drivers for change came from the recognition by staff of the need to exploit new opportunities to raise finance and by doing so, break away from the cycle of grant dependency and/or raising donations.

In all cases, it was clear that Boards were very supportive of staff but they understandably required evidence of the necessity for change and reassurance that, by changing, the objects and security of the organisation would not be compromised. Moving to an enterprise model involves a considerable change in mind-set for some people and it was made clear to us that the work of the SEBDF funded consultant was often critical in facilitating Board members to become comfortable with such an approach, as well as creating a robust case for the Board to endorse the desired change.

The move towards an enterprise model creates tensions within many organisations, particularly in respect of possible conflict between the requirement to meet client needs and the need to generate income. In addition, the speed of decision making required for 'business' activity can be much faster than that of traditional voluntary sector activity (this is also the case with the decision making processes of many funding bodies) making it necessary for organisations to change management processes and, perhaps, delegate more authority to paid staff. In addition, Board attitude towards risk can be very different from that of private sector enterprises – social enterprise Boards can take a more custodial, less commercially aggressive, role.

None of these issues are specific to SEBDF, however they are crucial in any move towards an enterprise model.

## **Conclusion**

If, as suggested above, a resource pack is developed, it should contain information for Board members to help them understand the issues involved in moving to a social enterprise model, particularly those relating to speed of decision making and attitude to risk.

## **8.9 The risk and commitment involved using the grant funding**

As noted above, for those organisations that took advice, the availability of support greatly reduced the risks associated with submitting an application. Working with a support organisation provided the opportunity to plan the work of the consultant and set up processes to ensure that s/he could be managed effectively to obtain maximum benefit, both for the short and long term. In theory, this supported approach also ensured that the application would fit the Fund's criteria and therefore be successful, so avoiding the waste of effort involved in preparing an unsuccessful bid.

Application for SEBDF funding clearly indicated a commitment to change, a factor that was reflected constantly in comments relating to the ongoing development of the various organisations. The resulting change varied from organisation to organisation – in some cases resulting in an expansion of activity and/or headcount, in other cases in the loss of areas of activity in order to position the organisation to exploit new business opportunities. As noted, in two cases the organisation's closure was expedited as a result of their consultant's work.

As noted above, we believe that Board engagement should be enhanced through meeting the contractor at the beginning and end of the work. This will ensure that the Board is alerted

to any actions that will be necessary to embed and sustain the change and give them the opportunity to reflect on the issues of decision making and attitude to risk. It will also reduce the risk of new knowledge and understanding being lost to the organisation as a result of staff churn.

## **Conclusion**

Organisations taking advantage of support during the application process are likely to reduce the risks associated with using SEBDF to facilitate change. The role of the support organisations can and should be to enable the organisation to consider not only the mechanics of the application and the subsequent management of a consultant but also the implications of the resulting work for the organisation's development as a sustainable enterprise. This may best be achieved through the consistent use of tools such as PERform.

As previously suggested, resources should be available to assist Boards [of organisations applying to the SEBDF] to understand the issues around management of risk and the likely need to make changes in management processes.

## 9 Recommendations

Based on our conclusions we make the following recommendations for improvements in the Fund.

1. SEBDF guidelines should be reviewed and revised to improve their clarity by explicitly stating the aims of the Fund and the approval criteria. Such change should accentuate the intent to enable a *step change* within the organisation as well as enabling the completion of a particular project (*the specific business opportunity*). Greater clarity will reduce the number of inappropriate applications.
2. The application form should not be available on the Internet. This will ensure that all potential applicants have an initial conversation with the Fund administrator during which the appropriateness of their idea can be tested against the criteria and, where necessary, the applicant can be signposted for expert support. This will reduce the number of inappropriate applications and enhance the overall quality of applications submitted.
3. Capability increase, in the form of knowledge and skills transferred from the consultant, is a significant potential benefit from using the Fund. Guidelines and application documents should be revised to reflect this more strongly. In particular:
  - a. The guidelines should emphasise the importance of embedding learning within the organisation. The current reference to the possibility of using some funding to support key staff to work alongside the expert is insufficiently strong.
  - b. Application forms should provide evidence of a pre-application assessment by the organisation of their capability and performance, to establish a baseline for measurement of growth and increased capability.
  - c. Guidelines should encourage applicants to ensure that the consultant briefs the Board at the beginning and end of their work. This will reinforce Board engagement with the activity and help to ensure that Board members understand the strategic implications of any resulting change, including the implications of embedding new knowledge and skills.
  - d. Guidelines and application documents should make clear that applications will only be approved where there is clear evidence of a commitment to sustainability
4. Monitoring forms should be reviewed and revised to link explicitly to scheme criteria.
5. The Fund should develop a resource pack for applicants. This would be a tool to provide

standardised advice on issues relating to the Fund such as evaluating & managing risk, the selection and management of contractors, strategies to ensure knowledge transfer etc. This would reduce the load on the Fund administrators and support organisations. This pack could be incrementally revised and available on the web, thus representing an accumulated body of knowledge related to the SEBDF which would be accessible to all social enterprises, irrespective of whether or not they choose to apply to the Fund.

6. The Fund should give consideration to allowing applicants to attend Panel meetings in person. This would provide greater potential for the delivery of ad hoc advice by the Panel. It would also provide a better opportunity for the Panel to gauge the 'passion of the applicants' and thus the organisation's commitment to change.
7. The Fund should consider the adoption of some form of approved contractor status to ensure quality of delivery. This could be informed by RISE or may be pre-empted in due course by wider moves in respect of qualifications and accreditation of business support professionals.
8. Roles should be clearly distinct – applicant, expert, panel member.
9. As and when the fund is reopened, consideration should be given to raising the upper grant slightly to reflect increased costs.
10. Administration of the Fund should be carried out by an arm's length body to enable transparent and independent decision making.

## Case Study: Bristol East Side Traders<sup>7</sup>



### Social Economy Business Development Fund

#### What is BEST?

BEST was formed in 1999 by a group of local entrepreneurs who decided to work together to overcome the obstacles to successful business operations in inner city Bristol. In response to local business needs, BEST has grown and developed and now offers a range of services to new and existing businesses in Ashley, Easton and Lawrence Hill. However, BEST's work doesn't merely focus on direct business support - it also works closely with the local community to tackle the physical and environmental barriers to successful business.

BEST's services include the provision of:

- Confidential business advice on a one-off or ongoing basis
- Financial advice
- Support to locate suitable premises and negotiate with landlords and the planning authority
- Marketing advice and the provision of marketing channels such as the 'Visit Eastside'<sup>8</sup> online directory
- Working with local communities to overcome barriers to enterprise, focusing on small areas to consolidate successes
- A quarterly newsletter, which is mailed out to 1,500 inner city businesses and entrepreneurs
- Providing input to policy development that affects local businesses

#### Why did BEST apply to SEBDF?

Like many other not-for-profit organisations, BEST's life has been a mixture of delivering service and finding funds to enable it to continue in existence. Uncertainty around funding detracts from staff morale and diverts management effort away from developing and delivering the services that are needed by the organisation's clients. Short-term and project-oriented funding can mean a stop-start existence with service development driven by the

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<sup>7</sup> <http://www.bristoleastsidetraders.co.uk/>

<sup>8</sup> <http://www.visiteastside.co.uk/>

imperatives of project targets, rather than the imperatives of the local businesses and new starts.

However, BEST saw the opportunity to develop longer-term security of funding whilst offering a much needed service to its community. By purchasing property, BEST had the opportunity to increase the supply of managed workspace within the inner city *and* develop a sustainable income stream – a perfect win-win.

Unfortunately, the organisation recognised that it had a serious capability problem in terms of understanding the complex issues around asset development and management. Without this expertise, there was a high risk that any foray into property purchase would end in disaster, jeopardising all that the organisation had worked towards for many years.

The availability of funding through SEBDF offered BEST the means to overcome this deficiency. SEBDF funding provided a mechanism to employ a consultant who had the specialist knowledge that was required to conduct a feasibility study. This enabled BEST's staff to develop a business case and the understanding needed to exploit their potential opportunity. In addition, the use of an acknowledged expert meant that the Board could be reasonably confident that any subsequent proposals would be viable –vital to instil confidence with regard to the risks of making operational changes and in view of the Board's role to safeguard the organisation and its service delivery.

### **What was their experience of the application process?**

BEST learned about the Fund through local networking and contacted Quartet to obtain the relevant documentation. This resulted in a dialogue with Ronnie Brown about their proposed work, *“Dealing with Ronnie was great, he was very professional,”* with the result that a £9,000 grant was approved in June 2004 the purpose of which was, *“To support the increase of managed workspace in the area for the benefit of the local economy”*.

BEST did not feel it necessary to make use of any of the [free] support services, other than their conversations with Ronnie Brown. They specifically made the point that the opportunity to engage in dialogue and negotiate over proposed work and funding levels is very important because it means that the organisation gets something and effort is not wasted: this was in marked contrast to many grant schemes which simply accept or reject applications. They also made the point that Quartet is well positioned to signpost to other grant schemes and/or organisations with similar needs or required skills.

In retrospect, BEST feels that it required a substantially bigger grant to enable it to

understand the issues in full. However, they stressed that the funded activity was “*one step on a ladder*”. In the event, Objective 2 funding enabled them to take their work further.

### **What was their experience of using an expert?**

BEST drew up a brief to support their consultant recruitment and this was signed-off by their Board.

BEST set about recruiting a consultant through an open tender process which was advertised in specialist journals. They required an expert with a very particular skill-set that was not available in the region and recruited a consultant who was based in London. The selection process was led by the Board, members of which were involved in the interview process and monitoring meetings.

This individual had a very high level of relevant experience whereas BEST was very inexperienced in the field and this created a problem. Because of the disparity, BEST found it difficult to monitor the consultant’s work – they had few points of reference and didn’t know what questions to ask. As a result, although the outcome of the work was very positive, they were left with some concerns about whether or not they had been able to obtain full value from their consultant’s expertise.

However, staff worked closely with the consultant and there was a high level of Board commitment to the work. As a result there was a considerable amount of organisational learning that was derived from this phase and this was built-upon by the subsequent Objective 2 activities. The result has been that the skills and knowledge of the expert have been substantially embedded in the organisation and will contribute to its long-term sustainability.

### **What was the outcome of this work?**

Although the SEBDF funding was limited, it resourced a critical input which enabled BEST successfully to apply for other funds. These provided the additional resource to continue to develop their expertise in asset management and to undertake the detailed work necessary to develop their business plan. In addition, the work dovetailed with other BEST activities – particularly the development of local action plans.

As a result, BEST successfully bid for £3m of Objective 2 funding. Although this money was for a range of initiatives, it included £904,000 specifically for building purchase, the key focus of the SEBDF application.

At the time it applied to the Fund, BEST had 11 staff and a turnover of c£500,000 p.a. The organisation now employs 13 full time staff as well as 18 others who are contracted on a freelance basis; in addition they fund 7 posts in other organisations. BEST's turnover is now in excess of £800,000 p.a.

In addition, BEST learned a lot from the experience of working with their SEBDF funded expert and, as a result, they have improved their processes substantially and now work routinely with professional contractors.

### **How have they changed, where are they going now?**

The impact of the process started with SEBDF funding has been significant. Conrad Peberdy, BEST's Managing Director, feels that as a result of this work, the organisation now has a much better skill-set relating to asset acquisition and management. This includes a better awareness of the issues among Board members, not merely of technical matters but also of the need to change management processes to accommodate effective operation in a more entrepreneurial setting.

The knowledge gained through working with the contracted expert has enabled BEST to recruit a member of staff with a skill-set directly related to this area of activity. This not only benefits the organisation, it also means that they can deliver a more comprehensive and effective service to their clients.

The experience they have gained has also provided other beneficial spin-offs. As a result of the data they have gathered and their understanding of the inner-city property market, BEST is now seen as a key player. The organisation is frequently consulted on development proposals, to the extent that they now employ a community planner, and they run community-based planning consultation processes.

Most importantly, as a result of the expert's input and the follow-on Objective 2 work, BEST has been able to embark on a 5 year development plan. At the end of this period, if their objectives are met, the organisation will be 50% self financing.

All of this was started through the work funded by the SEBDF. In Conrad's words, "This first step was vital. It's very hard to get funding to support organisational change. Most funds are geared towards the delivery of a specific project and won't pay for something like this".

## Case Study: Community Resolve<sup>9</sup>



### Social Economy Business Development Fund

#### What is Community Resolve?

Community Resolve is a community-led organisation set up in central Bristol in 2003; it is a fully constituted, not-for-profit limited company with a volunteer Board of Directors. A year of volunteer effort led to the organisation starting up in 2003 with a grant of £4,000. Community Resolve operates from the philosophical basis that conflict is part of human existence and can't be avoided; its impact depends on how it is addressed – as a threat, or as a positive opportunity and catalyst for change and growth.

Community Resolve's activities utilise the principles of conflict transformation and community mediation and its work is manifest in two ways. Its original focus, as Community Resolve, runs training in understanding and working with conflict, and provides community facilitation to local organisations and groups involved in partnership work. It also addresses community conflicts that arise in residential areas around Bristol, some of which involve people from different cultural backgrounds. A second, and increasingly significant area of activity, is the Bristol Gang Awareness Project (GAP), which works with young people, across the central Bristol area, around conflict, running workshops, youth conferences, group-work and partnership work.

#### Why did Community Resolve apply to SEBDF?

In the course of its development, Community Resolve has trained and worked with hundreds of adults and held workshops that have been attended by over 3,000 secondary school pupils. Its expertise is nationally recognised and has been increasingly sought after.

Like many other not-for-profit organisations, Community Resolve has been dependent on funding from a wide range of sources. Its gang awareness work attracted a significant grant from the Home Office which supported a significant but temporary expansion in activity and staffing. This funding was hugely valuable but it was recognised that this was very much a one-off. However, it reinforced the appreciation of the organisation's skills and expertise which was also evident from the rising demand for its training courses.

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<sup>9</sup> <http://www.communityresolve.org.uk/>

Clearly there was some potential for the organisation to sell training programmes and other services to corporate or other clients. By doing so they hoped to be able to generate an income stream that would support the delivery of services to clients who cannot afford to pay.

SEBDF funding offered the opportunity to engage a consultant to carry out a market research exercise that would inform the organisation about the feasibility of generating regular income in this way.

### **What was their experience of the application process?**

Community Resolve undertook a one-day exercise to produce a fund raising strategy (The consultant who led this exercise was not the same as the one who undertook the SEBDF work). During the course of this day, they came across information about SEBDF and recognised that it could provide them with the resources to explore their ideas.

They found the application process very straightforward although they found inconsistencies between the documentation available on the website and that provided directly by Quartet; the former having not been updated to reflect recent changes. They had considerable in-house expertise at writing bids and their proposal had simple, clear objectives. As a result they had no need to make use of any third party support. Their application for a £3000 grant to undertake a feasibility study was approved in June 2005.

### **What was their experience of using an expert?**

The SEBDF guidelines require the selection of an expert on the basis of three quotes. This process was felt to be a big administrative load for a small, over-stretched organisation, particularly when the field was very limited in terms of individuals with the required expertise and understanding of their area of work. This was explained to Quartet and Community Resolve was given approval to appoint on the basis of a single quote.

Their selected expert was brought in with a brief to explore market opportunities, identify potential products to meet those opportunities and to consider organisational structures that would enable the delivery of these products to be supported in the future. Some of the skills to carry out this work were already within the organisation but the contracted expert brought in a wider skill-set.

The work was successfully carried out and the outputs were incorporated into the organisation's business plan.

The expert has been given an ongoing part-time role to develop contacts. This often follows on from other pieces of work but the process of confirming the work required can often take a long time.

### **What was the outcome of this work?**

Community Resolve is now earning income through training, facilitation and working on specific community conflicts. All their training and other services are charged on a sliding scale, depending on ability to pay and, as intended, higher level fees are used to support activities for those who cannot pay, or cannot pay in full. However, this is a developing income stream, not yet a torrent. The organisation could sell its services nationally but is highly conscious of its origins and the need to service its local communities, so this opportunity has been resisted.

Hen Wilkinson, Community Resolve's M.D. observed that, "this was only a small piece of work but it has been influential in shaping internal thinking and leveraging other support." She also noted that it is only a first step and that the organisation has more work to do in order to develop fully into a community enterprise.

The Board is acutely aware of the need to develop sustainable income and whilst challenging the evidence base to test its validity, has been supportive about the necessary changes in the organisation.

At the time of application, Community Resolve turned over about £60,000 p.a. and employed 4 staff. Now they turnover about £80,000 p.a., servicing growing demand with 2 full-time workers, a number of part-time workers, volunteers and a network of contracted sessional workers. Because of the effects of the falling-off of the Home Office funding, the full financial impact of the SEBDF funded activity has not yet become clear.

### **How have they changed, where are they going now?**

The organisation is continuing to develop its trading activities as a community enterprise. Hen noted that she would like to see a realistic structure to support organisations developing into social enterprises and this suggests that better information is required to signpost to the support already available from a variety of sources.

Despite developing this income stream, which in time could account for 60-80% of its income, Community Resolve is unlikely ever to be free of some dependency on grant funding. Its model of operation is to recruit people from the local community, individuals who have the necessary deep understanding of community needs and tensions. However the

training and development of these individuals requires considerable resources and because many of them are young, they do not stay with the organisation for long. As a result, Community Resolve has a continuous recruitment and training cycle which is likely to continue to require grant support.

Currently, Hen is awaiting the outcome of funding bids to support Community Resolve's activities until 2008; funding to support The Gang Awareness Project is already secure until 2008. Her intention is then to freeze Community Resolve, apart from commissioned work, and focus on Gang Awareness. During this period she and her colleagues will take the opportunity to review and replan the business.



### **Social Economy Business Development Fund**

What is Living?

Living, which was established in 1994 as the Disabled Living Centre (DLC) is a place where everyone can get advice and information about products or equipment which can make it possible for someone to be more independent, improve their quality of life, or make things easier for a carer.

Most of the people who manage the Living centre are disabled or older people and understand at first hand the sorts of issues faced by others and what equipment may be of use. They spend time with visitors to help them explore options and try things out.

The Living centre has over a thousand products and items of equipment on show, some to help with basic tasks, like opening a marmalade jar, to more expensive things like stair lifts, from the simple to the technically sophisticated. However, they do not sell anything but provide details of relevant suppliers. The organisation also provides advice on a range of matters related to clothing and footwear.

Living has a mobility service which provides help with everything to do with cars, for example with getting in and out, loading wheelchairs, adaptations for driving, and the kind of test necessary for someone who has had to stop driving temporarily after an illness.

Finally, they offer specialised training courses, taught by professional occupational therapists and they provide facilities for conferences at very reasonable rates.

### **Why did Living apply to SEBDF?**

The Disabled Living Centre supported in excess of 10,500 clients through a range of activities that could not be sustained; in reality the organisation was relying on reserves to fund a deficit budget.

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<sup>10</sup> <http://www.dlcbristol.org/>

Sara Burgess, the Chief Executive of the Centre, worked with the Board to address this issue. Together they recognised that their traditional approach, to use a fund raiser, wasn't viable. They could see that some of their activities offered the opportunity to bring in income but that it would be necessary for the organisation to change considerably in order to make this possible, a process that would be very difficult given the capability and capacity of the organisation at the time.

The Social Enterprise Business Development Fund offered the possibility for them to employ an expert who would be able to help them understand the issues and plan the necessary changes.

### **What was their experience of the application process?**

Living was alerted to the existence and potential value of the SEBDF by the consultant who was finally engaged as their expert; she also worked for BACEN (now known as Social Enterprise Works) and was familiar with the SEBDF and immediately understood its relevance to Living.

Living made use of 3<sup>rd</sup> party advice and support in order to frame and develop its application. This help was initially provided by the Vassal Centre Trust (their landlord) and then by VOSCUR, of which they are a member; in addition, some further advice was provided by BACEN (now known as Social Enterprise Works)

Sara described the availability of this support as 'very helpful', enabling her and her colleagues to ensure that they were able to obtain maximum advantage from what was, in reality, a very small resource input. (BACEN has maintained a continuing role with the organisation, providing them with ongoing support for organisational development. BACEN has also helped Living carry out an internal evaluation exercise and has run an away-day to help the organisation explore development opportunities).

However, Living's application to the Fund was very close to the deadline and they had no leeway to make mistakes that would require a resubmission. Through discussion with Ronnie Brown of Quartet, they were able to confirm the appropriateness of their submission and negotiate the scale of their grant request.

In September 2005, Living's application for £3000 was approved. They originally requested a higher level of grant, hoping to be able to employ a consultant for a 6 month period, but this

was reduced after discussion. However, this negotiation was welcomed, as it meant that they received some grant, rather than a simple rejection.

### **What was their experience of using an expert?**

In view of their more restricted grant, they effectively asked the consultant what she could achieve for the money and agreed that as a set of outputs. However, in the event, she provided significant added value, above and well beyond that which had been agreed, and supported both organisational and attitudinal changes.

As a result of the expert's work, Living's staff recognised that their original plans were not viable and that significant changes would be necessary – in the structure of the organisation, in its legal status and in the way in which it projected itself.

In particular, she helped them to identify the possibility of changing status to become a Community Interest Company, a structure which avoided the complication of establishing a separate trading wing whilst retaining the same objectives and providing continuity through the Board, and she helped the Board appreciate the value of such a change. She then took the organisation through this process (which turned out to be very straightforward) and in doing so, gained considerable learning herself, as well as facilitating learning for Living's key staff.

### **What was the outcome of this work?**

In addition to changing status to a CIC, Living also restructured, downsizing in terms of the space it occupied in order to free-up finance to enable their organisational changes.

The also identified the need to rebrand to reflect their new approach and the wider remit they were adopting. Their consultant identified an appropriate branding specialist who ran a very successful day for staff, Board and volunteers which resulted in agreement on a name and branding.

The process of employing a consultant was itself also beneficial. Living is now undertaking another study, looking at the case to move offices, and their management of this consultant was greatly informed by the experience of the SEBDF process.

At the time of application, the DLC employed 16 staff and turned over c£360,000. Living now has an establishment of 18 and turns over c£450,000. 49% of their funding is now derived from trading activities, the remainder coming from Local Authority commissioned activity and

some from donations.

### **How have they changed, where are they going now?**

Living is continuing to develop its business plan with the help of Social Enterprise Works and using the resources of C3, the initiative to promote and support the social enterprise sector across the West of England<sup>11</sup>. Sara is leaving shortly to become a self-employed consultant and the development of the organisation will be led by the new Chief Exec who will focus on the trading aspects of the business and who has been recruited to offer a more commercial focus.

The change to CIC status was easy, although a number of implications remain to be worked out – particularly those relating to charitable status, VAT and rates.

Relationships with suppliers have changed significantly. Under the DLC operation, suppliers of equipment loaned items to the Centre which then distributed information about the various products. Although this was a good system, it was costly to administer. When DLC began to change into Living, the suppliers were contacted, informed about the need for change and asked to make a financial contribution to the costs of delivering services.

As a result, the suppliers have now formed a partnership, 'Partners in Enterprise', to which they pay a membership fee. Users of the centre are given a 'Partners in Enterprise' brochure which gives details of the member suppliers, all of which pay a 5% sales commission to Living; they also pay the cost of the brochure production. The commission arrangement is transparent to clients as the details are printed within the leaflet. (Information about other suppliers is also available from the centre). The suppliers act as a consortium and meet together to agree which one will supply any particular item of specialist equipment to Living's centre. One member of the consortium is now on the Board of Living.

Sara commented, "Living's capability has increased to a huge extent as a result of the work supported by the SEBDF. Without the grant we wouldn't be here now - we could not have made these huge changes and we generated our first income 6 months after the process started"

## **10 The Changing Context**

Access to infrastructure and development funding to transform their culture, service delivery and organisational structures has been a priority issue for the social economy -

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<sup>11</sup> <http://www.c3partnership.org/>

voluntary/community sector and social enterprises - for many years. As the traditional routes of core funding from local authorities and other public funding streams have dried up, so voluntary organisations and community groups have sought more sustainability by diversifying their income sources to secure a mix of funding.

Recent data from the UK Voluntary Sector Almanac<sup>12</sup> demonstrates that the proportion of earned income by the voluntary/community sector has risen from 33% of overall income in 1995 to 47.5% in 2004. Even small voluntary groups that resist suggestion that they are part of the social economy or should become more 'enterprising' will now routinely generate a percentage of their income from some form of trading activity.

Alongside the need to maintain financial stability through income diversification, have come opportunities for the sector to take an increased role in the delivery of public services through tendering for public service contracts. Some larger organisations have been quick to take up these opportunities: others, particularly volunteer-led or minority ethnic community-led organisations have lacked the resources – people, skills, experience – to engage.

Central government has made £70 million available across the UK over the next two years through the Capacitybuilders (formerly Changeup) programme to enable infrastructure organisations to better support the development of voluntary and community organisations. Within the programme, the national Performance Hub, of which Quartet Community Foundation is a key organisational member, will provide specialist help and guidance on key areas of performance improvement. The following specialist areas of support will be offered by the Performance Hub to regional Changeup consortia in 2007-2008:

- getting ready to focus on performance - guidance on ways to map out the resources needed for performance improvement;
- market research into user needs and communicating success - promoting the value of marketing, of market research, and of pro-active communications;
- operational planning - focus on researching and signposting to existing resources.

The central government support to infrastructure organisations through Capacitybuilders is likely to replace, to some extent, the core funding support to local and regional third sector infrastructure agencies hitherto allocated by local authorities such as Bristol City Council – unless re-allocated within the Council's priorities for the four blocks of their Local Area Agreement.

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<sup>12</sup> The UK Voluntary Sector Almanac, NCVO, 2006

The new Community Interest Company organisational structure, within the social enterprise model, has the potential to attract social entrepreneurs who may want to make a difference but have not been attracted by existing charitable organisational forms. However, such individuals may not have the requisite business skills and experience - business planning, marketing, financial management – to successfully set up, develop, lead or transform their social enterprise. Such individuals and social enterprises need access to a range of business support and information mechanisms.

Central government has previously provided such business support and advice to social enterprises and private businesses through Business Link. Responding to the concern that the proliferation of business support schemes has created a complex picture that is difficult and time-consuming for businesses to access, the Government is now working through Regional Development Agencies to reduce the number of business support services from around 3,000 to no more than 100 by 2010. Signposting to business support and advice for social enterprises will therefore continue through the Information, Diagnostic and Brokerage (IDB) service currently provided by Business Links. However delivery of such services will fall outside the IDB model.

There are also two emerging regional and local initiatives that will have an influence on future development support measures for social economy organisations in Bristol. The first is the perceived success of the RISE<sup>13</sup> network – the social enterprise network in the South West – in providing support to both emerging and existing social enterprises. RISE has sought to ensure the quality of business support to social enterprises by developing and piloting an accreditation system for social enterprise business advisors. It is therefore likely that RISE will seek an enhanced specialist delivery role in the region that can be signposted by the Business Links' IDB service.

The second initiative is the C3 Partnership, a partnership of local infrastructure organisations based in Bristol and funded by the Equal programme. C3 is piloting a range of new business support services and providing specialist advice to improve the performance of social economy organisations in Bristol. C3 has recently received an award from the Capacitybuilders national Performance Hub for its Performance Evaluation and Review Tool which helps social economy organisations to improve their performance.

Since the inception of the Social Economy Business Development Fund in 2003, the central,

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<sup>13</sup> <http://www.rise-sw.co.uk/>

regional and local initiatives above have been developed to support social economy organisations and help them to improve their performance. This impact evaluation of the Fund is timely to provide feedback information to all stakeholders to enable them to most appropriately position such a Fund for the future.

The South West Regional Development Agency has allocated funding to Business Link to ensure social enterprise business support is available for a 6 month period ending in September. During this period, delivery of this service will be carried out by a consortium of organisations including Social Enterprise Works (formerly BACEN). For this period, the service will be co-branded 'Business Link.'

We understand that during this interim period, a bid will be prepared to fund a social enterprise business support service across the region for a further 30 months. According to current thinking, although we would stress that this is work-in-progress, this will provide c£400k per annum, about half of which will deliver a specialist IDB service with the remainder being allocated as grants to enable social enterprises to implement the resulting recommendations. This service will be single branded Business Link, to reflect the single access point principle and fit the Government's simplification agenda. This approach is supported by RISE.

We understand that the bulk of this funding will be allocated to new social enterprises. The opportunity therefore exists for a reopened SEBDF to provide funds that could enable established social enterprises to implement changes recommended as a result of the IDB process. However, there is a risk that the demand for financial support to implement changes may result in inappropriate applications to the Fund. This reinforces the need for the Fund to be a component of a suite of mechanisms which will support organisations in the sector whilst ensuring that applications to the Fund are only made by those that are stable and committed to transformation of culture and practice; evidence of a commitment to sustainability will be critical.

In Bristol, the C3 partnership is well positioned to assist social enterprises to develop their business planning in this way. Organisations that are considering making an application to the Fund should be encouraged to explore other opportunities to increase capability, such as continuous professional development. Furthermore, learning achieved through the use of the Fund should be made accessible more widely across the sector. This could be achieved, for example, through secondments or action learning sets. Shared learning across the sector should be encouraged as should the use of appropriate SME development material and

pathways. There is a strong case for the further development of RISE as a performance improvement network within the sector.

Integration with the mainstream IDB service may also provide a mechanism to quality assure the experts who are contracted with SEBDF funds. Business Link advisers are currently accredited to standards related to SFEDI<sup>14</sup>. However, a number of processes may impact on this accreditation. Under the 'Business Support as a Profession' initiative, a number of changes are taking place in the business support landscape. The Institute of Business Advisers has merged with the Institute of Management Consultants to form the Institute of Business Consulting<sup>15</sup>, under the aegis of the Chartered Management Institute<sup>16</sup> and the Business Link version of the SFEDI standards is vested with the Standards Unit of the CMI. Unfortunately, to complicate matters, SFEDI itself chose not to join with the CMI and is pursuing an alternative strategy, together with the Institute of Leadership and Management<sup>17</sup> which is the awarding body behind a series of accredited qualifications relevant to social enterprise support<sup>18</sup>

The picture in respect of business support accreditation therefore remains unclear. However, whichever route prevails nationally, it is essential that the accreditation structure recognises the need for advisers with specialist skills to work with social enterprises, an issue that has been and continues to be a concern of RISE. In addition, if organisations are supported to articulate their requirements clearly, they will be better able to define an unambiguous consultancy brief and will have an improved chance of a successful outcome. This should reduce reliance upon accreditation structures.

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<sup>14</sup> <http://www.sfedi.co.uk/>

<sup>15</sup> <http://www.ibconsulting.org.uk/>

<sup>16</sup> <http://www.managers.org.uk/>

<sup>17</sup> <http://www.i-l-m.com/home.ilm>

<sup>18</sup> <http://tinyurl.com/2ohrwm>

## 11 Funding Support

The funding requirements of social economy organisations cover the broad spectrum of organisational and product/service development: start up and business growth, staffing and systems, publicity, promotion and premises.

Many organisations at the charity end of the social economy spectrum have come to the SEBDF as they seek to become less reliant on grant income and to move toward a mixed economy of funding, part grant, part contract, part sales. However, although most social economy organisations would aim to be sustained by earned income, in practice many, particularly the smaller organisations operating at neighbourhood level, are in existence because of the failure of the market. These organisations will always rely to some degree on grant income.

Our evaluation respondents typically commented on the value of the SEBDF, where other key sources of grant income are increasingly oversubscribed. The initial route to funding for most social economy organisations is the Lottery – and then charitable trusts - but some stumble over the eligibility criteria, which may be problematic for some organisations structured as Community Interest Companies.

The type of funding that is appropriate for an organisation will depend on its stage of development, the market in which it operates and its potential for self-sufficiency. It is to be expected that any source of grant funding will be under pressure and it could be argued that bigger organisations, developing enterprise experience and track record, should take themselves out of the orbit of SEBDF and aim for sources of non-grant finance such as social venture capital, equity finance and high street loans. This would, perhaps helpfully, narrow the focus of SEBDF to increasing the capacity and capability of smaller organisations, helping them to enhance their potential for business growth and social benefit.

A linked issue relates to the Fund's potential to attract additional contributors. For example, the priorities for the Bristol Partnership's Local Area Agreement 2007-2010 (Economic Development and Enterprise block) are to 'Reduce Disparity and Disadvantage' and, with the introduction of Neighbourhood Management, have a particular focus at the micro level in both the Economic Development Block and the Safer and Stronger Communities Block . As the current sole contributor to the Fund, Bristol City Council will wish the Fund to contribute to its priorities. (Similarly, any other future Fund contributor will wish the Fund to contribute to *its* priorities).

Quartet is experienced at bringing together contributors – corporate, public and individual - into funding distribution strands where contributors achieve their individual funding aims as well as the overall aims of the strand. With its long experience of grant distribution, Quartet is also seen by funders and applicants alike as a safe and informed pair of hands – a perspective that was strongly reinforced in our interviews.

One approach to securing additional funding for the SEBDF would therefore be to work with Quartet to explore the potential for attracting contributors to a targeted Fund to support smaller social economy organisations seeking to develop their enterprise capability and confidence in order to tackle issues in disadvantaged neighbourhood communities.

Such a targeted Fund could be linked directly to two other support measures. The first would be support to help organisations assess and develop the quality of their performance – for example using C3 (PERform) or PQasso<sup>19</sup>. The second would be a component of our recommended resource pack, providing links to useful social enterprise funding sites (see Appendix 5). For example, the Social Enterprise Coalition website<sup>20</sup> is a valuable source of information on major funders for the sector such as Big Invest, Esmee Fairbairn and Scarman Trust.

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<sup>19</sup> <http://www.ces-vol.org.uk/index.cfm?pg=42>

<sup>20</sup> 'Unlocking the Potential: Access to Finance. [www.socialenterprise.co.uk](http://www.socialenterprise.co.uk).

## 12 Best Practice Guidance

With the increasing interest in social enterprise as a business model, it is likely that other Authorities and funding bodies will develop grant schemes to assist organisations to make this transition.

Based on our experience of carrying out the evaluation of the Social Economy Business Development Fund, we believe that any such scheme should accommodate the following aspects:

- The scheme should have a simple, clear application process which attempts to minimise bureaucracy, with administration carried out by an arm's length body.
- Monitoring of the scheme should be proportionate and monitoring forms should be explicitly linked to scheme criteria.
- The scheme should have agreed eligibility guidelines which should be reviewed annually against the performance of the scheme, taking into account feedback from applicants.
- The focus of funding should be to increase capability by enabling organisations to access skills not available in their local infrastructure – the role of the expert should therefore include embedding learning, skills and knowledge into the organisation.
- Applicants should be able to access advice on eligibility before preparing an application, initially from the scheme administrator but with more in-depth support available where necessary.
- Applications should be considered by a Panel which has a high level of practitioner expertise.
- Roles should be clearly distinct – applicant, expert, panel member
- The approval process should seek evidence of Board involvement and ownership of the work of the consultant.
- The approval process should seek evidence of a pre-application assessment by the organisation of their capability and performance, to establish a baseline for measurement of growth and increased capability.
- To reduce reliance upon formal accreditation or approval processes, a key focus of support should be to enable applicants to carry out effectively the commissioning process – to ensure clarity of the brief – and to implement efficient processes to manage the work of the consultant.
- An important criterion for consultants on this list should be their ability to transfer knowledge and skills effectively to the staff and Board of applicant organisations.
- Support to the Board should be available to assist in the selection and management of

any consultant.

- A set of standard resources should be developed to support and facilitate the operation of the scheme, to reduce load on the scheme administrators.
- Local networks should be leveraged to enable social enterprises to share experience, skills and knowledge and so increase the capacity and health of the sector.

## **Appendix 1 - Acknowledgements**

We are grateful to the following for their assistance in carrying out our work.

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Christmas Steps & St Michael's Association, Denise Hope;  
Community Resolve, Hen Wilkinson;  
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Knowle West Media Project, Carolyn Hassan;  
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Southmead Development Trust, Ian Steele;  
VOSCUR, Rebecca McDougall

And to those individuals who attended the consultation seminar (see Appendix 7)

**Appendix 2 – SEBDF guidelines**

**Appendix 3 – SEBDF application form**

## Appendix 4 – Questionnaire

	<b>Phase 1/2 data gathering.</b>
<b>A</b>	<b>Basic Information</b>
A1	Name of Organisation
A2	Name of respondent
A3	Is this person the SEBDF named contact? Y/N
A4	If not, approx when did he/she leave?
A5	Are you an employee or Board member or both
A6	Date of phone interview
A7	Size of Organisation
A8	Length of Time Established
A9	What is the structure of the organisation? <ul style="list-style-type: none"> <li>• unincorporated association</li> <li>• company ltd guarantee</li> <li>• company ltd shares</li> <li>• Industrial &amp; Provident Society</li> <li>• Other e.g. Community Interest Company</li> </ul>
<b>B</b>	<b>Grant Information</b>
B1	How did you hear about SEBDF?
B2	Month/Year of Grant(s)
B3	Purpose of Grant(s)
B4	Size of Grant(s)
B5	Is the main Contact still with your Organisation?
B6	Was the grant used for different purposes than those you originally envisaged? Yes / No
B7	If yes, why did this change take place?
<b>C</b>	<b>Support from Experts</b>
C1	Did you make use of free expert support prior to making application? Yes/No
C2	If yes, from which organisation? <ul style="list-style-type: none"> <li>• Avon CDA</li> <li>• BACEN</li> <li>• Black Development Agency</li> <li>• BRAVE</li> <li>• CEED</li> <li>• VISCUR</li> <li>• Other (please state)</li> </ul>
C3	If Yes, what type of support did they provide? <ul style="list-style-type: none"> <li>A. Guidance re purpose of your application</li> <li>B. Training prior to making your application?</li> <li>C. Support to formulate your application?</li> <li>D. Other (what)</li> </ul>
C4	Did you make use of further free expert support following successful application? Yes/No If yes, from which organisation?

C5	<p>What form did this additional support take?</p> <p>A. Advice and guidance B. Formal training C. Other</p>
C6	<p>Did you engage a contracted expert to provide you with support using the grant money? Yes/No</p>
C7	<p>If no, for what purpose was the grant used?</p>
C8	<p>If yes, who/what organisation provided this support?</p>
C9	<p>What form did this support take (state all)</p> <p>A. Advice and guidance B. Formal training C. Feasibility study D. Market research E. Other research F. Brand development G. Action planning H. Business planning I. Set up/carry out pilot activity J. Building design K. Other</p>
<b>D</b>	<b>Contact with Quartet</b>
D1	<p>Did you get advice from Quartet (Ronnie Brown) prior to making application? Yes/No</p>
D2	<p>Did you get advice from Quartet after submitting application, prior to panel decision? Yes/No</p>
D3	<p>If yes, did the advice result in substantial changes to application/purpose of grant? How and why?</p>
<b>E</b>	<b>As a result of the Grant...</b>
E1	<p>As a result of successfully applying for a SEBDF grant, do you feel your organisation's capability improved</p> <p>A. Not at all B. Moderately C. To great extent</p>
E2	<p>In which area(s) have these improvements been most obvious?</p> <p>A. Staff e.g. improved skills B. Management Committee/Board: e.g. improved skills/confidence C. Performance: e.g. improved delivery of services/products e.g. improved quality, more profit D. Organisational Strategy: e.g. better planning; improved understanding customer/beneficiary/client/volunteer base</p>
E3	<p>[Ref C6] The Fund provided resources to enable you to buy-in outside expertise. To what extent do you think that the whole process [advice, application, advice, engagement &amp; management of expert] has helped you and your colleagues to engage and manage other experts? Rate 1- 5, where 1 is no different from before and 5 means that you are now much more confident</p>
E4	<p>Have you, in fact, employed other experts since then? Y/N</p>
E5	<p>As a result of receiving the SEBDF grant, was your organisation able to complete your ultimate project?</p>
<b>F</b>	<b>Would you be prepared to be Case Study? Yes/No</b>

<b>G</b>	<b>Are there any other comments you would like to make at this stage?</b>
<b>F</b>	Interviewer observation: <b>How well did the contact recall the SEBDF?</b> Rate 1-3, where 1 is with difficulty and 3 is easily.

## Appendix 5 - Sources of Funding for Social Enterprise

Social enterprises by and large are characterised by a mixed economy of funding, part grant, part contract, part sales.

The distinctive feature of social enterprises is that they secure a substantial proportion of their income from selling goods or services and invest this in their social aim. However, like any business social enterprises need start-up capital and many require funding to support social activities which may not be economically viable.

Below are sources of grant funding, loans and venture capital for social enterprise.

### Social Enterprise Funders

Whereas many foundations and trusts may not be familiar with a social enterprise model the funders below specifically target finance at social enterprises.

#### Big Invest

<http://www.biginvest.co.uk/>

A Big Issue foundation initiative to provide funding for start-up social enterprises.

#### Enterprise4Inclusion

<http://www.enterprise4inclusion.org.uk/>

DEFRA sponsored fund aimed at rural social enterprise

#### Esmee Fairbairn

<http://www.esmeefairbairn.org.uk/programmes/sd.html>

Long standing foundation funds social enterprises under a programme entitled Social change: Enterprise and Independence

#### Scarman Trust

<http://www.thescarmantrust.org/>

Foundation that provides seed corn funding to "can-do" individuals.

#### Unltd.

<http://www.unltd.org.uk/>

The foundation for social entrepreneurs will provide seed corn funding to individuals that are working to make positive difference to their community.

## **Grant Directories**

If you wish to cast your search for grants more widely the best place to start is probably one of the online grant directories. Generally they charge for full access to their databases, but this may represent a worth while investment.

### **Business Link Grants and support directory**

<http://www.businesslink.gov.uk/bdotg/action/gsd?r.l2=1073866776&r.l1=1073858790&r.s=t>

Offers free grant searches for businesses in the UK.

### **Government grants**

<http://www.governmentfunding.org.uk/>

Five departments, excluding the DTi, have collaborated to provide a free directory of government funding for voluntary and community groups.

### **J4B Grants**

<http://www.j4bgrants.co.uk/>

Provide a comprehensive grants database for both business and community organisations. Limited searches are available free of charge. Charges subscription for full access

### **Trust funding**

<http://www.trustfunding.org.uk/>

The Directory of Social Change compiles a directory of all charitable trusts and foundations in the UK which is available online through the Trust funding website. Charges subscription for access

## **Guides To Financing Social Enterprise**

### **Unlocking the potential**

<http://www.socialenterprise.org.uk/Page.aspx?SP=1689>

A guide to non-grant finance for social enterprises published by the Social Enterprise Coalition.

### **Climbing the ladder**

<http://www.sel.org.uk/upload/resource/Climbing%20the%20Ladder.%20Step%20by%20Step%20Finance%20for%20Social%20Enterprise.pdf>

A guide to financing social enterprise from Social Enterprise London. Covers financial planning, finding finance and monitoring financial performance.

## **Lenders**

Social enterprises often have problems borrowing from mainstream lenders due to lack of an asset base or the fact that their profit margins are clouded by social reinvestments. Below is a list of specialist social enterprise focused lenders.

### **Charity Bank**

<http://www.charitybank.org/>

A bank set up and run by the Charities Aid Foundation to provide finance to the third sector

### **Futurebuilders**

<http://www.futurebuilders-england.org.uk/>

Government sponsored loan fund that invest in capacity building for third sector enterprises delivering public services.

### **Triodos**

<http://www.triodos.co.uk/>

A socially focused bank. Also run the ethical share exchange ethex.

[http://www.triodos.co.uk/uk/personal\\_banking/your\\_investments/shares\\_and\\_funds/?lang%20=](http://www.triodos.co.uk/uk/personal_banking/your_investments/shares_and_funds/?lang%20=)

### **Unity Trust Bank**

<http://www.unity.uk.com/>

A bank originally set up by the UK Trade Union movement, now provides loans to social enterprises.

If Social Enterprises have problems accessing finance because of lack of security they can consider applying to the Government's Small Firms Loan Guarantee scheme

<http://www.businesslink.gov.uk/bdotg/action/detail?r.s=sl&type=RESOURCES&itemId=1074447105>

## **Equity Investment and Venture Capital**

Acquisition of capital through a loan will result in interest charges. For many businesses a preferable option is to sell some of the equity (shares) to investors, who then share in the returns from the business.

However, selling equity has its own pitfalls. Public share issues are heavily regulated and will incur substantial legal costs. More importantly, many investors will demand a say in the

direction of the business, potentially jeopardising the social mission as the investor seeks a financial return. To avoid this it is important that any investor both understands and is sympathetic to the aims of the social enterprise.

Below is a list of organisations that specialise in equity and equity like investment in social enterprise.

## **Social Venture Funds**

### **Adventure Capital Fund**

<http://www.adventurecapitalfund.org.uk/>

Provide long term investment in third sector organisations to develop their capacity for enterprise

### **Bridges**

<http://www.bridgesventures.com/>

Venture capital focused on the most deprived areas of the UK

### **Impetus Trust**

<http://www.impetus.org.uk/>

Impetus aims to identify and provide long term investment and capacity building for leading third sector organisations.

### **Venturesome**

<http://www.cafonline.org/venturesome/>

A social investment fund from the Charities Advisory Trust

## **Networks**

### **International Association of Investors in the Social Economy**

<http://www.inaise.org/>

A global network of socially and environmentally minded financial institutions.

### **UK social investment forum**

<http://www.uksif.org/>

Network promoting socially responsible investment.

## Appendix 6 – Summary of grants

Name	Date of grant	Amount	Purpose of grant
Action Time Vision	10.6.04	5000	For external consultants to market research ATVs where there is no prog'.
Ashley vale Action Group	11.3.04	8000	To pay for specialist consultants to examine and enhance AVAGs business and development plans
Black Development Agency	17.9.04	3000	feasibility study into developing a property asset base for the black and minority ethnic community and voluntary sector in Bristol
BRAVE	14.3.05	5400	To fund proposals for a series of building projects to extend existing workspace
Bristol Care & Repair	11.3.04	10750	to employ a consultant to carry out feasibility study on the inability of setting up training activities providing handyperson services
Bristol East Side Traders (BEST)	10.6.04	9000	Feasibility study about BEST acquiring and managing properties to create asset base
Bristol Playbus	9.9.04	7000	Paid for delivery of weekly music workshops from converted bus. Aim is to provide a music studio in an area which doesn't have such a facility
Bristol Wireless	14.3.05	4000	To conduct market research into the voluntary sectors use of IDT and their willingness to migrate to open source software
CEED Charity Ltd	11.3.04	3800	Purchase new equipment to assist in media training
Childrens Scrapstore	11.12.03	13400	To assist in effective change of culture from a collective to a hierarchy by supporting consultant costs and IT development thereby enabling the project to increase effectiveness and income
Childrens Scrapstore	9.12.04	1600	Marketing and brand development of 'Artrageous' the childrens Scrapstore shop
Christmas Steps & St Michaels Association	22.6.05	7500	Pay for consultant to develop a local action plan and re-energise a local org
Community Resolve	9.6.05	3000	Feasibility study to look at how CR could establish regular income thro training
Cube Cinema	14.3.05	6554	Fund research into feasibility of The Cube Cinema purchasing freehold on the building it occupies and runs its business from
Disabled Living Centre	12.9.05	3000	to pay for consultant support to the DLC as part of its work to look into the development of Soc Ent

Easton Community Association	11.12.03	4500	Feasibility study
FABU UK	12.9.05	3000	Consultation to carry out and produce a feasibility study into Café Midnimo, a proposal for the work FABU UK needs to do to turn the project into a thriving Soc Enterprise
Fishponds Locality Action Group Ltd	10.9.03	843	Develop outdoor soft surface play area
Food For All Hartcliffe Food Co-operative	12.9.05	5000	Contribution towards salary costs of co-op manager
Greenleaf Bookshop		6870	Towards strengthening the organisation's systems and service to community organisations and individuals.
Grounds 4 Change	12.9.05	7500	To employ a consultant to undertake a feasibility study and produce business plan for 3 projects
Imayla	10.6.04	3000	To research activity training venues
Knowle West Media Projecct	11.12.03	11400	Pilot new trading activity to The Graphic Design Service. To develop the design and print strand of our activity with the aim of the service becoming self funding
Kuumba Project	22.6.05	4000	To develop the café bar as a way of stimulating economic development in the area offering employment and training opportunities and providing catering service to small businesses of Kumba, audiences and the local community.
Life Cycle	12.9.05	5000	To generate income and use consultant to advise on how to do this
Momentum		7890	To expand support for children and adults who are isolated
PAX Productions Ltd	22.6.05	2000	To promote org thro better marketing and publicity
Purdown Credit Union	11.12.03	6375	Set up junior saves clubs in primary schools in Lockleaze & Horfield
Silali for Skills	16.6.03	6525	To develop the organisation's database as part of its expanded training and employment service to women.
Silali for Skills		12000	To assist the organisation to develop its real nappy product.
South Bristol Advice Services	22.9.03	4500	Business plan to develop NVQ training
Southmead	16.6.03	8800	Preparation of business plan to a strategy for the

Development Trust			SDT to refocus in order to generate further income
Southmead Development Trust	11.3.04	5500	Technical analysis report produced detailing the impact on the charity of setting up a subsidiary including legal structures, management structures, board.
Southville Community Development Association	16.6.03	4830	Feasibility study for use of Southville Methodist Church as part of SLDA's expansion
Span	12.9.05	9000	To scale up pilot scheme for larger area we need to prepare applications for funding for the transitional period, marketing/recruitment campaigns
St Werburghs Community Association	2.10.03	15000	Pay for Building Design Team to prepare and submit a building design scheme for planning approval
Stepping Out	10.9.03	960	Expansion programme
Vassall Centre Trust	11.3.04	11750	Get professional support for property development/finance
Victoria park Action group	22.6.05	3000	Feasibility study looking at development of derelict lodge
VOSCUR	14.3.05	8250	Feasibility study to examine areas for product and service development, advertising/training/membership fees/consultancy services

## Appendix 7 – Consultation Seminar

A consultation seminar and workshop discussion was held at the Create Centre on May 17<sup>th</sup>.

The key messages of the draft report were presented, together with an explanation of the methodology adopted and the findings.

The outcomes of the group's discussion have been incorporated into this report.

The Seminar was attended by the following:

Jim Brown	Baker Brown Associates
Ronnie Brown	Quartet Community Foundation
Stephanie Batterbury	Bristol Community Accountancy Project
Caroline Caswell	Shop Mobility
Mike Crabbe	Social Enterprise Works
Ted Fowler	BCC C3
Chris Garcia	CN Resources Ltd
Katy Harkavy	Avon CDA
Paul Hassan	Chair of Panel
Sabrina Lee	VOSCUR
Chris Mitchell	BCC C3
Nigel Newton-Sawyer	VOSCUR
Philip Parry	Philip Parry Associates
Laurence Parsons	Scout Enterprises (Western) Ltd
Priya Patel	Social Enterprise Works
Hannah Reynolds	CN Resources Ltd
Dildar Singh	BDA
Peter Tan	CEED
Brian Titley	Avon CDA
Dick Willis	CN Resources Ltd