

EXETER CITY COUNCIL
SCRUTINY COMMITTEE – ECONOMY
10 MARCH 2011

EXECUTIVE
22 MARCH 2011

SOCIAL ENTERPRISE SUPPORT

1 PURPOSE OF REPORT

- 1.1 To provide Members with an update on the performance of the pilot project launched in April 2010 to promote and support social enterprises in Exeter.
- 1.2 To seek Executive approval for a second year of funding to continue the services.

2 BACKGROUND

- 2.1 In March 2010, this Committee supported a proposal for a pilot scheme involving the local Community Enterprise Unit (CEU) to promote and support social enterprises in the city. Funded by £25,000 from the Council, the initiative has been complementing the activities of Exeter Business Support, which assists the start up and growth of small commercial businesses and sole traders. Social enterprises generally are businesses that principally have social objectives, with any surpluses achieved ploughed back into the business or into the community.
- 2.2 The main targets of the pilot in Exeter were as follows:-
 - aim to support a minimum of:
 - 10 new social enterprises to start up
 - 10 existing ones to grow and increase their turnover
 - produce an evaluation report on the social and economic return on investment arising from the pilot project.
- 2.3 This report provides Members with an update on the performance of this project.

3 UPDATE

Performance

- 3.1 Since the start of the pilot in April 2010, CEU, supported by Officers, have been proactive in promoting awareness of the service through their own and partnership contacts, media coverage, presentations, website promotions and workshops.
- 3.2 As of January 2011, some 10 months into the pilot service, CEU's Business Advice Team has handled 62 enquiries that met the criteria for support; 7 were from the public sector and 55 from individuals, existing social enterprises, or charities looking to establish a social enterprise trading arm. Some 30 of these enquiries have subsequently been followed up.

3.3 The nature of the enquiries/follow up meetings can be split as follows: -

- start-up enquiries relate to – construction, health, public sector procurement and training & support services
- support sought from existing social enterprises relate to – arts, community support, education, environmental and sport services.

3.4 Arising from the support given, the following outputs up to January 2011 can be summarised as:

	Number of social enterprises	Forecast Number of Jobs to be created
Started -ups	5	11
Start ups in the pipeline	7	17
Existing	20	Awaiting Data
Total to date	32	28

3.5 It is too early to report on any turnover increase achieved or any additional funding secured to support the growth of the enterprises.

3.6 Members should note two relevant points on performance data: -

- the actual number of jobs created by those starting up is based on the business plans of each new enterprise
- the increase in turnover of existing social enterprises and any job creation/safeguarded figures based on actual growth will not be available until after Quarter 4 of this financial year.

3.7 CEU will follow up contact with the clients of this pilot to monitor outputs and provide Officers with an update on performance data. This information will be reported to this Committee when available.

Return on Investment

3.8 As part of the evaluation of this initiative, when all of the performance data has been secured, CEU will produce a social return on investment (SROI) analysis for the Council. SROI is a process of understanding, measuring and reporting on the social, environmental and economic value of this initiative in return for the Council's investment.

3.9 During the preparation of the SROI, CEU have tracked every client, numbers of business advice sessions, numbers of startups and existing organisations / projects supported. In addition, CEU have been capturing both qualitative and quantitative feedback on the work, including unintended outcomes and benefits from the pilot such as:-

- the support given to those who were actually at risk of trading illegally through not having sought advice previously (at least 2 cases)

- the support given to those who were unsure of whether to pursue a social enterprise and have gone on to set up traditional commercial businesses, having been referred to Exeter Business Support (providing added value from the pilot).

3.10 Overall, CEU will combine the tracking data with an analysis of the social enterprises financial information post the end of March 2011 and report this back as a SROI analysis to the Council.

4 PROPOSAL

4.1 Members will be aware of the significant public sector cuts underway having an impact on the number of public sector staff employed and also the nature of how future services will be delivered. As a consequence, it is likely that there will be opportunities for the private sector and social enterprises amongst others, to compete for and win forthcoming public sector contracts.

4.2 What can be seen from the pilot is the clear demand for specialist support for both new start up and existing social enterprises. Demand for the services offered continues with new enquiries being received every week and appointments to see new clients continuing to be booked. This work has been extremely well received by the clients based on their direct comments and the referrals that have happened from client to client. Given the current economic position, to see 12 new businesses getting underway is most encouraging.

4.3 One debate perhaps is whether further resources should be solely applied to supporting more new enterprise start ups or whether a reasonable proportion of time should be spent providing a 'draw down' allocation of time for those newly set up clients to nurture them through the early stages of trading and further their chances of success.

4.4 Whilst the pilot does not formally finish until the end of March 2011, the performance and progress reported would indicate the initiative is not only meeting a demand but also delivering effective support and job creation benefits for the local economy.

4.5 It is proposed to continue funding CEU for a further 12 month period to provide one to one advice and workshops with a specific focus on: -

- supporting a further 10 new start-ups – anticipated redundancies in the public sector and pressures for change in service delivery will impact, which is likely to lead to increased demand for guidance on setting up a social enterprise
- supporting at least an additional 10 existing social enterprises and continuing to advise, support and track the performance of the 12 start ups (2010/2011) – there is a need for support to maximise their potential and further their chance of success. In addition, existing social enterprises may need to look at how the changing landscape provides opportunities for development and collaboration to compete for larger contracts with even greater potential for job creation.

5 FINANCIAL IMPLICATIONS

5.1 The cost to the City Council to fund the enhanced level of support from the CEU for the promotion of and development of social enterprises is £25,000. This can be met from the Economy and Tourism Budget 2011/2012.

5.2 CEU will also commit to secure additional sources of funding for support for new and existing social enterprise in the city.

6 RECOMMENDED that:

6.1 Scrutiny Committee support the release of £25,000 from the 2011/2012 Economy and Tourism Budget to fund a second year of service delivery to promote job creation through support and further development of social enterprises in the city; and

6.2 request that Executive approve this expenditure.

RICHARD BALL
HEAD OF ECONOMY AND TOURISM

ECONOMY AND DEVELOPMENT DIRECTORATE

Local Government (Access to Information) Act 1985 (as amended)

Background papers:

'Social Enterprise Support', Scrutiny Economy, 11 March 2010