Northampton Waterside Enterprise Zone
Skills Strategy – Appendix 2a

Report 6: Social Enterprise Case Study
Northampton Borough Council
Northampton Waterside Enterprise Zone Skills Strategy

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Northampton Borough Council

A report submitted by ICF GHK

Date: 22nd March 2013
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1 Social enterprise case study

1.1 Introduction

Headline messages

Challenges

- Ensuring that the opportunities afforded by the NWEZ are distributed across the people and communities within Northampton.
- Addressing low skill levels within the local population, including basic and employability skills.
- Engaging with people at a distance from the labour market and with little or no post-16 education and training.
- Meeting lower level skills needs within priority sectors.
- Developing a responsive and innovative engagement and provider infrastructure.

A potential solution

- Social enterprise: a ‘social’ and ‘entrepreneurial solution that works with and brings benefits to disadvantaged and deprived people and communities by connecting them with employment, training and enterprise opportunities. An opportunity to align the Skills Strategy to support and complement the University of Northampton’s long term strategic plan for social enterprise

Benefits delivered

- Derived from and embedded in the communities and population groups they serve.
- Develop relationships and engage with people and communities as a springboard for moving people towards training and jobs.
- Develop relationships and engage with people and communities currently underrepresented on other programmes.
- Ability to link with and develop relationships with other agendas, such as, health, housing, justice.
- Variety of business and financial models available outside the mainstream.
- Ability to build on a well developed local support and development infrastructure, with local examples of effective solutions.
- Ability to build on European and national initiatives and funding.

Key lessons and building blocks

- Need to build on both the social and entrepreneurial dimensions – in order to maximise the strengths of social enterprises.
- Need to build on the well developed local infrastructure, including the University of Northampton who recently received international recognition for its commitment to social innovation and entrepreneurship by being designated as a ‘Changemaker Campus’ by Ashoka U – the first University in the UK to be awarded this honour – to support and create opportunities for ‘bottom-up’ responses and solutions.
- Information and intelligence – provide information and intelligence about developments on the NWEZ so social entrepreneurs can respond to opportunities. But also create feedback information and intelligence loops in order to identify what works and what does not work.
- Build on existing business and delivery models – there are many local examples of what works as well as social franchising opportunities elsewhere.
1.2 Overall Social Enterprise case study purpose

The rationale for the case study approach is outlined in Section 1.1 of the Executive Summary and Report 1: National and local skills context. This case study provides practical examples of how to address the following:

- The development of a proactive growth oriented approach to skills training rather than a reactive deficit model.
- To enable education providers to work with existing and prospective businesses to ensure future educational and skills-based training is appropriate to employers’ needs and that the young people and those returning to training have the skill sets to enhance their employability.
- To develop innovative processes that combine the best research methodologies with the practicalities of running businesses and growing the economy.
- To promote innovation and business growth connected to the NWEZ, creating a pool of trained people in the region ready for enhancing existing and future employment offers.
- There is also the opportunity to explore how skills’ training is developed in the future for the NWEZ building up a support network and a collective skills base for current and future employers to utilise.

1.3 Why Social Enterprise?

The skills narrative report showed that the local population in Northampton was characterised by low skills and such people could become divorced from the opportunities available on the NWEZ if the EZ is developed as an advanced/high performing/high tech sector, skills and occupation zone.

Whilst Northampton is characterised by relatively high levels of economic activity and relatively low rates of unemployment, in common with all areas there are high levels of deprivation focused on particular communities be they geographic (Northampton has 7 LSOAs amongst the 10% most deprived LSOAs in England) or groups of people (such as, ex-offenders, homeless people, and people with learning difficulties and/or disabilities).

In order to maximise the job and skills opportunities on the EZ and within the wider Northamptonshire economy it is important to develop links between the local workforce and community and the possibilities which the EZ presents and also build on local infrastructure and good practice that currently exists in Northampton. For example, the University of Northampton has aspirations to become the UK’s number one university for social enterprise by 2015 and is delivering a wide variety of initiatives through its social enterprise strategy including: work placements in social enterprises, embedding social enterprise within teaching, learning and research, nationwide market driven support for social enterprise (e.g. Inspire2Enterprise), Social Enterprise Development Fund and social enterprise hatcheries.

This innovative and leading activity recently culminated in the University receiving international recognition for its commitment to social innovation and entrepreneurship by being designated a ‘Changemaker Campus’ by Ashoka U. Ashoka U is the global association of the world’s leading universities supporting social entrepreneurs - people working together to create solutions for the world’s most urgent social problems. The University of Northampton is the first in the UK to be awarded this honour, and one of only 22 in the world to receive the designation, joining prestigious institutions such as Cornell University, Duke University, the University of Colorado and Tulane University. The award came after an intensive 12-month process during which every aspect of the University’s social enterprise strategy, philosophy and ethos was tested; from its leadership and culture, to its social enterprise curriculum and impact.
Social enterprises can be a suitable and effective vehicle for creating and developing these links. They are both **entrepreneurial** and **social**, and can provide a flexible, responsive and sustainable mechanism for identifying and responding to job and skills needs as they develop, and linking such opportunities to local communities:

- 39% of all social enterprises work in the 20% of most deprived communities in the UK compared to 13% of standard businesses;
- Social enterprises are run by a diverse range of people - 86% of social enterprise leadership teams have at least one female director, 27% of leadership teams have directors from Black and Minority Ethnic communities and 7% have directors under the age of 24;
- Around a third of all social enterprise start-ups are in the most deprived communities;
- 15% of social enterprises define themselves as ‘social firms’ (i.e. fully staffed by people under-represented in the labour market), whilst 17% of the sample employ more than 25% of these staff from people from disadvantaged groups;
- 16% of social enterprises state that they aim to support the long-term unemployed;
- 82% of social enterprises reinvest profits back into the communities where they are earned to further their social or environmental goals;
- 74% of social enterprises actively involve their beneficiaries in decisions about their business – a proportion that rises to nine out of 10 social enterprises in the most deprived communities in the UK.

There is also currently a large focus on social enterprise both at the European level and nationally, which is providing support and a development infrastructure and, importantly, funding. For example, the Social Business Initiative (SBI) a European policy initiative launched in 2011 which aims to place the civil society and social innovation as a key component of its wider Single Market agenda and the EU 2020 Strategy in order to meet EU economic, social and environmental policy targets. This will be achieved by aligning finance and commerce activities with ‘ethical’ and ‘social’ principles (e.g. the SBI includes 11 key actions to support social entrepreneurship in Europe in order to improve access to funding, including social investment). Locally, within Northampton and the wider county, there are developed and developing social enterprise structures and organisations, such as those at the University of Northampton that can help drive and also build on the European and national social enterprise agenda.

Social enterprises come in many shapes and sizes, undertaking a wide variety of activities and sectors, including several of SEMLEP’s priority sectors - manufacturing, construction, logistics, leisure, and business and financial services.

There are a range of legal forms available to people wishing to develop a social enterprise, be they individual social entrepreneurs, Third Sector Organisations developing an ‘off-shoot’ enterprise, or businesses wanting to formalise their social responsibility activities.

### 1.4 Why Social Enterprise(s) for the NWEZ?

It is the combination of the **social** and **enterprise** dimensions coupled with the national and local emphases and support that make social enterprises a suitable vehicle for maximising the opportunities from the NWEZ for local people.

We believe that there are a number of advantages to utilising social enterprise models in helping to meet the employment and skills needs of existing and potential businesses on the NWEZ:

- **Strategic national.** Although social enterprises have been around for decades in the UK, this is the first time they have gained such prominence at a national strategic level. This is largely as a result of the Big Society agenda, but also due to a greater emphasis on Corporate Social Responsibility (CSR), as well as a reaction to the failings of commerce which underpinned the current economic problems.
Strategic local. There is a significant local emphasis and infrastructure promoting and supporting social enterprises. This includes the University of Northampton which is seeking to become the foremost HEI for social enterprise in the country, and Enterprise Solutions (about to celebrate its thirtieth year). In addition, the Northampton Economic Partnership (NEP) stresses the social enterprise approach.

Enterprise – developing flexible and responsive provision. In stressing the enterprise element, social enterprises have the potential to develop entrepreneurial solutions and are therefore able to respond to emerging and fluctuating needs.

Social - linking in with the needs of the local community. In stressing the social, social enterprises can provide an independent and organic link between the local community and the employer needs on the NWEZ.

Potential. There is a wealth of untapped entrepreneurialism within communities, particularly amongst traditionally excluded groups (i.e. young people, BME groups, women, etc.); but many of these nascent entrepreneurs face issues that other start-up businesses may not, many: live in deprived areas, are not close to the labour market, may have low levels of skills and confidence and do not always recognise themselves as potential business start-ups.

Value added. Social enterprises, if successful, are more likely to recruit people from their local area, serve their local area, and spend their resources in the local area. As highlighted previously 39% of social enterprises are based in the most deprived communities compared to 13% of SMEs;

Funding and business support opportunities. A wide range of pro-business and growth measures, and efforts to prime the social investment market exist. These aim to make it easier to set up, run and grow social enterprises (i.e. the idea is that social enterprises benefit from an enabling businesses environment and appropriate business support).

1.5 What can Social Enterprise(s) do for employment and skills on the NWEZ?

In the light of the previous discussion we believe that there are five roles for social enterprises in meeting the employment and skills needs of businesses on the NWEZ.

1.5.1 Strategic

As the organisations that are most closely aligned with local communities, social enterprises have the potential to link disadvantaged and other groups of people to the significant opportunities of the NWEZ. There is a need to include a social enterprise perspective in the strategic overview of the NWEZ. In other areas, this has been at the level of the LEP. The Northamptonshire Enterprise Partnership (NEP) has ‘supporting social enterprise’ as one of its key objectives and is engaging with social enterprise partners, such as, Enterprise Solutions Northamptonshire.

A social enterprise strategic perspective could cover:

- Ensuring social enterprise is on the agenda for the NWEZ;
- Present the opportunities which social enterprises afford to business on the NWEZ;
- Funding opportunities – developing understanding and expertise on funding options, as well as ‘clearing house’ for developing bids to national programmes, such as the European structural funds;
- Providing a focus to further linkages between social enterprises and support organisations;
- As a conduit to indentify and respond to NWEZ business needs.

Northampton is probably one of the most proactive areas at present for social enterprise support. But there is scope for doing more to ensure that there is a visible, accessible and coherent ‘enterprising infrastructure’ in local communities. Through a strategic social
enterprise capability the LEPs could play a coordinating role, and bring in specialist social entrepreneur support from external agencies such as UnLtd and the School for Social Entrepreneurs, and from umbrella agencies such as Locality and the CDFA.

**1.5.2 Operational – skills and employment**

There are a number of examples of employment and skills provision and support developed and delivered by social enterprises which cover both the **social** and the **enterprise** dimensions. Whilst many are focused on supporting disadvantaged people and communities, there are a number that support higher levels skills. ii

Businesses on the NWEZ will require a number of people with lower level skills and qualifications whatever the profile of businesses – security staff, cleaners, receptionists etc. The main skills employers will require of such people are employability skills. Developing life skills and employability skills amongst disadvantaged people is an area that social enterprises excel.

Although there are many examples of successful social enterprises, we have highlighted the work of Catalyst Pluss and Hope Enterprises (who are based close to the NWEZ) who have developed successful social enterprises.

It is important to note that these two organisations do not merely produce people with cleaning or catering skills. These are mechanisms for giving people self esteem and confidence and moving them towards the labour market. In some cases it helps expose people’s inherent skills and talents that could be in higher level skills but years of disadvantage have kept hidden.

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**Catalyst Pluss – Future Clean and New Horizons**

**Introduction**

Pluss is a social enterprise that supports people with learning disabilities, physical disabilities, mental health issues and long term medical conditions to find employment. iii

The two social enterprises set up as part of Catalyst Pluss of interest to this project are:

- **Future Clean** is an eco friendly car park based car cleaning business. It is an eco-friendly car wash company and, in addition to people with learning difficulties, also employs the skills of ex-servicemen who also have disabilities in running the business.

- **New Horizons**: two grounds maintenance businesses. Two were established, in Plymouth and Exeter, but only the Plymouth business survives. The business and delivery model is the same as Future Clean.

Future Clean has been more successful than New Horizons and we therefore focus on the former in this summary.

For Pluss: “Social enterprise provides a real business environment in which employees can gain employment support and prepare for a mainstream paid job. In respect to disabled employees, the level of support that is often needed would not be a possibility in a mainstream job. Social enterprise means that everything that needs to be done can be done to progress a client into mainstream employment.”

A key component of the social enterprises is an Intermediate Labour Market (ILM) model. ILM differs from other employability support in that it provides a contract of employment to participants. The social enterprises offer work placements and temporary and part-time employment opportunities, alongside training and support with job seeking. The jobs act as supported employment with the aim that participants move into open employment afterwards.

**Business model**

The idea for Future Clean came from seeing the cleaning method being used in a car park elsewhere. Both Future Clean and New Horizons were developed as part of external
funding bids to the European Social Fund. Catalysts Pluss received £600k from ESF ITM over three years. Other costs and income:

**Start-up costs:** There were high costs for health and safety and insurance. But other costs were kept to a minimum: equipment (clothes, the hand units, cleaning chemicals) and the local authority provided the car parks and access to gardens free of charge.

**Ongoing revenue and capital costs:** Capital costs are low as only car cleaning and landscaping equipment is needed, although a van was brought later on for storing equipment and staff belongings. Employees are paid national minimum wage but they are hoping to pay a living wage soon. Pluss Job Coaches incur a higher cost.

**Income:** additional income comes from Jobcentre Plus (its Work Choice programme) and revenue from the car cleaning business and its franchising.

Enterprises were not identified on a commercial basis but rather were partly designed to fit with the client group i.e. what kind of work clients would find most suitable. Low-start-up costs were also a consideration.

In addition to external funding, the social enterprise creates its own business revenue to fund additional client support, including through franchising.

**Delivery model**

Employees are referred from the Disability Employment Advisor at Jobcentre Plus. There remains close contact with the Disability Employment Advisor who sometimes provides additional support to clients. There are mandatory hours of job searching and training for employees as part of Jobcentre Plus’s requirements.

The enterprises offer:

- Job search support;
- Literacy and numeracy skills;
- Support with job application and interviews;
- Employees of Future Clean also gain on-the job skills such as selling, communication, being quality focused, and money handling;
- NVQs are offered, such as in customer skills and business development and entry level NVQs (Level 2 and 3) in car valeting.

Catalyst Pluss do not expect people to necessarily continue in car cleaning jobs or similar low skill occupations. There are examples of people going into positions such as a laptop engineer, a cleaner, carers and a school janitor.

**Developing the business**

The main emphasis of Catalyst Pluss has been on expanding Future Clean into new areas of operations and into new premises. The business has spread into other local authority car parks in other areas though the social franchise model. The franchise model involves a full training, materials and support package for any organisations to set up sites and provide employment opportunities to disadvantaged people. The cost is around £2,500.

There are currently discussions to franchise the model with local authorities in other regions; a major national supermarket chain, and; plans to use the cleaning system in areas other than cars, for example, cleaning mobility equipment, and cleaning the insides of ice-cream vans.

**Drivers and learning points**

Future Clean has been successful because it has exploited a niche market and because it appeals to the social responsibility of the commercial parts of local authorities.

Local authorities have been attracted by the eco-friendly low-water cleaning system, which would avoid prior problems of water damage. Starting in Plymouth, Future Clean were given access to one car park on a trial basis. After 5-6 weeks they were given two further car parks. Local authorities have not charged Future Clean for using their car parks seeing
it as an opportunity to support social enterprise from a social value perspective.

Future Clean has proved much more successful than New Horizons both in terms of business demand and the progress to paid job outcomes. This is because there is more competition in gardening (New Horizon’s business) and there is more travel time and down-time involved.

In regard to job outcomes, Future Clean has a higher success rate. This is because landscape gardening requires more training for employees and the skills gained are less flexible for other occupations. Also, lower demand for gardening services has meant that New Horizons has not been able to attract as much business which impacts on the number of clients it can employ and train.

Key lessons

Future Clean is successful because of the ecological cleaning system brand and the high quality of its cleaning. The social nature of the enterprise is secondary to its success but it does create a unique selling point.

A social enterprise must be able to trade on a good business idea, merely being a social enterprise is not enough to survive, and that is why the Future Clean business is more successful from New Horizons.

Examples of successful case studies abound, and there are a number of examples closer to home, some of which are in close proximity to the NWEZ.

University of Northampton Social Enterprise Strategy

As previously highlighted, the University is delivering numerous innovative and nationally leading initiatives to support the University’s aspirations to become the UK’s leading university for social enterprise by 2015. This includes:

■ Work placements for students: all University students are given the opportunity, as part of their degree, to work in a social enterprise;

■ Supporting student social entrepreneurs: bespoke support for students and staff in order to assist them to set up and operate sustainable social enterprises through programmes such as We Do idea and the Social Enterprise Development Fund

■ Inspire2Enterprise service: a nationwide initiative that provides customised, market driven support to new and existing social entrepreneurs and enterprises, including specialist advice from start-up through initial growth and beyond;

■ University Challenge: University of Northampton led initiative to encourage UK universities to spend at least £1bn of the £7bn per annum they currently spend on procuring goods and services from external suppliers, with social enterprises.

Northampton Hope Centre

Hope Enterprises is a social enterprise (Community Interest Company) set up by Northampton’s Hope Centre, formerly Northampton Soup Kitchen, with more than 30 years’ experience working with the town’s homeless. See http://hopeenterprises.org.uk/

Hope Enterprises has created workshops to enable their homeless clients to develop necessary skills to build their self-esteem as well as generate much needed funds to support Northampton Hope Centre’s charitable work. There are three social enterprises:

■ Hope Tools – refurbish second-hand garden tools and sell them;

■ Hope Catering – Hope run a cafe at the White Water Training Centre and is looking to expand into outside catering;
Hope PAT Testing – routine safety checking for all electrical appliances. Any surpluses are fed back into the Hope Centre.

Hope would like to develop its business model further and establish a social enterprise hub which would include a training workshop.

It is currently putting together a training programme aimed at homeless people and ex-offenders. The programme will deliver life skills and employability skills to clients with the help of the University of Northamptonshire. The programme will be a rolling 12 week programme, working with 3-4 clients during each 12 week session.

The social enterprise hub could also provide business support services for social enterprises, and also provide a forum to develop a coherent voice for social enterprise to input into developments like the NWEZ and also share their ideas.

Access to finance is an important concern at the moment, and they would welcome support in accessing social capital and other sources of funding.

1.5.3 Information and intelligence

One of the objectives of the study was to help the: “Development of a proactive growth oriented approach to skills training rather than a reactive deficit model”.

We have argued for a strategic social enterprise dimension, but in order to develop a ‘proactive growth oriented approach to skills training’ there needs to be a mechanism for social enterprises to understand the needs of businesses on NWEZ that in turn informs social enterprises of how they can help their communities develop provision to meet employer’s needs. These mechanisms could be:

- Access to job vacancy data to help TSOs and potential social entrepreneurs understand the employment and skills needs of employers on the NWEZ;
- Access to other information sources, such as, the Innovation Cube, and Northampton Chamber of Commerce;
- Involvement of a social enterprise representative at the employer and training forums, with some time given on the agenda (annually or bi-annually) devoted to social enterprise;
- Informal contact between employers in social entrepreneurs, such as, invitations to collective events;
- Promotion of TSOs and social entrepreneurs as creative, innovative, alternative and responsive business, financial and delivery models;
- Discussions with LEPs, local authority and West Northamptonshire Development Corporation over the utilisation of community clauses (Section 106 agreements);
- Feedback mechanisms from employers to understand the limitations of current employability and skills programmes, and the job applications they receive.

The most effective programmes working with disadvantaged people we have seen, have all involved employers. This has been in providing ‘real’ interview experiences, providing training on employer’s premises, and employers giving presentations to people on the sorts things they are looking for when recruiting, as well as providing work tasters and experience. So the involvement of employers in supporting the work of social enterprises should be promoted.

1.5.4 Symbiotic

Finally, there needs to be a process of linking in the whole community with the NWEZ so it does not seem an alien zone to local people. Inviting people on to the NWEZ site through an annual fireworks display, tours for school children, sponsored walks can help to create an ongoing relationship between the NWEZ and local communities if the opportunities of the NWEZ site are to be maximised for local people.
1.6 **Summary: key learning points for Northampton**

- Social enterprises represent an **opportunity to disseminate the opportunities** of the NWEZ throughout Northampton, and into local communities.
- There is a **current significant emphasis on social enterprises that has manifested itself in new business and funding opportunities**.
- Social enterprises can **maximise the potential** of disadvantaged and other local communities.
- But for social enterprises to be successful, there needs to be an **equal focus on the social and the enterprise**. Like any business, social enterprises have to compete in the market, and unless what they offer is saleable and in demand they will not be successful.
- As enterprises, they offer a **responsive and proactive mechanism** for meeting the jobs and skills needs of business on the NWEZ, as long as they are given a chance to understand those needs, and have access to opportunities.
- Similarly, the social dimension offers a **unique business and delivery model** that can utilise a number of income streams to deliver goods and services that also benefit (mostly) disadvantaged local people.
- **Northampton already has a successful social enterprise support infrastructure**, and examples of successful social enterprises that provide a sound basis to further develop the sector.

**Footnotes and references**