



Gearing Up!

Final Report – June 2019

Contents

The issue.....	3
Our approach to tackling the issues.....	4
Impact.....	5
The participants.....	6
The host organisations.....	7
The master-classes.....	10
Evaluation.....	13
What worked?.....	13
What didn't work?.....	14
Unexpected consequences.....	14
Conclusion.....	15
Appendix 1.....	16
Copy of electronic survey.....	Error! Bookmark not defined.
Responses to the survey.....	Error! Bookmark not defined.

The issue

Experience of delivering investment readiness programmes has shown us that many third sector organisations in our area have been left behind in the stampede towards a social investment model. Quite simply, they lack the capacity to consider social investment as a route to financial sustainability.

Some have boards that will not accept this as an option and are totally risk-averse, others lack the ability to financially model and test ideas. Many organisations are paralysed by the fear of mission drift or cannot envisage charging for services that have traditionally been free at the point of access.

The Humber region is somewhat isolated and insular and as a result, developments in approaches to sustainability that have taken place in more metropolitan areas have been slow to happen and role models - successful organisations that can demonstrate success - are thin on the ground. As a result, take-up of social investment is extremely low.

The whole situation has been made worse by a lack of investment in infrastructure support over the last few years and the subsequent absence of training and development opportunities which has resulted in organisations being out of touch with new developments and lacking the insight and skills to re-model their activities. The situation is particularly exacerbated where population centres are small and dispersed and transport links are poor.

Our approach to tackling the issues

In order to address the issues facing the sector in our area, we designed a modular programme of activities that organisations can opt in and out of or complete the programme in its entirety. Our provision had three aims

1. awareness raising
2. building capacity
3. organisational development.

Over a 12-month period, we combined structured visits to exemplary organisations that have taken on social investment, developed trading arms, contracted with the public sector or developed sustainable income streams.

We looked at all aspects of the journey that they have undertaken and involved trustees, managers, staff and volunteers so that participants from all backgrounds could understand the process.

By demonstrating what others have achieved we will stimulate activity within the sector. The "seeing is believing" visits then lead into a range of master classes that explore key elements of social investment readiness including;

- Investment readiness
- Evidencing social impact
- Business planning and investment applications
- Organisation development including change management, mission drift etc.
- Market research and horizon scanning
- Governance and structures
- Financial planning
- Strategic planning
- Legal constraints

This approach encourages interaction between participants and successful social enterprises. By joining forces with Key Fund, a respected social investor, we are able to connect potential investees to an investor at an early stage of development and as a result, ensure high-quality applications based on sound planning and realistic market research.

Participants will have a greater chance of obtaining the right finance for their particular needs.

The beneficiaries of the project are voluntary organisations that have the potential to secure sustainable revenue but lack the capacity to do so. Early start social enterprises with the ability to increase their impact were also targeted.

The project also sought to benefit the social investors who will benefit from a new source of potential investees who are prepared to take on investment. We want to make the connection between investors and the sector much more responsive and engage with the third sector to increase their knowledge and capacity.

We anticipated that this work will increase investment into the third sector and as a result benefit the stakeholders of organisations as well as impacting on the sustainability of those organisations.

Specific benefits will be;

- wider acceptance of social investment as a legitimate strategy for third sector organisations
- Increased understanding of how social investment works
- a road map for routes to securing investment for local social enterprises and charities
- a relationship between third sector organisations and investors is established.
- Business skills within the sector are dramatically improved.

Impact

We aimed to raise the confidence levels and ambitions of third sector organisations and by helping them to gain investments, generate new role models to inspire more organisations to look at investment as an option.

We wanted organisations to understand the marketplace for investment, learn from the experiences of others and enable organisations to engage in a rational debate within themselves about the desirability of taking on investment. Organisations need to be able to assess and manage risk and equip themselves with the necessary skills to take on and manage the investment.

Improved links between investors and investees and equipping investors with greater knowledge of local conditions so that they can adapt their offering to suit that particular environment was a further aim.

We also seek to equip local social enterprises to better share their understanding of social investment with others.

We know that a better market understanding of social finance increases uptake and helps the quality of the investment pipeline for social investors. It also means that organisations seeking investment have a better chance of not only getting investment but getting the right kind of investment for them.

The participants

What sort of people attended?

We were successful in attracting a range of participants including Directors, Senior Management, Workers, Volunteers and Trustees. We were keen to ensure that learning from the programme was embedded across the organisations attending and this proved to be a very effective approach. See more about this in the section Lessons Learned.

Only one of the participants had any existing enterprise skills and most had very little experience of commercial activity.

What sort of organisations did the project attract?

Participants were typically medium sized charities that have traditionally relied on grant funding and fundraising for their income.

Virtually all of the organisations are facing challenges to this model through reductions in the funding currently available, losing the financial support of the public sector and competition for the available grant funding.

Many were seeking to deliver public services through contracts and tenders and were looking for ways to fund that transition.

The activities undertaken by the organisations included;

- Community Hub
- Youth services
- Animal rescue
- Advocacy
- Services to older people
- Community Transport
- Forest school
- Health and Social Care
- Catering

A breakdown of the organisations by income is included in the post programme survey appended to this report.

The host organisations

Foresight (North East Lincolnshire)

Foresight began as a very small charity and over the last few years has grown enormously. They deliver a wide range of services from a number of premises that they have bought and developed.

Paul Silvester, their Chief Officer, has been around from the beginning and is a nationally renowned expert who has travelled throughout the UK on behalf of funders and investors, demonstrating ways that organisations can develop sustainable funding streams. Paul hosted the visit and outlined some of the initiatives the organisation has developed. The visit showed how a small organisation can grow rapidly and keep its service users on-board and avoid mission drift.

Preston Road Women's Centre

Our host was Lisa Hilder, and another “big hitter” in the world of new sustainable income streams. Lisa has been instrumental in the organisation developing from a tiny start in a very deprived area of Hull into a growing centre of excellence with a range of awards. Preston Road have developed a range of new services to meet the needs of their clients, have developed a substantial portfolio of housing and just opened a brand new £1m facility on the Preston Road estate.

The visit took in the new centre and how investment was raised.

Lisa told us the full story of how she has grown the organisation from a semi – derelict purple house into a vibrant and self- sustaining organisation that is still at the heart of its stakeholders. Preston Road Women's Centre currently have a property portfolio of over 100 houses generating significant sustainable income for the organisation.

Participants learnt how to attract investors and how to manage risk.

Lisa also has very specific ideas about how the health and social care sector could be a new source of income for many third sector organisations – Lisa is also the Assistant Director of strategic planning for North East Lincolnshire CCG and chairs a fund that is designed to help third sector organisations to get involved in health and social care delivery and is responsible for social prescribing in the area.

Fresh Start Food and Care

Fresh Start started with a couple of volunteers preparing lunch for a few old ladies at their local church hall.

In a ridiculously short time, it grew into an organisation delivering meals on wheels to hundreds of disadvantaged people.

Along the way just about every barrier you could ever face in developing new income streams was put in their way!

Fresh Start are still around to tell the tale and are in the process of starting some new initiatives. This visit was all about how to do it and even more about how not to do it and the aim was to save organisations endless time and money by avoiding getting things wrong.

Scartho Community Hub

Scartho Community Hub was formerly a local authority library which was closed for over eighteen months and it was at the behest of community members not wanting to lose the community facility that the group was formed to become lease holders of the facility to begin developing a sustainable and thriving community hub.

The community hub has now been open for twelve months and during this period over 1300 people all from the local community have become members and are integral in developing and shaping the community business in particular marketing and promoting the community hub to friends and neighbours hence the excellent take up of membership.

During their first year of operation Scartho Hub have forged strong links with local schools who are using the community hub for specific projects with plans for the pupils be involved in an enterprise project where they will run the library for a day. Additionally, they work closely with the local church and provide a home for several groups that have recently formed through activity offered by the community hub

Scartho Hub has extensive support from local businesses and provide a venue for Ward Councillors Surgeries, PCSO drop in, Neighbourhood Watch Meetings, Cancer Support Group, Diabetes Support Group and are part of the Safe Place scheme.

Having established the hub, demand for services grew at an astonishing rate and in a matter of months the facility was packed throughout the day.

The trustees made the bold decision to react to the spiralling demand by putting in place plans to extend the building and within a few months attracted funding from social investors, the North East Lincolnshire CCG and grants that enabled the footprint of the building to be almost doubled.

CERT Ltd.

CERT began 20 years ago when the current Directors (Rick Keightley, Chris Mason and Neil King) decided to leave the Humberside Co-operative Development Agency in order to deliver a community business development project in North East Lincolnshire. The project worked with a wide network of partners including the council, banks, enterprise agency, job centre etc. to help long term unemployed people to get employment and start their own business.

Several projects grew out of this work including a graduate retention programme, community economic development work and the establishment of several social enterprises that were eventually given to the workforce to run for themselves.

It soon became apparent that their traditional way of supporting people through business support could not meet the demand for services and CERT took the first tentative steps into delivering training.

Realising that they were missing some of the fundamentals (they weren't trained as teachers and they didn't have a clue as to how the training world worked) they sought help and the East Riding College took them on board as a pet project and showed CERT how to do the work properly. Once staff were qualified CERT began to write and accredit its own learning materials that were tailored to meet the specific needs of their learners. CERT now delivers a wide range of learning from very early engagement activity, through functional skills and NVQ's right through to teaching qualifications and Institute of Leadership and Management qualifications. Training now provides more than 50% of their income.

Throughout CERT's history it has continued to offer specialist business support to Social Enterprises and charities and has worked with the public sector to help put in procurement and commission systems that encourage growth in the social economy. CERT have worked to develop links to industry through corporate social responsibility programmes and have supported organisations to become investment ready.

The Ropewalk and Fathom Works

The Ropewalk is a regionally acclaimed centre for the arts housing four gallery spaces, a sculpture garden, coffee shop and facilities for printmaking and room hire.

Ropery Hall is small scale venue for film, theatre, comedy and music.

The centre is situated slightly to the east of the Humber Bridge, on the southern bank of the River Humber. Stretching out towards the bank, at almost a quarter of a mile long, The Ropewalk was initially part of a rope making factory; opening in 1767, the factory eventually closed in 1989.

The ropewalk started as the result of a small-town amateur art exhibition run by local people and has grown remarkably over the last years. The small team running the organisation have learnt as they have gone along and derive income from a wide range of sources. Income comes from the café, grants, earned income, room hire, managed workspace, sales from the shop, classes and workshops and a bar and venue.

They have also worked closely with the private sector to develop the project.

Liz Bennet, the managing Director and a key force from the start of the idea hosted the visit.

The master-classes

Company structure and governance

This was hosted by Chris Mason (CERT Director) who has helped organisations to develop legal structures for trading that protect the main charity and help organisations to find new income streams. Chris has merged national charities, established trading arms for several fire and rescue services and has a national reputation in the field of legal structures in the third sector. The workshop demonstrated the importance of selecting the correct trading structure and the implications of getting it wrong. It also examined the different structures adopted by third sector organisations and the pro's and cons of each.

Social Return on Investment

Neil King (CERT Director) led this workshop that covered;

- Understanding the legislation driving this new area of work and why it's becoming an essential tool
- Understanding the basics of Social Return on Investment (SROI) theory
- Getting a feel for the "science" behind the theory
- Balancing a buyer's priorities and those of a delivery organisation and understanding added value in line with both of their priorities.
- Understanding Impact Mapping and best practice
- Practical examples of Impact Mapping using real life examples
- Linking social value to investment

Exploring and assessing opportunity

The workshop hosted by Rick Keightley (CERT Director) was requested by participants on the programme and covered finance and social enterprises.

We looked at how to test the viability of new ideas, financial planning, investment readiness and financial planning. Specifically, we looked at;

- Exploring the development of enterprise opportunities
- Assessing the opportunity
- Understanding the need for sound financial foundations

The workshop explored a range of opportunities including;

- Public Sector contracts
- Producing or acquiring goods to sell
- Providing a service that people/businesses will buy

- Utilising assets to generate income
- Take-over/merging with another organisation
- Joint venture/partnership/SPV

Social Investment – an Insiders View

Our partner, Key Fund hosted this masterclass that was delivered by Dave Thornett, Business Development manager and experienced social entrepreneur.

Dave has been involved in the social enterprise sector for over 20 years and has grown and managed a number of successful social enterprises.

He now works as a social investor for the key Fund and he gave a very frank and honest view of the does and don'ts of attracting and using social investment.

- Dave introduced participants to a wide range of social investors and their products.
- Participants were told about Pre-Investment Feasibility funding and sources of assistance.
- Grants and Crowdfunding
- Social investment terminology
- Different types of investment
- Community shares
- Impact of investment on organisations

Business planning for investment

Delivered by Neil King (CERT Director)

The masterclass looked at;

- Why do you need a business plan?
- Who is the plan for?
- Why does that matter?

Each section of a business plan was looked at in detail including;

- Summary
- Background
- Market Research
- People Plan
- Financial Plan
- Marketing Plan
- SWOT / Risk Analysis
- Aims and Objectives

The workshop then looked at the differences between a mainstream business plan and a business plan for a social organisation including;

- Legal Structure / Rationale / History

- Community of Benefit
- Policies / Strategies
- Paying and non-paying market
- Stakeholder analysis
- Social impact
- Separation of funding and generated income
- USP – social or business?
- Social Aims and Monitoring

Marketing and social media

Delivered by Simon King (CERT Marketing Manager) this workshop covered;

- What is marketing?
- The difference between marketing, PR, promotions and Sales
- Importance of planning marketing activity
- What activities should be included in marketing plans
- Tips for marketing
- Marketing mix
- Market segmentation

The masterclass also looked at

- Websites
- Contact Management Systems
- Email marketing
- Drip Marketing
- Social media – Facebook, Twitter and LinkedIn

Evaluation

After every visit and masterclass CERT undertook feedback from participants and adapted the programme to reflect that feedback (e.g. as a result two of the subjects for masterclasses were changed)

At the end of the programme an electronic survey was undertaken with all participants to assess the impact of the programme. The results of this survey are appended to this report.

What worked?

Involving all elements of an organisation in the programme.

Involving multiple participants from each organisation (workers, trustees and volunteers etc) was a great success. Managers reported that they often faced resistance when working on proposals that included an element of investment by risk averse trustees. They also reported meeting resistance from volunteers who fear mission drift when an organisation moves away from a funded model.

By introducing people to their counterparts in an organisation that has successfully made that transition, many of the fears were answered and the concerns of each group were answered by people who had shared the same doubts.

Over the course of the programme one organisation was able to progress significantly towards a large capital project that had been stalling for years. Trustees of that organisation met trustees from an organisation that had developed a similar organisation and as a result opted to pursue the opportunity. Interestingly the two organisations are now in discussion about working together.

Visiting examples of best practice

The organisations hosting the visits ranged from very large, successful social enterprises with million pound plus turnovers to small community groups that have taken on relatively modest social investment. The range of organisations was very much appreciated by participants who reported that the large organisations were inspiring and created an ambition but this was balanced by the inclusion of smaller organisations that more closely resembled where the participants were on their own journey.

Masterclasses

The overwhelming thoughts from participants was that the level of the content (we set the barrier relatively high) was absolutely correct. Many had accessed local workshops but found that because of the low level the guidance did not meet their needs. Certainly, the provision that CERT explored in its locality was not of a level that would equip an inexperienced organisation to prepare for the due diligence of a social investor.

Participants particularly appreciated being guided by “people who have actually been there and done it” - citing that the real-life examples used to demonstrate key points made the subjects “real”

Fostering networking and mentoring

Part of the agreement CERT made with the visit host organisations was that we wanted participants to be able to go back to them in the future with queries or to seek guidance.

We have a participant and host organisation currently exploring a joint initiative, a participant organisation re-visiting one of the hosts on a fact-finding mission and a participant and host supporting each other around major capital projects.

Information library

CERT assembled a Trello Board and used it as a hub for the project. This proved very effective. Our Gearing Up! Trello Board included details of all of the hosts and participants, presentations and workshop materials, useful sources of information, social investment resources and links to assistance and social investors.

What didn't work?

There isn't a single element of the programme that we would change, however, we did seriously underestimate the effort and resources needed to organise 12 separate events and co-ordinate a range of shifting participants from multiple organisations.

Simply finding dates that accommodate the needs of the majority of participants proved challenging (thank goodness for Doodle!).

Unexpected consequences

Due to demand CERT did plan to re-run the programme as an addition to the original proposal however, we realised that virtually everyone from the first cohort that we referred to other support organisations bounced back to us.

People reported that the support offered elsewhere was not able to meet their needs or was simply not appropriate. After very positive discussions with Connect Fund staff, CERT dropped the idea of doubling up on participants (who would presumably hit the same issues) and concentrated on undertaking research to better understand the local support landscape.

The Connect Fund, introduced us to a funder who is interested in supporting social enterprises and we are currently in negotiation to secure funding to fill the gaps in the existing social enterprise support available.

Conclusion

The project aimed to help small and medium sized social enterprises and charities to explore the concept of social investment through a series of “seeing is believing” visits to organisations that have successfully taken on investment and developed sustainable income streams, and through masterclasses that equip people to assess opportunities and assemble realistic proposals.

We found that the host organisations were very open and honest and were prepared to put a lot of effort into assisting the programme participants. This approach was very successful and the key to that success was the selection of organisations visited – a selection of very successful, high turnover examples tempered by much smaller organisations with limited resources and ambitions.

Clearly this approach to development can only work if there are organisations in a locality that are prepared to open their doors on a totally voluntary basis.

The masterclasses were also a very effective method of equipping organisations with the tools required to assess opportunities and build a business case. The key elements here were offering high level skills and delivery by experts in the field who have actually built enterprises themselves.

Organisations really appreciated the opportunity to network with each other and are already looking to collaborate amongst themselves and with host organisations and we are seeking resources to establish a formal networking programme to encourage this approach further.

Delivery of the project uncovered significant gaps in the support available to organisations despite local wisdom to the contrary and it became apparent that many organisations were adding “social enterprise support” to the list of services on offer, without actually having the expertise to deliver it. CERT is currently working up a proposal to cover these gaps in provision.

Operationally the project was very resource hungry and was challenging to administrate and it is difficult to see how it could be sustainable without funding to support the administration – it is too much effort to expect someone to undertake without support.

The approach taken was very effective and met, and exceeded, expectations. It is very dependent on the goodwill of host organisations and these are in limited supply. It may be worth considering extending the scope of the concept so that organisations located in “cold spots” are able to access visits to organisations outside of their immediate area.

Appendixes

Appendix 1: Survey questionnaire

Appendix 2: Survey results

We really want to know what you thought of the Gearing Up! project

As part of the Gearing Up! project we promised to evaluate its value. We would really appreciate your feedback on its effectiveness. Even if you only came to a few visits or workshops your feedback is still valuable to us. Please feel free to pass the survey on to other members of your team who attended.

1. In what capacity did you get involved?

- Manager/worker
- Volunteer
- Trustee
- Other (please specify)

2. What sort of organisation do you work with?

- Community group
- Charity
- Social enterprise
- Other (please specify)

3. How large is your organisation?

- Turnover less than £50k
- Turnover £50 - £150k
- Turnover £150k - £250k
- Turnover £250k+

4. Before attending Gearing Up! had you considered social investment for your organisation?

- Yes
- No

5. Did the programme help you to decide whether social investment was right for your organisation?

- Yes
- No
- Not sure

6. How well did the visits deliver the following?

	Not at All	A little	To some extent	Considerably	A lot
Show you successful examples of social investment	<input type="radio"/>				
Introduce you to influential leaders	<input type="radio"/>				
Helped you to gain inside information	<input type="radio"/>				
Inspire you to explore social investment further?	<input type="radio"/>				
Inspire you to take on investment?	<input type="radio"/>				
Relieve any concerns about taking on investment	<input type="radio"/>				
Understand how social investment works?	<input type="radio"/>				

The master classes

Please tell us what you thought about the workshops

7. How would you rate the level of information given in the masterclasses?

	Far too complex	A little complex	About right	A little simplistic	Very simplistic
Business Planning - Neil King	<input type="radio"/>				
Social Investment - Dave Thornett	<input type="radio"/>				
Governance - Chris Mason	<input type="radio"/>				
Financial Planning - Rick Keightley	<input type="radio"/>				
Social Return on Investment - Neil King	<input type="radio"/>				
Training and Education income - Rick Keightley	<input type="radio"/>				
Marketing and Social Marketing - Simon King	<input type="radio"/>				

8. What other subjects could we have covered?

9. Have the master classes given you knowledge that you can use to explore social investment or develop new income streams

- Yes
- No
- To a limited extent

And finally!

We want to understand the impact the programme made

10. Did the programme

	Not at all	A little	Quite a lot	A lot
Raise your confidence to take on investment?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Give you the knowledge to make informed choices about investment?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Help you to learn from the experience of others?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inspire you to take on investment?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Show you how to assess and manage risk?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Give you information on sources of social investment?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. How useful were the learning materials and resources on the Trello Board

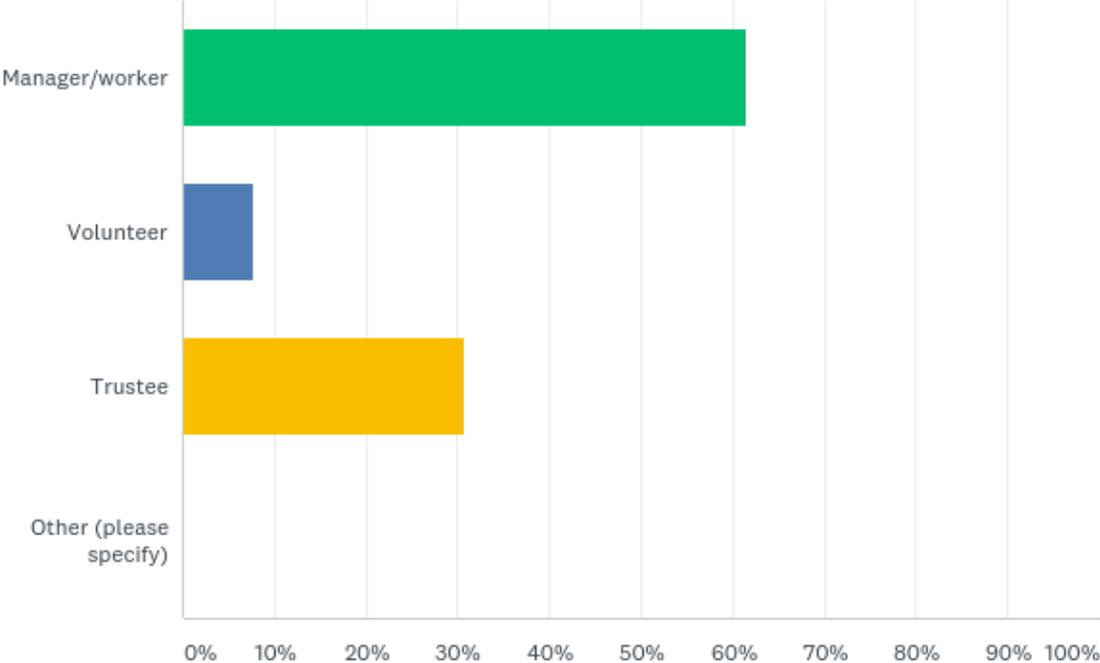
- Extremely useful
- Very useful
- Somewhat useful
- Not so useful
- Not at all useful

12. If you have any other thoughts or comments please feel free to give them here. Thanks very much for taking the time to complete the survey - it really helps us to shape future programmes!

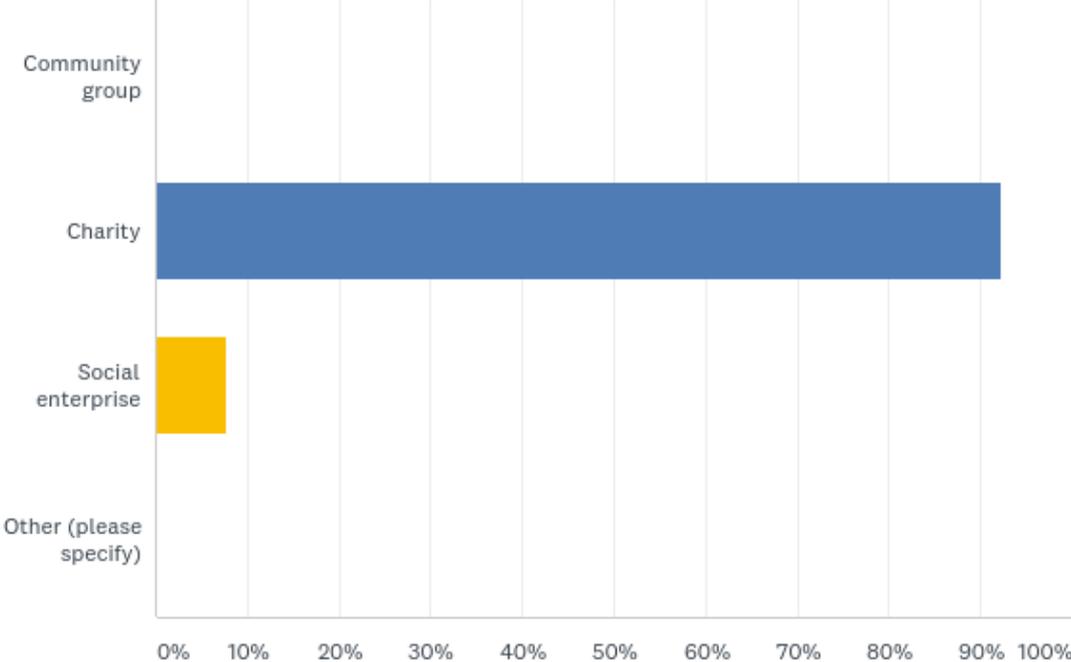
Gearing Up!

Survey Results

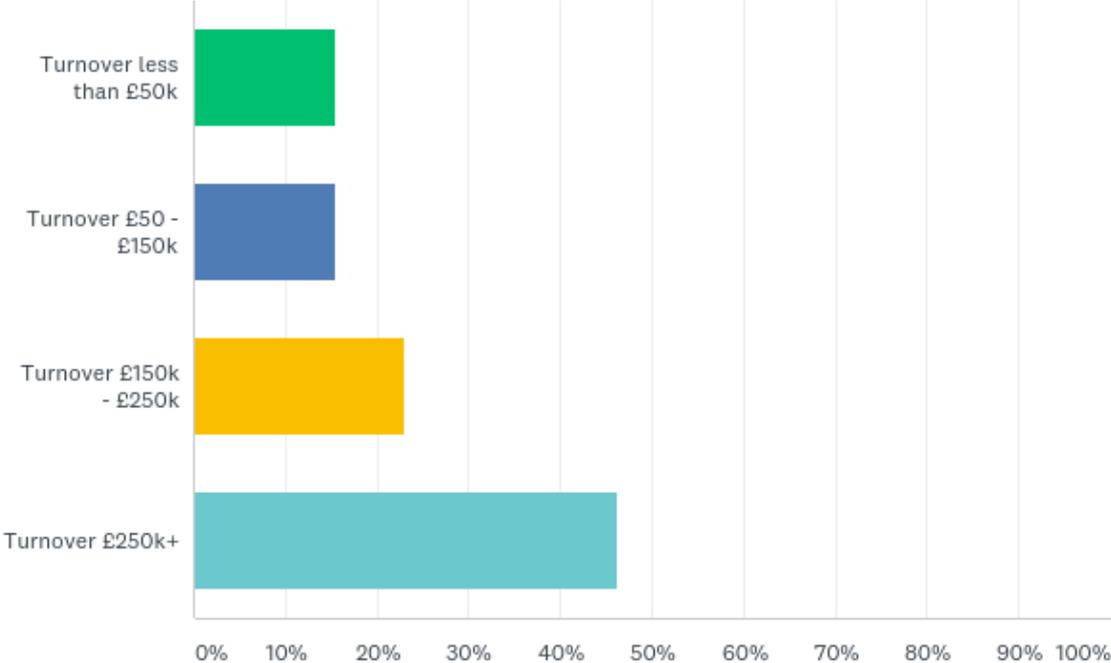
Q1: In what capacity did you get involved?



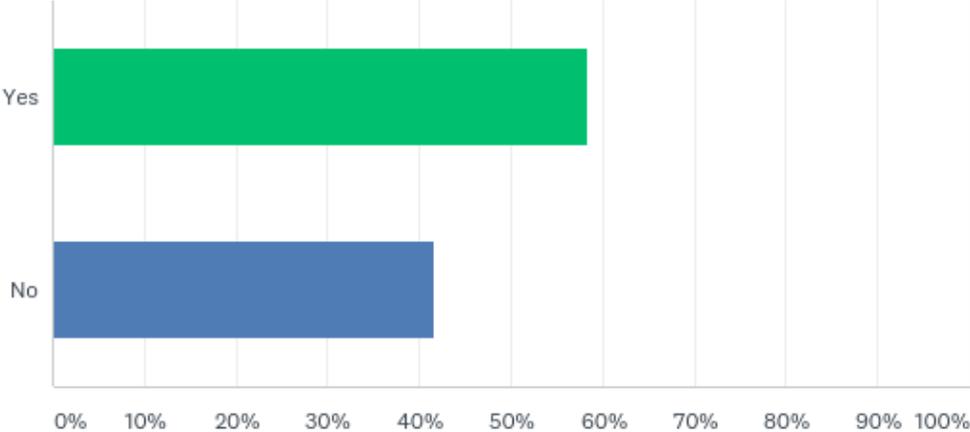
Q2: What sort of organisation do you work with?



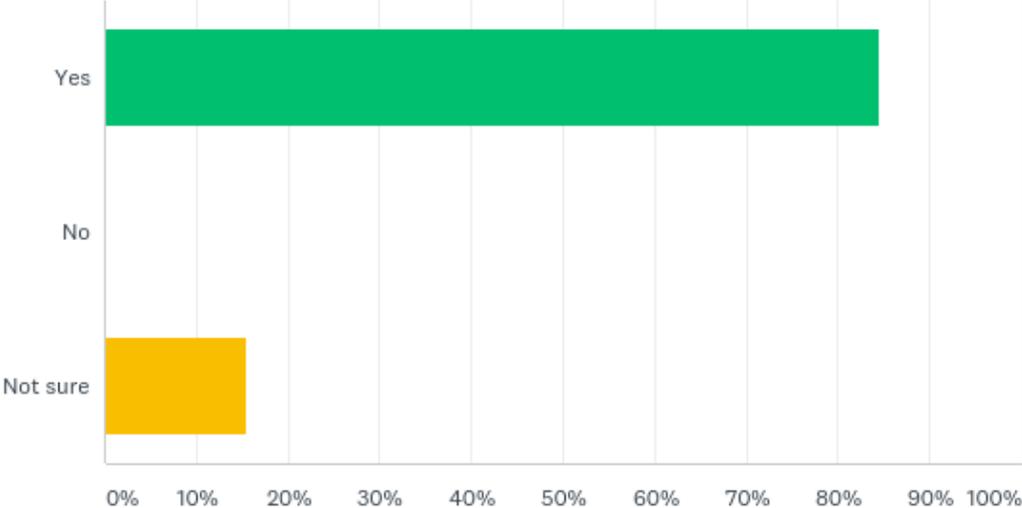
Q3: How large is your organisation?



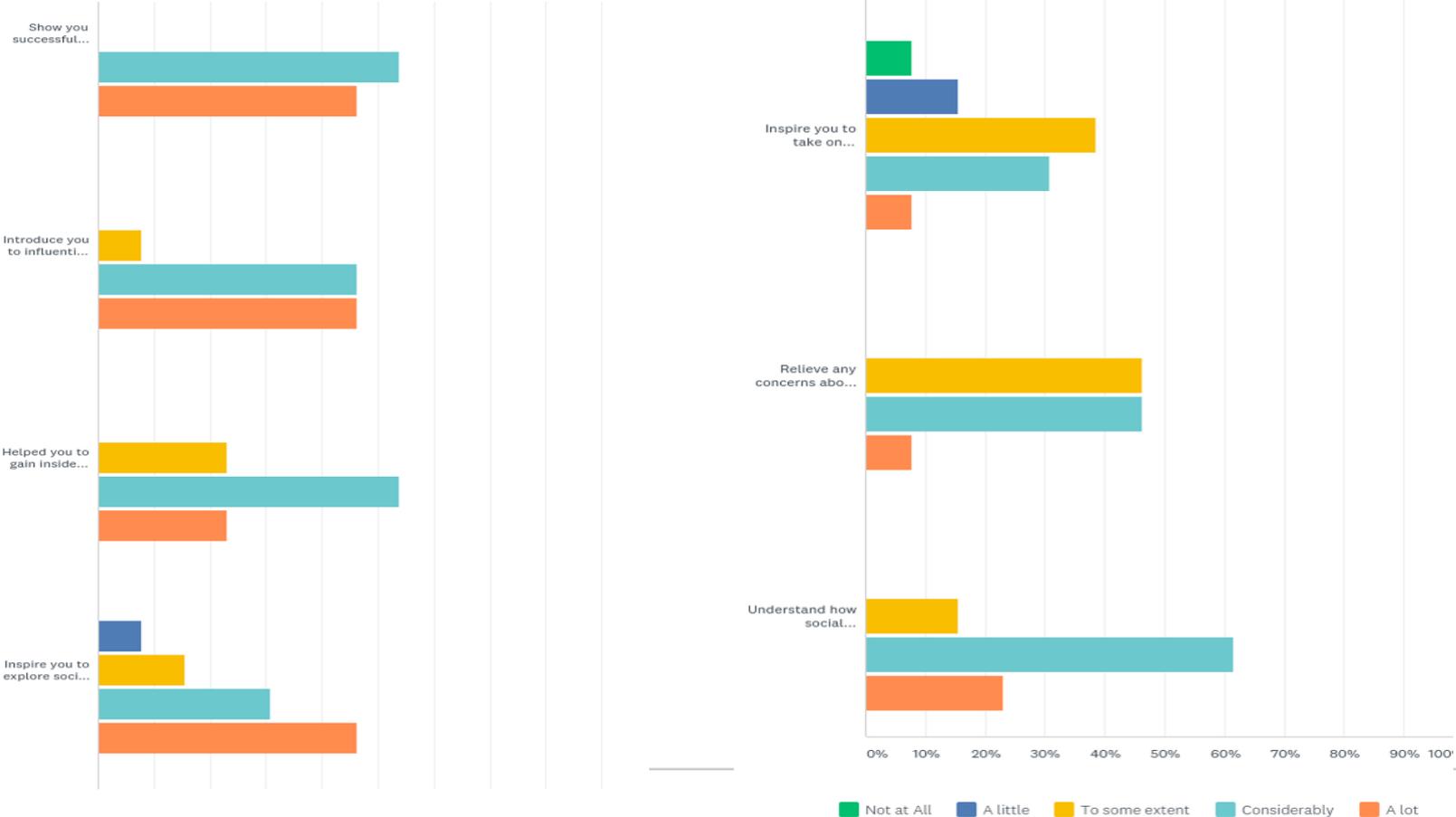
Q4: Have you considered social investment before?



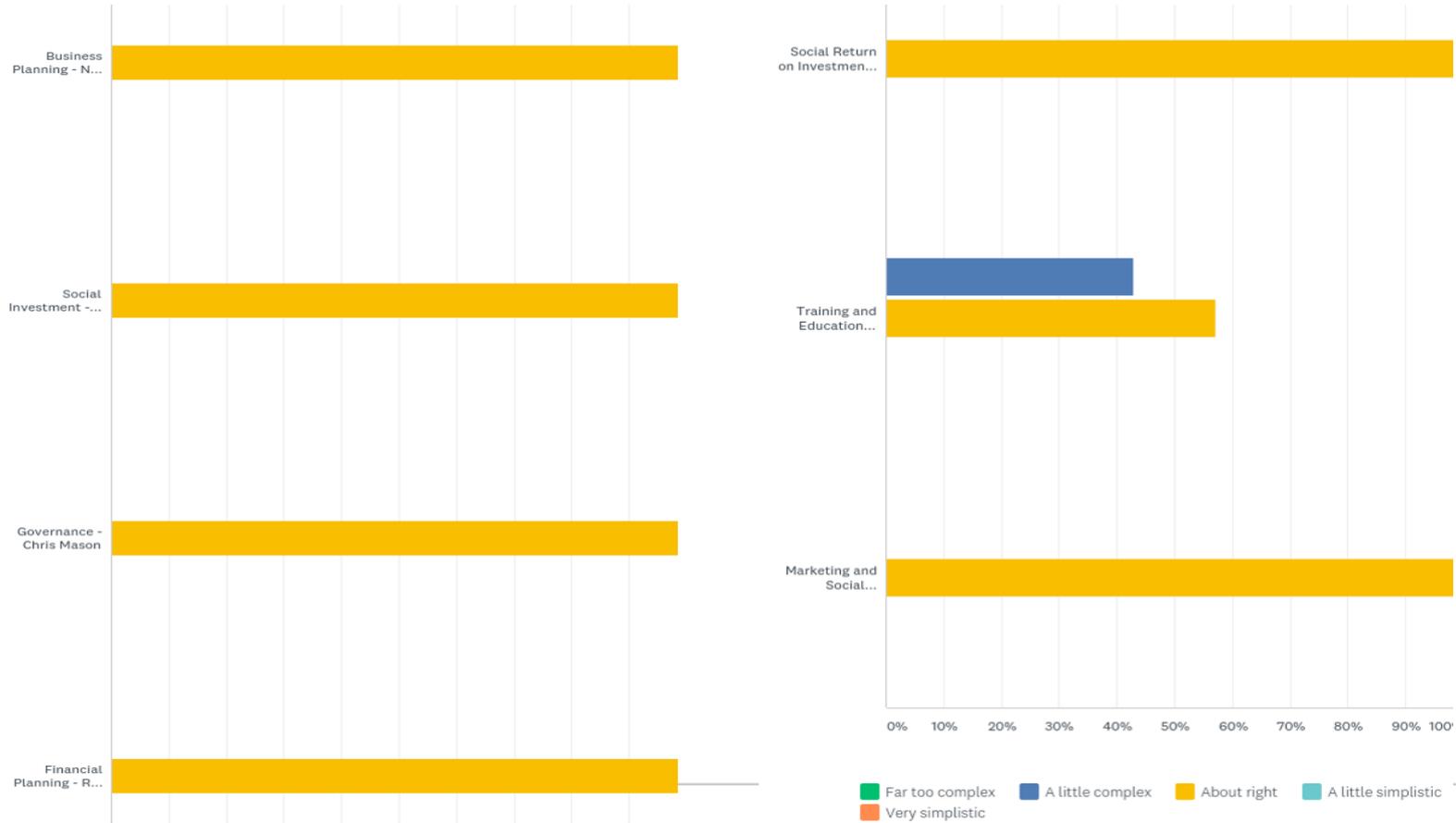
Q5: Did the programme help you to make a decision?



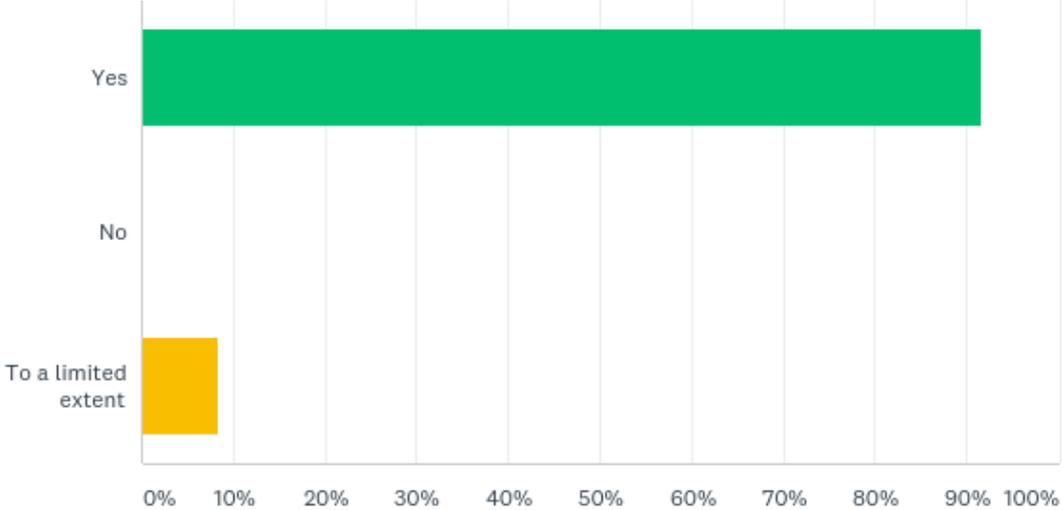
Q6: How well did the visits deliver the following?



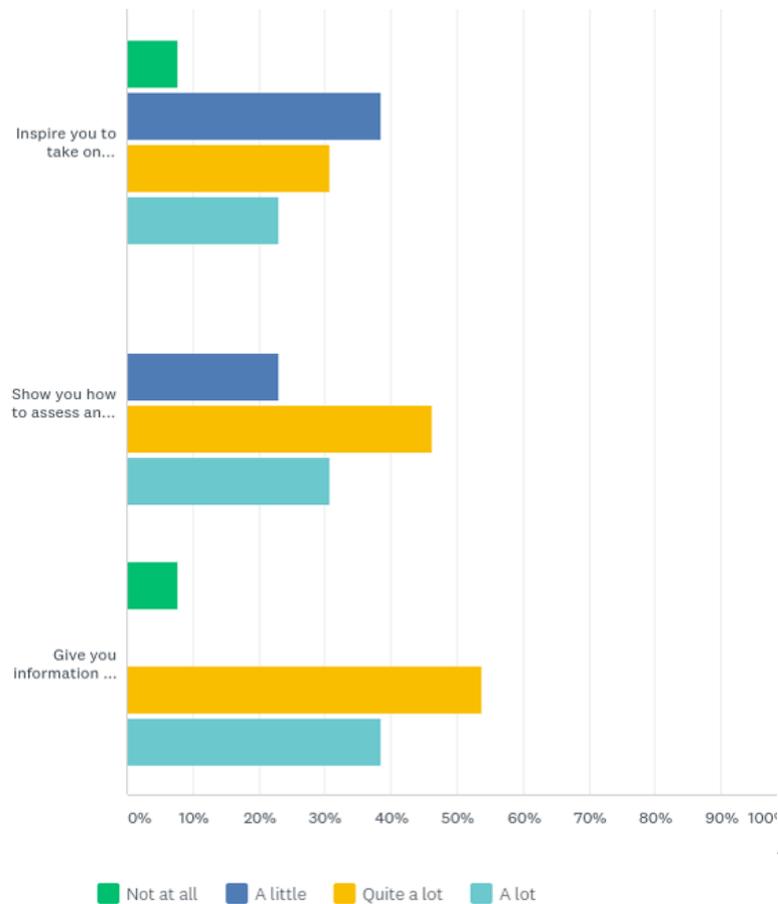
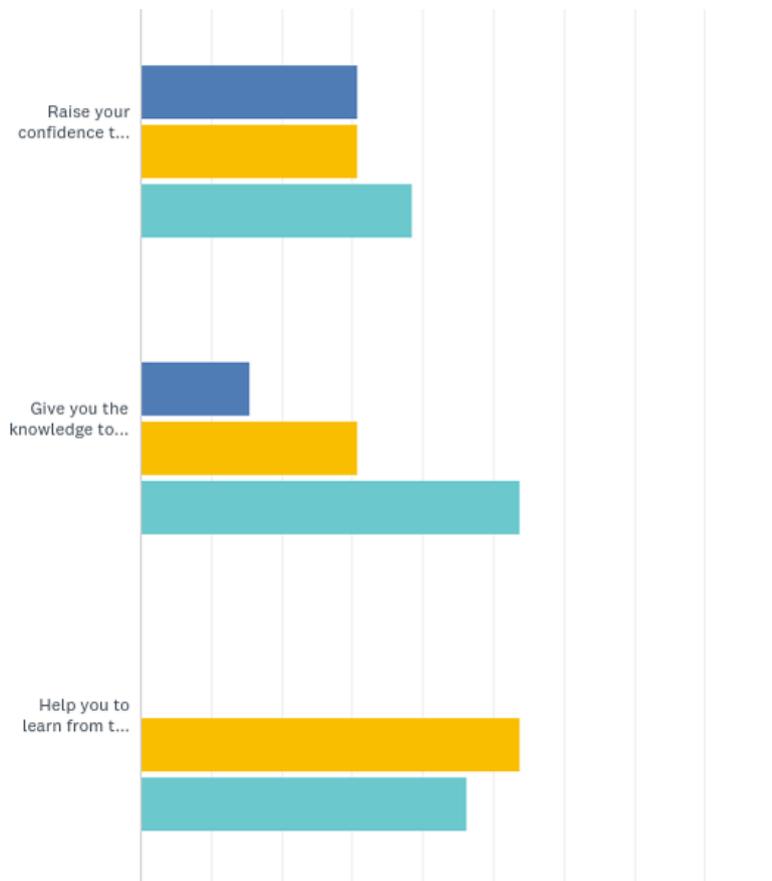
Q7: How would you rate the level of information in the masterclasses?



Q9: Have the master classes given you sufficient knowledge?



Q10: Did the programme



Q11: How useful were the resources on the Trello Board

Answered: 11 Skipped: 2

