

Housing
Associations
and

Social Enterprise

Their role and potential in the South East region



Housing Associations Supporting Social Enterprise

There are nearly 350 housing associations operating in the South East region. Although their housing role is understood, their community investment and social enterprise activities are less familiar.

Although defining the number of social enterprises is difficult, it is estimated that the South East has a growing base of approximately 1,000 true social enterprises with many more organisations engaged in socially enterprising activities in the region. Compared to other regions the proportion of the wider small and medium enterprise base that operates on social enterprise lines is relatively low.

This report, and the accompanying analytical research report, which is available separately, examines housing association activity in supporting the development and running of community based social enterprises.

It outlines the enabling agenda set for social enterprise at the regional level and considers opportunities and impediments to developing more social enterprise.

The Offer

iN Business for Neighbourhoods

Housing associations are iN business for neighbourhoods. We have a major local presence in the communities in which we operate. Associations have unrivalled access to many of the most deprived communities. With property-

based assets and diverse business skills, we are well placed, if not uniquely placed, to foster and facilitate social enterprise. This report demonstrates what we have achieved so far and the potential for the future. Housing associations want to do more but there are constraints. We hope that this report, commissioned by the South East England Development Agency (SEEDA) and the National Housing Federation will enable us to work with Government departments, local authorities and the voluntary and community sector to build a better platform for social enterprise in the future.

“Our vision is bold: social enterprise offers radical new ways of operating for public benefit by combining strong public service ethos with business acumen, we can open up the possibility of entrepreneurial organisations – highly responsive to customers and with the freedom of the private sector – but which are driven by a commitment to public benefit rather than purely maximising profits to shareholders.”

Tony Blair
Prime Minister
Social Enterprise: A Strategy for Success
(DTI 2002).

2 Housing Associations and Social Enterprise: **Adding Value**

The Key Messages

1. We are social enterprise agencies and community investors in our own right.

We are there, on the ground in deprived urban and rural neighbourhoods and have the assets, skills and capacity to deliver.

2. Social enterprise is crucial to both the regeneration of existing communities and to ensuring the sustainability of new communities.

We can help to deliver this but our role needs to be more clearly recognised at a regional and sub-regional level. We are vibrant and committed partners; social entrepreneurs are also encouraged and invited to recognise this and to work closely with us to deliver more enterprises.

3. Government and regulators need to recognise the importance of social enterprise alongside the efficiency agenda.

We can facilitate social enterprise schemes (products or services) and deliver them in our own right but the risks and resources required need to be taken into account. The community social enterprise agenda and the role that we have in facilitating community enterprise means that we need to become involved in more diverse activities and businesses. Strategic regulation and investment priorities must favour this.

4. New funding models needed

Government initiatives are important but more long-term funding sources for social enterprise are crucial to delivering more social enterprise.

Definition of social enterprise

“A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or the community, rather than being driven by the need to maximise profit for shareholders and owners.”

Housing Associations Adding Value

Housing associations are adding value across the South East region as community investors. This investment addresses a range of government priorities from more jobs, education and skills to social inclusion and crime and community safety initiatives.

Social enterprise represents the next step. Some associations are now facilitating such enterprises. In addition, there are numerous ‘emerging’ social enterprises fostered by housing associations in the region.

A raft of social enterprise initiatives is needed to support sustainable new communities.

In tackling physical regeneration, a real opportunity exists to engage with local people to address their economic circumstances including establishing social enterprises.

The same situation applies to new sustainable developments in the growth areas of the region where associations could collaborate to promote social enterprise to serve the needs of the planned new sustainable communities.

Why Get Engaged With Social Enterprise?

Housing associations across the South East have become involved in delivering social enterprise:

- To contribute to the sustainability of communities
- To achieve long-term sustainable outcomes - grant funding is finite and initiatives may have a limited life
- To reduce the incidence of crime in neighbourhoods
- To enhance residents’ skills
- To alleviate social and financial exclusion

Geoff Phillpott of Portsmouth Housing Group, says that one of its key aims is: *“to improve the capability, power and resources of local disadvantaged communities. We continuously examine ways of enabling organisations to become sustainable and each year we assist around 15 organisations in fundraising and with structures.”*

Steve Madell of 1066 HA says: *“We were driven by the levels of deprivation reported on some of its housing estates, especially in the Ore Valley. We recognised that some of our purchasing power could be harnessed to create jobs and training opportunities for local people.”*

Housing associations are involved in 23 social enterprise projects across the South East region.

3 Housing Associations and Social Enterprise: **Community investment**

Table 1:

Housing association social enterprise activity in the South East

<i>Type of activity</i>	<i>No.</i>
Credit union	1
Loans	1
Housing management	1
Supported housing	1
Child care	2
IT	2
Community newspaper	1
Maintenance services	2
Furniture recycling	3
Charity shops	6
Resident Service Org.	1
Waste recycling	1
Catering	1
<i>Total</i>	<i>23</i>

The projects cover a wide variety of products and services from services addressing financial exclusion, to furniture recycling services. While many associations in the South East have been actively engaged in community investment for many years, social enterprise is a new and emerging activity.

Social enterprises that are self-sustaining and no longer reliant on grant aid are critical as a succession strategy to grant aid, this is vital as the Single Regeneration Budget (SRB) comes to an end in 2006.

Community Investment: The Incubator of Social Enterprise

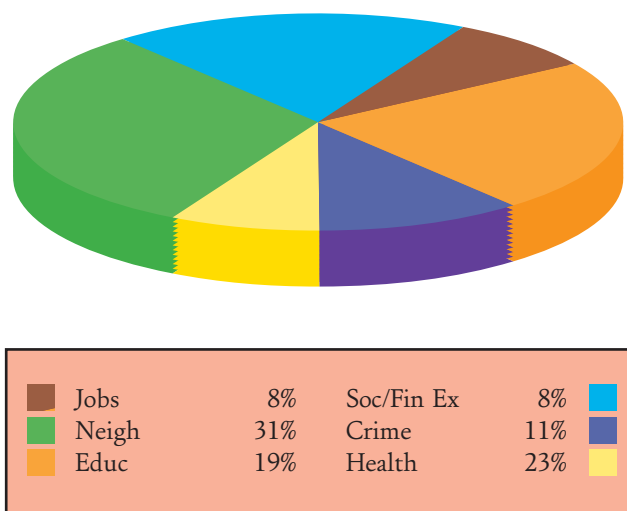
Social enterprises often emerge from community investment activity.

Those associations involved in social enterprise reported that 11% of these projects could develop into fully-fledged social enterprises.

A snap shot of the current activity of those associations alone revealed an investment of £3.8million for the current financial year 2004-2005.

117 projects were reported.

Chart 1: Community investment – programme type



Housing associations are meeting the Government's floor targets for the National Strategy for Neighbourhood Renewal

Jobs and enterprise account for 8% of reported projects and includes initiatives such as:

- Access to jobs
- Start-up: relates to business start-up including social entrepreneurs and encouraging enterprise.
- Construction employment includes local labour schemes.
- Placements: schemes to create work experience with the intention of enhancing employability.
- Other includes job club and skills audit

Education and skills account for 23% of the reported projects addressing issues such as:

- IT: Information technology training
- Life Skills: includes personal, social and parenting skills
- DIY: Includes development of an individual's home DIY skills
- Numeracy and Literacy
- NVQ: Also includes other recognised qualifications
- Under 12s: Includes under 5s clubs and primary school based activities

Crime and community safety accounts for 11% of reported projects such as:

- Security
- Vehicle Crime: dealing with abandoned cars
- Neighbourhood Wardens

4 Housing Associations and Social Enterprise: An enabling framework

Health projects account for 8% of reported initiatives. These involve:

- Sport and fitness
- Healthy Eating, includes classes, accessing healthy food

31% of schemes related to neighbourhood management, for example:

- Consultation: includes surveys and programmes of consultation at a neighbourhood level
- Community projects; projects that benefit a neighbourhood but not necessarily as part of the formal neighbourhood renewal programme
- Local Strategic Partnerships
- Community chest; grant giving projects and programmes

19% of projects address financial and social inclusion through:

- Access to banking facilities or understanding finance
- Community Development Trusts
- Credit unions
- Capacity building

The South East: An Enabling Framework for Social Enterprise

The National Strategy for Neighbourhood Renewal, the Sustainable Communities Plan and the New Deal for Communities are concerned with creating sustainable neighbourhoods and fostering social inclusion.

The National Social Enterprise Strategy offers a platform for the expansion of social enterprise that can help to meet some of these aims. The Government has established the Social Enterprise Unit in the Department of Trade and Industry to champion social enterprise as a viable and important business model that can deliver social good in multifaceted ways.

Regional Social Enterprise

A growing base of approximately 1000 social enterprises operates in the South East. These enterprises are estimated to generate £498 million turn over a year, employ approximately 21,000 people and provide 35,000 volunteering opportunities.

Social enterprise development has accelerated in the region over the last seven years with 34% of organisations established since 1998.

The Regional Development Agencies (RDAs) are active in facilitating development partnerships to support social enterprise throughout the UK. This facilitation takes different forms in different regions. In the South East, SEEDA has led a partnership of 12 organisations to develop an enabling framework to support the development of social enterprise from a wide range of sectors.

Indeed, the Regional Economic Strategy (RES) includes the following action to make social enterprises better businesses:

- creation of a best practice network of support for those involved in encouraging the start-up and growth of social enterprise across the region;
- review of existing business support and training to remove barriers to growth of the sector which may lead to the creation of centres of excellence in the region;
- development of a community investment finance and social investment strategy to support the growth of the sector in the Region including the promotion of a new community enterprise fund;
- collaboration with other RDAs and the DTI's Social Enterprise Unit to contribute to the implementation of the national framework for social enterprise.

A Diverse Region

The South East region has a population of over eight million people. Although a wealthy region, there are more pockets of social exclusion than is often thought. The facts speak for themselves:

- The region contains 119 of England's poorest council wards; more than the combined figures for the South West and East of England.
- 15,000 people in the region are homeless, the second highest number after London.
- 13.6% of children live in income deprived households: this is more than in the North East and the South West regions, East Midlands or East of England.
- 11.2% of older people live in income deprived households; a higher number than the North East, East Midlands, Eastern England or the South West.

Source: SEEDA

5 Housing Associations and Social Enterprise: **An enabling framework**

Employment

The South East has a lower International Labour Organisation unemployment rate than any other UK region. However, in absolute terms the region has the third highest number of unemployed in the UK with approximately 150,000 unemployed. There are significant variations across the region. For example, the employment rate in West Berkshire is 86%. Conversely, in the Isle of Wight, Brighton and Hove and Southampton it is 71%, significantly below the UK average.

Education

There are similar variations in the achievement of 16 year olds gaining at least five GCSEs at grade A-C. In 2001, this varied from 63.3% in Buckinghamshire to 34.3% in Portsmouth.

There is a significant proportion of adults with low skills levels throughout the region.

The RES recognises that the overall prosperity of the South East, *“masks a highly uneven spread of wealth within the region. Disadvantage and social exclusion are found in both urban and rural areas. Their eradication represents one of the greatest challenges to the region as a whole.”*

The Regional Economic Strategy (RES) sets the framework but its successful delivery is dependent on assistance from all sectors to achieve its targets in these areas.

The South East Social Enterprise Strategy identifies three key objectives:

1. Establish greater understanding of the role and value of social enterprise, so stimulating the market for their products and services.
2. Develop an integrated, easily accessible, business support infrastructure to encourage the creation and sustainability of new enterprises.
3. Enable social enterprises to work together more effectively, opening up new markets through collaboration and innovation.

Housing associations are engaging with this strategy. The South East region RSL Social Enterprise Group is a newly formed group with close links to the region's Social Enterprise Steering Group.

Opportunities and Potential

Opportunities and potential that housing associations can offer through their core business as social enterprises:

Procurement

- As major procurers of construction related activities including repairs and maintenance they can open up contracting opportunities for existing enterprises
- They can collaborate in placing contracts to enable a sufficient market to be established for a range of contracts and services
- Associations can create new enterprises to procure services such as child care or estate maintenance

Community Capacity Building

Some typical approaches involve:

- Working with residents and the community to identify problems and develop solutions
- Facilitating the development of tenant and community associations
- Providing advice and support for projects
- Training schemes including the use of IT
- Business skills transfer
- Personal skills development

Business Skills and Finance

- Housing associations have access to commercial finance
- They can use their contacts to obtain loan finance
- They can also stand as guarantors
- They may offer grants to start up and sustain projects

Asset transfer and incubation space

Physical assets such as community centres, redundant parks, land and buildings are of critical importance to viable enterprises. They create an asset base over time against which funds can be raised and in some cases provide an income stream.

- Housing associations could explore their own property portfolios with this in mind
- When developing new community centres the possibility of asset transfer could be built into the initial feasibility to promote social enterprise from the outset

- The provision of office and factory space is crucial for the development of viable businesses
- Associations can access office space for the use of others using their strengths and skills to support an enterprise indirectly

Information Technology

- Associations are already engaged in community investment and social enterprise activities that provide education and skills. Several of these projects aim to increase access to IT skills and qualifications in particular
- Old hardware (and office equipment) can be usefully donated in the first instance to set up enterprises
- Homes that they provide are fitted with appropriate IT telephone points and in future Broadband needs to be considered
- Access to the web, assistance with packages and skills are all areas where associations can assist

The potential for more social enterprise includes emerging markets such as:

- Procurement of services
- Neighbourhood management services: estate and environmental management
- Recycling and waste management
- Construction skills training
- Childcare
- Health & Social Care
- Retail
- Community and recreational amenities and support services

The case studies which follow examine some of these opportunities further.

Empowering the Community

The Ore Valley Residents Services Organisation – 1066 HA, part of the Amicus Group

“With the creation of the RSO we invest in the community we serve by creating jobs for local people who have had few opportunities for meaningful local employment in this high unemployment area.”

Steve Madell, Housing Initiative Director of 1066 HA.

The Ore valley Residents Services Organisation (OVRSO) is a ‘not for profit’ social enterprise guided and parented by 1066 Housing Association, part of the Amicus Group. 1066 Housing Association and the Hastings Regeneration Partnership provided the initial funding and support creating the Ore Valley RSO in 2001.

The RSO is steered by a long established committee that includes residents. The RSO emerged from tenants’ desire to develop a community controlled service delivery vehicle as an alternative to failing mainstream provision by the local authority.

The sorts of services that the RSO can deliver include: caretaking and neighbourhood wardens, grounds maintenance, estate cleaning, bulk refuse collection, void decoration and repair, environmental improvements and painting and decorating.

Improving Local Services and Tackling Unemployment

The three complementary aims and objectives of RSOs are:

- To improve local services by directly providing them
- To tackle unemployment by directly providing jobs and training for residents
- To empower the community through community-led management and through the organisation playing a wider neighbourhood role.

The core RSO services provided to date are:

- Painting and Decorating Services
- Environmental Improvements Team
- Playground Inspection and Repair. The RSO carries out regular inspections of playgrounds and carries out repairs.

In addition, the RSO has attracted mainstream further education funding for the delivery of its ‘Changing Rooms’ courses. These are ‘outreach’ basic skills courses. Changing Rooms runs over 10 days, and teaches decorating skills, incorporating basic skills learning.

Outcomes

- Community representatives have made up at least 50% of the managing body for most of the life of the organisation
- The RSO delivers local services within the neighbourhood under contract to the social landlord and is revenue funded for the majority of its income from mainstream revenue sources
- It employs local residents, targets jobs on a high unemployment area and on long term unemployed people and couples jobs with training and support
- It delivers the sorts of services that were envisaged in the model, i.e. frontline services that matter to residents in deprived neighbourhoods, which also offer opportunities for entry level jobs
- The RSO facilitates community engagement in neighbourhoods (e.g. community led environmental projects) through the work of the Environmental Team, responding to community requests
- The RSO plays a wider community role in the borough as a whole in other deprived wards (for example, it is involved in proposals for the renewal of run down houses in multiple occupations in Central St Leonards).

8 Housing Associations and Social Enterprise: Residents in the driving seat

The scale of operation is quite sizeable. In 2003-2004 the RSO completed:

- 120 small scale environmental improvements,
- 100 Housing Plus Decorations
- 250 Tenant Decoration jobs

Project Data

(based upon DTI reporting requirements)

Form of incorporation: The RSO is technically a department within 1066 Housing Association although it is the intention of the 1066 Board for the RSO to become an independent legal entity. The current thinking is that the RSO's activities will transfer to the new Skills2Build social enterprise.

Number of staff: 15

plus one part-time painting estimator volunteer, two work experience decorating placements, one office-based work experience volunteer – part-time.

Annual turnover: 2003/2004 £286,537.00.

Number of volunteers: Four

Gross profit: £Nil

Income sources (over three years):

Grants for 2003/2004 totalled £63,191.

- SRB
- Esmee Fairbairn

Trading income: 78%

Government as one of the 10% most deprived wards in England.

Leys News became a community business in 1998. It now offers a full colour community newspaper that is delivered to over 5,000 households on the Leys regardless of tenure or landlord. It has a vital role as a vehicle for social cohesion and for information sharing across a large housing estate with many needs. The company also plans to provide work and training opportunities for local people. Leys News has an elected Board of Directors that is open to anyone who lives and/or works on the Leys.

Making It Work

Leys News is partly self-sustaining. It intends to develop a further business that will complement the newspaper. It sells advertising space within the paper that covers just over 50% of its costs - the rest is derived from grants. It has now set up a training and design business as part of Leys News Ltd which will sell training services to other businesses and also offer a freelance design service.

Leys News offers:

- Job opportunities for the local community either paid or as a volunteer or placement
- Freelance work as a designer
- A free drop-in session for local people to use its resources (Quark, Photoshop, scanners, digital photography)
- Community training
- It focuses on local issues which the local community can engage in and be part of.

Etain is the last editor to work for Leys News. He notes: *“Without the help of the Housing Consortium in Blackbird Leys, Leys News could never have continued to grow and be the success story it is. The financial and practical support is incredibly important and having housing association workers work with us so closely gives us an eye and ear in the community that we might not otherwise have.”*

Residents in the Driving Seat

Leys News – Oxford – Catalyst Housing Group

Sasha is a local resident, she says: *“When the time was right for me, I began to get involved with community activities and attended events, volunteered to help out with some projects and got to know more people locally and built up a strong network of local friends who like me are glad to live in Blackbird Leys and want to continue to support community activity.”*

Leys News Ltd is a community newspaper operating on the two estates of Blackbird Leys and Greater Leys in Oxford. It started out as a newsletter for tenants of the newly built estate of Greater Leys provided by the three housing associations (Blackbird Leys Housing Consortium), which own the properties.

The wards of Blackbird Leys and Greater Leys (Northfield Brook) are listed by the

Outcomes

The project has achieved a great deal in terms of the Government's sustainable communities agenda.

- Leys News promotes a healthy vibrant community as a vehicle for communication across a very large estate.
- It is produced and managed by members of the community and recruits new volunteers every year.
- Volunteers have then used the experience and skills gained from volunteering to go on to paid work, either at Leys News or elsewhere.
- The newspaper engages with the community and gives residents a sense of identity and belonging.

9 Housing Associations and Social Enterprise: **Adding value to neighbourhood management**



Project Data

(based upon DTI reporting requirements)

Form of incorporation: Not for profit company limited by guarantee

Year of registration: 1998

No. of staff full and part time: Two part-time

Annual turnover: £11,094

Location including post code: 26 Kingfisher Green, Greater Leys, Oxford, OX4 7BX

No. of volunteers: 25 (these include people who have covered articles for the paper, sat on Editorial Board, helped with website and resident Board of Directors.

Gross profit: £7,041, net loss of £3,875

Income sources:

- Grants 45%
- Advertising covers 55% of costs to produce and distribute the paper.

Project Drivers

The enterprise was established by WKHA and the tenants' association to support those in need. In particular the aim was to ensure that low-income families can furnish their homes without incurring debt. The project also contributes to the recycling of household waste (67,000 kilos collected in 2004 - to increase by 35% in 2005).

Added Benefits

The project offers tenants/users the opportunity to furnish their homes at affordable prices without getting into debt. In some cases a payment plan is available. Training has been provided to volunteers who were long-term unemployed. Many have gone on to become permanent members of staff at the project or have gained permanent employment elsewhere as a result.

Volunteers from other agencies, (including Mental Health, Alcohol/Drug Abuse services and those with learning disabilities), have also benefited from the experience.

Adding Value to Neighbourhood Management

The Furniture Project Sevenoaks - West Kent Housing Association

The Furniture Project provides good quality furniture, 'white goods', electrical and household items at a reasonable cost. It also offers a recycling service. It aims to become self-sustaining and contribute to strong, cohesive and inclusive neighbourhoods in Kent. External funding to support expansion is the greatest challenge the enterprise faces.

The enterprise is overseen by a sub-committee (with tenant membership) of the Board of West Kent Extra and adds value to neighbourhood management. The enterprise supports the local authority Community Plan, the iN Business agenda and Housing Corporation sustainable community objectives.

Outcomes

Job and training opportunities for local people and a contribution to environmental protection.

Meeting a gap in the market

Neighbourhood Furniture Store (Swale) – Amicus Vision, part of the Amicus Housing Group

This is an emerging social enterprise operating as a potential furniture recycling and redistribution business. The project goals are to provide quality affordable furniture to help disadvantaged people create comfortable homes. In providing this service, the project also has spin offs creating workplace

10 Housing Associations and Social Enterprise: Meeting a gap in the market



training and volunteer opportunities along with local employment opportunities within a core team of paid staff.

Supporting Disadvantaged Residents

The proposal originated from the desire to support disadvantaged residents. This included a local need to locate furniture for women and families moving on from refuge accommodation. It soon became apparent there was a gap in the market for this type of service provision in the locality. In addition, there was the potential to provide a local service offering recycling and waste management. Strategic partners wanted the project to help reduce the level of household waste and contribute to the local waste management operation.

Offering More Than Recycling

The Neighbourhood Furniture store seeks to provide 600 households with access to furniture and white goods each year. A core staff team of four persons provide vocational skills training for 20 unemployed people and a further 10 volunteering placements. It seeks to reduce the amount of furniture to landfill sites by 100 tons per year.

The project operates as a social enterprise but is still reliant upon charitable or other grant funding to secure its longer term business plan.

The business is currently being established and is due to start trading in May 2005. The enterprise is supported by a significant CRED support grant for three years. To move into a truly self-sustaining business plan position the business will have to achieve new growth and income generation.

The local waste management contract company welcome the new scheme and are keen to promote opportunities for joint working.

Outcomes

The enterprise will provide a much needed local service in the North Kent area. The scheme offers a service to disadvantaged households and a local recycling facility. The project is reliant on support grants in its early phase, but may develop its capacity to expand its business and create more jobs and training opportunities in the Thames Gateway area.

Project Data

(based upon DTI reporting requirements)

Form of incorporation: Initially registered charity. Potential to develop into fully fledged trading subsidiary company if business growth warrants it.

Year of registration: Project not registered, but sits within charity

No. of staff full and part time: Four staff full-time

Annual turnover: £150K per year (£450K over three years)

Location including post code: Sittingbourne, Kent ME10

No. of volunteers: approx 10

Gross profit: break even or reinvesting small surplus

Income source (over three years):

- Grants CRED (Community Recycling and Economic Development) £220K
- Grants LA and HA £36K
- Donations for furniture pick up and redistribution £96K
- Furniture sales £9K
- Recycling credits £11K
- Training income £21K
- Remaining income sources private sector donations/sponsorship etc

Construction Skills and Training

The Growth Area Agenda offers some considerable opportunities to expand the range of social enterprises operating in the construction industry. Some 200,000 new homes are planned in the South East, harnessing this development opportunity through social enterprise models could bring about significant social and economic impacts for these communities.

There are also huge skills shortages in the industry. Current estimates from the Construction Industry Training Board estimate that between 2003 and 2007 the country must find between 64,000 and 103,000 new recruits per year, depending on growth. Housing associations have responded to this through a number of training and employment schemes.

Housing associations have a track record of ensuring that construction training and employment opportunities for local people are additional gains from these programmes. The considerable opportunities presented by the Thames Gateway and other growth areas should not be missed as a chance to develop these activities through social enterprise. One example of such a programme is 'Workforce' developed by the Horizon Housing Group.

Changing Lives Through Construction Employment

Workforce: Horizon Housing Group

Workforce is Horizon Housing Group's portfolio of projects that has been developed to underpin the Group's long-term commitment to Local Labour in Construction and to extend these initiatives to communities and groups currently under-represented within the industry.

The Workforce programme operates in London and across the South East and:

- Assists residents and others within the communities to benefit from the job opportunities created by regeneration, development and maintenance work
- Addresses the skills shortage in construction
- Over 1,610 clients have been assisted by Workforce programmes

Over the past 10 years Horizon Housing Group has invested over £184 million in large regeneration estate renewal schemes, which represents the refurbishment or new provision of over 6,000 homes.

The involvement of employers, locally and regionally based, has raised the awareness of the importance and benefits of employing local people. One project addresses the barriers faced by rural workers, particularly transport to employment sites and isolation from awareness of new job opportunities.

Other programmes include:

Changing Rooms:

A 10-week course for people with very little or no construction experience designed to increase participants' confidence and self-esteem.

Training and Employment:

This wage subsidy scheme encourages local builders and contractors to employ and train local people.

School Link Programme:

This programme targets 14 to 16 year-old students, particularly year 11 pupils at risk.

Funding

Horizon Housing Group has secured £1,510,244 towards its Workforce programmes, from the European Social Fund, Single Regeneration Budget, New Deal for Communities and SEEDA.

Childcare

The Regional Economic Strategy (RES) for the South East is concerned to ensure that there is appropriate and accessible care for dependents to enable more carers to take up employment opportunities.

The region is determined to encourage the provision of childcare and other forms of dependent care. This will create an opportunity for social enterprise including those developed by housing associations.

The whole range of childcare provision is required in neighbourhoods both new and existing. Many housing associations are already engaged in delivering, crèche facilities, and pre and after school clubs and full nursery provision. Child minding agencies can be established across an area and run on the social enterprise model.

An example of this activity is highlighted by Portsmouth HA which is working with families and their children.

12 Housing Associations and Social Enterprise: **Childcare**

Offering a Life-line to Families

The Roberts Centre - Portsmouth HA

The Roberts Centre has achieved national recognition for high quality services for families and children including a range of programmes to support vulnerable families with accommodation problems. The Centre is located very near to the main commercial shopping centre of Portsmouth.

Set up in the late 1980s to respond to the needs of homeless families who were temporarily housed in bed and breakfast accommodation, originally it depended heavily on volunteers and it offered a range of support and services.

In 1998, the Centre was registered as a company limited by guarantee and a charity in its own right. However, it has continued as a member of PHA group and has benefited from support services.

Coping with Relationship Breakdown

The Centre now offers a range of support services for families living in temporary accommodation or unsuitable housing, those having difficulty in managing their tenancies, or families suffering from the impact of relationship breakdown.

The Roberts Day Nursery has 44 places and is the only one in the city to take children from birth. Every Saturday, the child contact centre provides supported contact sessions with up to eight families at each session. The service enables children to have contact with their non-resident parent or relatives.

The Family Tenancy Support service provides a range of support to tenants of PHA and other landlords, who have difficulties with home or money management, need to develop parenting or communication skills, or deal with anti-social behaviour or neighbour nuisance.

The Supported Housing Scheme was recognised by the Department of Health's Teenage Pregnancy Unit in 2003 as one of three models of good practice nationally. It provides support including parenting and life skills training to families who are considered at risk of failing in their tenancies.

The Centre also runs children's holiday schemes during the school holidays. It continues to involve around 30 volunteers in delivering its range of services.

Funding

The Centre developed steadily but was for many years dependent on charitable funding. It also relied heavily on annual funding from Portsmouth Housing Association which had reached £80,000 per annum by 2003.

However, in that year PHA made a final contribution of £160,000 which was used alongside other funding from the SRB and the Neighbourhood Nursery initiative to enable the Centre to purchase the building it occupied and to carry out extensive improvement works.

This means that the Centre now has a substantial property asset on its balance sheet and is therefore in a stronger position to borrow if need be. In the last year it has invested its reserves in developing the management structure to ensure that it has the capability to further develop its activities and services.

Success Factors

The success of the Centre is due to a number of factors. The Centre Manager has the entrepreneurial flair to identify and develop new services in response to needs and opportunities. However, she also insists that staff deliver a consistently high quality service. The Centre has developed effective partnerships with local agencies, particularly the City Council housing department. Because of its growing reputation it has been able to attract high quality and committed staff. It has been supported by PHA but allowed considerable independence to pursue its own development.

Project Data

(based upon DTI reporting requirements)

Form of incorporation: Company limited by guarantee

Year of registration: 1998

No of staff full and part time: 33

Annual turnover: 2004/05 £1,024m

Location: Portsmouth

Income:

	2002/3	2003/4	2004/5
Surplus/ contribution to reserves - £000s	95	124	46
% revenue income as grants and donations	33	18	15
Capital income - £000s	115	415	0

Collaborating in the Growth Areas: A Model

There is a challenge for housing associations to be at the forefront of regenerating communities. There is also a key role for them in supporting the delivery of new, sustainable neighbourhoods in the South East growth areas.

Social infrastructure is essential to ensure that both the regeneration of existing estates and the development of new neighbourhoods are successful and sustainable.

Housing associations need to collaborate with each other and with other partners including the community voluntary sector to ensure that social infrastructure is delivered.

A plan of what is required in each area needs to be established. This could include:

- Construction-based social enterprise, with spin-offs that include employment and training opportunities which are a priority for the region
- Community transport
- Community and leisure facilities
- Child care services
- Health and social care

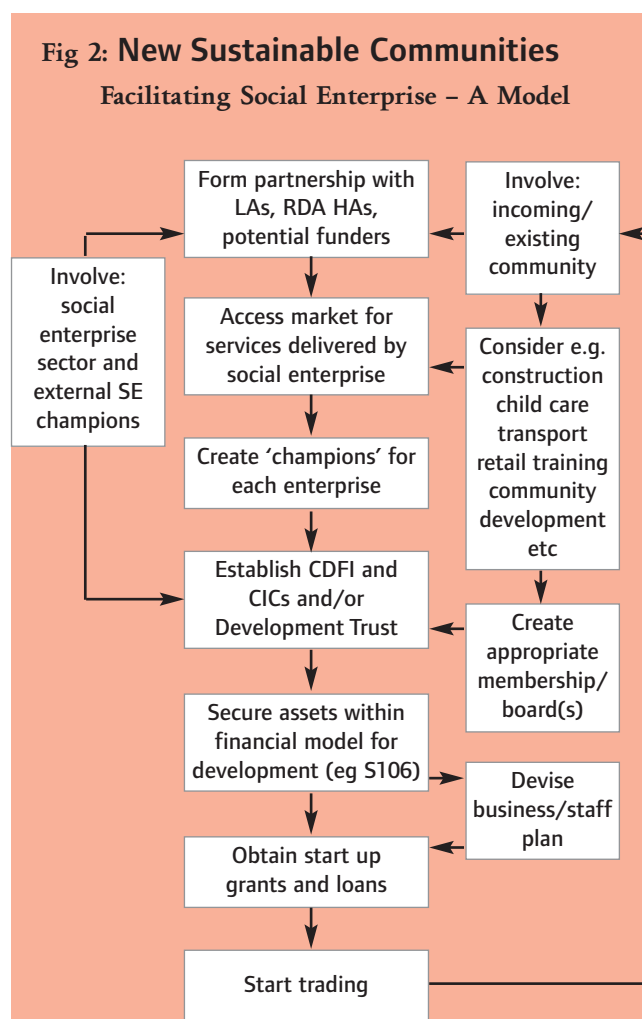
The case studies also offer some tips and lessons in taking this agenda forward.

A Housing Association-led Social Investment Product

With their track record of raising finance and commercial finance partners on board housing associations are in a key position to draw in capital and revenue funding to develop new social investment products and services.

Fig 2 sets out a model which brings together some of the factors an association could consider in facilitating social

enterprise either in a new sustainable community or as part of a regeneration scheme. More detail is given in the section “Funding Social enterprise”



Funding Social Enterprise

The lack of suitable finance has been identified as the biggest single barrier to the development of more social enterprise.

Social enterprises are often dependent on managing a diverse range of income streams from grant finance to trading income and loans. This diversity creates huge complexity to ensure that the enterprise stays on mission, with different monitoring and administration requirements creating bigger administrative burdens than experienced by similar small and medium enterprises in the private sector.

Need for Long-term Dedicated Funding

Nine sources of external funding for social enterprise projects are accessed by housing associations. Income streams include internal funding and several sources of external grant aid.

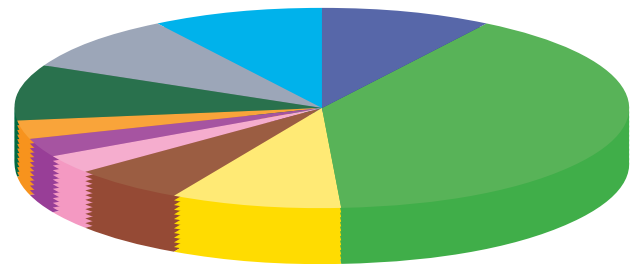
There is a clear need for substantial, long-term dedicated funding of this activity which is accessible to associations and the projects they are facilitating.

- Housing association internal sources accounted for just three percent of fully fledged social enterprises
- Income from trading was reported by 40 % of projects
- Other sources of funding detailed in Chart 2 include charitable grants and New Deal for Communities.

Using Assets to Support More Enterprise

Associations recognise the need to use assets to provide social capital in support of community and social enterprise and to provide income streams. This is an area where associations could collaborate, especially on larger sites or regeneration programmes, to develop this approach. A number of associations are exploring dowries in cash or property as a means of ensuring that community buildings can become viable. Some associations are offering interest-free loans and acting as guarantors of loans to enable the enterprises to attract funding from other sources.

Chart 2: Sources of funding for housing association sponsored social enterprise



Surestart	3%	SRB	9%
SEEDA	3%	ESF	6%
LA	9%	Trading	40%
RSL	9%	HC	9%
Loans	3%	Other	9%

At the regional level, this need for greater flexibility and product range for social investment has led to the development of initiatives, including a regional Community Development Finance Institution (CDFI) and an embryonic social investment task force looking at the full range of inclusive business finance for the sector.

Community Development Finance Institutions (CDFIs)

Community Development Finance Institutions (CDFIs) are independent organisations which attempt to provide access to financial services for individuals and enterprises. CDFIs have social as well as financial objectives and are often involved in regeneration or supporting particular communities.

Some Barriers to Expanding Social Enterprise Activity

Attracting New Markets

Allied to lack of finance is the need to avoid financial instability by developing income streams and attracting a sufficient market for the product or service to achieve viability. Social enterprises are unlikely to become self-sufficient or flourish in the long term unless they offer products or services that are attractive to a wider market.

Risk

There are different and sometimes conflicting demands placed on housing associations. Involvement in social enterprises is potentially a risky activity and the attendant risks could outweigh the rewards.

If the housing association sector is to pursue social enterprise there must be acceptance of greater risk, recognising that some businesses will not succeed.

Lack of Recognition

The potential role of housing associations in promoting and facilitating social enterprise needs to be more readily acknowledged by funding providers. The cultural barriers in relation to social enterprise itself are combined in the case of housing associations by a lack of knowledge or recognition of the contribution that associations can make.

Partnerships

More joint working between housing associations, particularly in areas where there are a number of them managing property could reduce the level of risk in the set up and sustainability of social enterprise. Regional working could be encouraged and resources given to the organisations which are the most proactive.

There is a need for clear partnerships with shared objectives to support work within the social economy sector. In

particular, more focussed partnership and sub-regional collaboration arrangements between housing associations and the Voluntary and Community Sector are needed.

Regulation

The community social enterprise agenda and the role that housing associations may have in facilitating community enterprise does mean that housing associations need to become involved in more diverse activities and businesses. Strategic regulation and investment needs to offer a more favourable climate for this.

The regulation and inspection regime does not fully recognise social enterprise and the costs and risks associated with it. The social enterprise agenda may become squeezed as resources are directed to building more homes; meeting the Decent Homes Standard and the current drive for greater efficiency takes effect.

Other issues

Social enterprise requires considerable resources. In particular, pre start feasibility and market analysis. Housing associations need to work together to increase resources and to take advantage of opportunities to collaborate on market analysis, business planning and set up.

Training for staff (and volunteers including residents) and ongoing support for the enterprise is viewed as at least as important as access to finance.

In the South East commercial property prices are high and associations have difficulty in finding suitable and affordable premises which in turn restricts growth. Collaboration can assist in resolving these issues.

Housing association activity in this area should not be seen as an opportunity to cut the costs of delivering social enterprise as their financial resources in particular are already stretched by competing priorities.

Fostering Social Enterprise

The following is required to bring about the step change in social enterprise activity in the region:

- A recognition of the pivotal role of housing associations
- Access to finance through the mechanisms outlined in earlier chapters
- Collaboration between agencies including the associations themselves to create viable markets and social enterprise businesses
- Access to training for residents and community members to acquire the entrepreneurial skills required to establish and to sustain a social enterprise;
- Social enterprise requires particular entrepreneurial skills and the willingness to take risks in a business sense
- A champion or entrepreneur is vital in the process. Successful enterprises are led by someone with the skills and business acumen needed to seek out and secure markets for the enterprise
- Clarification of market gaps and needs so that viable income streams can be achieved
- Asset transfer is required to provide security for loan finance
- Transfer of successful models.

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