



Centre for Local
Economic Strategies

briefing

TEN WAYS IN WHICH SOCIAL ENTERPRISES STRENGTHEN THE LOCAL ECONOMY: BUILDING FUTURES EAST

1. INTRODUCTION

Drawing on the community empowerment agenda and focusing on the role played by social enterprises in economic and social regeneration, this paper looks at the role of Building Futures East, a Development Trust in Newcastle, in contributing to the social economy of its local area. BFE is an independent, local organisation established to provide a route to employment for residents of the East End part of Newcastle. The organisation has devised a model to tackle the low skills base in the most deprived areas of the city. BFE's model is based on the direct involvement of local employers. The aim is to raise their awareness about the local skills base and tailor course provision to required needs, thus linking local employment opportunities to local residents. CLES Consulting has followed the development of this organisation since 2006 and carried out a formative evaluation, looking at the impact of the work as well as the processes. In this context, this paper looks at the ways in which BFE contributes to the local social economy of the East End of Newcastle.

2. THE ROLE OF SOCIAL ENTERPRISES IN ECONOMIC AND SOCIAL REGENERATION

The government recognises the importance of the Third Sector and its contribution to social and economic regeneration, in sustaining the environment, improving society and establishing new forms of enterprise. Since 2007 a number of policy reports from the Office of the Third Sector have highlighted the increasing value of the Third Sector to local government, local strategy, local regeneration and local service delivery.

There are four areas of common interest between the Third Sector and the Government, which will shape partnership working and policy over the next ten years:

- enabling voice and campaigning;
- strengthening communities;
- transforming public services;
- encouraging social enterprise.

Within the Third Sector, it is social enterprise that has been recognised as being central in working in and for communities as well as in delivering services.

The role of social enterprises in enabling and strengthening communities, thus engaging with local people in all aspects of local public service activity is of paramount importance for the central government. In the past few years the central government has placed increasing emphasis on how councils empower and engage with local people. This has now been brought into even sharper focus with the recent (2008) publication of the Government's white paper on community engagement, 'Communities in control: real people, real power'.

The white paper sets out new duties for local authorities to promote empowerment and engagement. It also sets out a wide range of new initiatives to support public services to empower local people. This means taking a more strategic and systematic approach to placing community engagement at the heart of everything councils do, encompassing asset management, transfer,

participatory budgeting and neighbourhood working. A consultation is being launched alongside the white paper, with a commitment to launch the fund in late 2008.

Some of the key proposals of the Empowerment White Paper include:

- ❑ a new duty to promote democracy on local authorities which is to complement the duty to involve. The duty to promote democracy is an effort to build on the work being done already at a local government level to promote democratic understanding and participation with suggestions for reform, including clearer information for citizens, better trained staff and more visible councillors in the community;
- ❑ extension of the 'duty to involve' to additional agencies and bodies across England including Regional Development Agencies, Jobcentre Plus, Homes and Communities Agency, Probation Trust and Youth Offending Teams. Whilst the Third Sector are not included as a sector to engage in the 'duty to involve' the paper does propose the establishment of an Empowerment Fund of £7.5million to support national level third sector organisations turn key empowerment proposals into action. This is however the first hint of the paradox that runs throughout the paper between devolution and the scale of the proposals and actions;
- ❑ a new Social Enterprise Unit to champion the role of social enterprise models in areas such as housing, health and regeneration. The Cabinet Office also has its own social enterprise unit, but the proposed relationship between the two is not clear from the white paper;
- ❑ a new Asset Transfer Unit (ATU) to build on the work of the Advancing Assets for Communities Programme, which was led by voluntary sector alliance the Development Trust Association. The ATU will develop demonstration projects around community asset transfer, and lead a campaign with local authorities and community groups to increase the number of transfers. The white paper places a strong emphasis on encouraging the transfer of properties to community organisations, directly supporting such asset transfers through the new Empowerment Fund;
- ❑ the development of 'community anchor' organisations with social enterprises: businesses whose main aims are primarily social or environmental. The fact is that community anchors are often more focused on voluntary sector work such as campaigning for social justice and equality or speaking up for the needs of local communities. While many mobilise collective action and contribute to a sense of community identity – thereby playing a wide role in the empowerment agenda – they do not necessarily undertake the service-delivery and asset-management functions often taken up by social enterprises.

3. THE EXAMPLE OF BFE

BFE started as construction training centre and since its inception in 2006 it has grown significantly. Established as a Company Limited by Guarantee it became a member of the Development Trusts Association in March 2008 and was awarded charitable status in August 2008.

BFE now offers a range of vocational and personal development training and work experience opportunities. It is a good example of a Development Trust responding to the needs of the local community and linking them to the requirements of local employers. In order to move away from grant culture and become sustainable whilst serving the needs of the most vulnerable, BFE is exploring other areas of intervention having recently developed projects such as Square 1 and the Garden Maintenance Scheme. Square 1 is a work based mentoring project aiming to engage teenagers to work with local employers for six months. BFE is acting as the host organisation and it employs the coordinator who matches young people with local opportunities.

The Garden Maintenance Scheme will continue to deliver a 'paid-for' environmental maintenance service to local businesses and it will enable BFE to provide a free gardening service to local elderly and vulnerable residents.

BFE's development reflects the changes in the role of the Third Sector occurred over the course of the last five years from a grant recipient, specialised in almost exclusively community development to an increasingly professional, diversified and entrepreneurial sector with growing involvement and influence in local governance and local public service delivery.

The activities delivered by BFE have a positive impact in the community it is based in and they contribute to the development of the local area by promoting a partnership approach to regeneration. The approach includes public and private sectors developing relationships with a range of agencies and bodies, broadening the prospects of employment opportunities and enabling the organisation to continue in its developmental process, responding flexibly to the changes in circumstances.

Drawing from the results of the evaluation and the most recent development of the organisation, we have identified ten ways in which BFE impacts on the social economy of the East End of Newcastle.

4. TEN WAYS IN WHICH BFE IMPACTS ON LOCAL SOCIAL ECONOMY

1. Providing a local service

Being rooted in the East End of the City the expertise and knowledge of the BFE team brings a variety of partners together from local community, private sector and statutory bodies. BFE is a member of the consortium leading the development of the Construction Vocational Diploma now being delivered from the training centre in Walker Riverside. It delivers a range of development and training opportunities and it is expanding its services to include more activities targeting local vulnerable people. Underpinning this is the principle of developing locally responsive services, delivered by local residents to local residents with all of the local benefits this brings. This is not an anonymous, generic, monolithic service – this is customer and place centred, which offers a bespoke and friendly service. This approach clearly conforms to ideal scenarios as regards the modernisation of public services with locally focused, customer centred activity.

2. Local jobs to local people

Worklessness and skills shortages are significant challenges for Newcastle. BFE is borne out of this context and has developed a model to tackle the low skills base in the City's most deprived areas. This model seeks to directly engage local employers in the agenda for change. The ethos of BFE is to provide high quality training and associated support in a context of employer buy-in underpinned by a strong local connection. BFE links local needs to the requirements of local employers by providing training and development opportunities that fit the industry requirements. Employers bring understanding of what is required and the courses provided enable local people to gain the skills to access local jobs, thus benefiting from the opportunities created by wider regeneration initiatives. Another way in which BFE enable local people to access local jobs is by delivering the Square 1 project, a mentoring approach that matches up individual youngsters with local trades people in full-time paid work experience for 6 months.

Building Futures East is also supporting the development on the riverside – the Renewable Energy Park - and is referenced within the proposal around the provision of training to supply the workforce. This implies that they will also be remodelling part of their vocational skills delivery to take account of, and respond to, the demands of this new development that will also provide employment opportunities to local people.

3. Providing facilities to local people

The refurbishment and improvements to the building in which BFE is based have always run alongside the development of the organisation. It is also DTA policy to focus on asset development. More recently, a three stage development plan has been devised, including the development of an ICT room and the development of six small business start-up units, in response to the interest some local businesses have expressed in the availability of space. Moreover, in order to respond to the lack of adequate small conference facilities in the East of End of Newcastle, BFE will develop a space as a conferencing hall available to both business/public sector and community and voluntary sector organisations at a much discounted rate. The initiative will also provide a range of catering and customer focused accredited training programmes and a significant number of local employment opportunities.

4. Model of third sector entrepreneurship

BFE has developed and grown significantly since its opening in 2006. The organisation is moving away from the reliance upon external grant aid streams towards secure funding derived from income-generated activities delivered through the enterprise arm.

BFE reflects the changes in the Third Sector by becoming increasingly professional and developing an asset base and capacity as a trading organisation. Whilst the focus will continue to be that of connecting local people to local jobs and of providing high quality employment related training and associated support, BFE is increasingly a strategic player in the formulation and delivery of community regeneration plans across the city with a growth and development plan including ambitious and challenging targets. The profit from the enterprise will be invested in social regeneration activities to support, develop and improve the quality of life and employment opportunities of the local community.

5. Empowering the community

Since BFE began in 2006, 604 students have undertaken training at the centre. The type of training that this figure incorporates includes Building Craft Occupations (BCO), trainees from schools, adults attending night classes and other types of bespoke training. During 2007/08, figures available to date at the time of writing include 225 individuals obtaining qualifications, 43 people gaining employment as a direct result of undertaking courses and 12 people going onto work placements. The number of teaching hours completed is 76,453. An increasing range of training and development opportunities are on offer from this training facility.

Within this there are a range of industry accredited courses in addition to shorter courses aimed at broadening the skills base of individuals and their experience and making them a more attractive prospect to potential employers. BFE focuses on empowering the local unemployed and linking them with opportunities – local people benefiting from local jobs created by the wider regeneration process. At the local level, the organisation is rooted in the regeneration area of the East End. BFE is also crucially located at the heart of the Walker Riverside industrial site, thus an important position as a potential training provider for the new industries and development along the river.

6. Supporting local businesses

BFE contributes to supporting local businesses in a number of ways. Through the training centre, BFE provides the local workforce with the adequate skills. It involves local businesses and contributes to meet their requirements both in terms of preparing the workforce and also for the position in the industrial supply chain. BFE stimulates local entrepreneurialism by providing business incubator spaces and conferences facilities to local businesses. BFE is also filling the gap in provision at local level by meeting the needs of local businesses and linking them to the local population.

7. Looking after the most vulnerable

One of BFE strategic objectives is to support and assist individuals in gaining a level of stability and order in their daily lives. Through the development of projects such as the Garden Maintenance Scheme the elderly and most vulnerable residents will benefit from a free garden maintenance service with some planting and soft landscaping. This will enable them to remain in their own properties but also to liaise with younger people coming to help out, thus contributing to increasing community cohesion, greater intergenerational understanding, reductions in littering and anti-social behaviour and increased social capital.

8. Place shaping

BFE approach focuses on stimulating, developing and instigating a real transformation, a transformation from the passive to the active, to support the regeneration of communities that has its foundations in the genuine ability to make life choices and therefore to shape the places where they live. BFE's activities stimulate individual capacity, enabling change but also providing local people with choices and linkages to opportunities. BFE contributes to regenerating the community by providing local young people with skills, aspirations and employment, stimulating the economy and the well being of the wider community. BFE is about making the local community a better place through improving the skills base, liaising with employers and providing the local industrial area – located by the Tyne River in the industrial heart of Newcastle – with a place to learn and train local employees.

9. Improving health and well being of local people

BFE's activities contribute to the health and well being of local people in a number of ways. Firstly, the catering service will provide on-site bistro to cater for BFE students/users/partner organisations and local businesses. This will focus on healthy eating and encourage a culture of a healthy diet within the student population.

Secondly, the gardening project helps the elderly and disabled to feel better about themselves and their property. A well-kept garden is a source of pride in communities like the East End, particularly for the elderly. When residents are unable to look after their property, they feel ashamed and develop a sense that they are bringing the neighbourhood down. As the work carried out by the trainees on the gardens has an immediate visible impact, the residents feel better about their properties and are not ashamed about the way their gardens look and thus take pride in them again. The feeling of being able to live independently and being able to look after themselves, provides the elderly and disabled with a healthy mental status. As soon as they feel inadequate living by themselves and not being able to cope, their health deteriorates. The ability to look after their property and their gardens contributes positively to elderly and disabled people's perception of their capacity of living alone and looking after themselves.

Thirdly, providing young people with training and development opportunities contributes to their well being and opens their horizons as regards to choices and options in their lives.

10. Challenging benefit culture

Investing in organisations such as BFE that are engaged in the training and development of local disadvantaged people contributes to save costs in terms of the range of benefit claims (e.g. income support, incapacity benefit and housing benefit) in the future. BFE has also chosen a social enterprises approach to the development of the organisation enabling sustainability and moving the organisation away from a reliance upon external grant aid streams towards secure funding derived from income generated activities. This will also enable the organisation to continue delivering the service they currently are but also providing further help and support to the most vulnerable.

5. CONCLUSION

Drawing from the most recent governmental publications on empowering communities and the role of the Third Sector in social and economic regeneration, this paper explores the example of BFE, an independent organisation established to provide a route to employment for residents of the East End part of Newcastle. BFE is a Development Trust that has endorsed a model to tackle worklessness based on the direct involvement of local employers. It promotes partnership working with a variety of agencies and bodies to ensure wider opportunities to local residents. BFE is a dynamic organisation that provides valuable services to the local community, adopting an innovative model of intervention. As with every Development Trust, BFE is different and unique as it responds to the needs in its community – it identified a gap in the market and is intervening to change it. BFE is embedded in the local community and responds to its needs having a positive impact on the local social economy. This paper has identified ten ways in which this impact is manifested.