

# **Report of the Review of the Business Support to Third Sector Organisations Contract**

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## **Research Findings Summary**

### **Introduction**

This Research Findings Summary<sup>1</sup> presents the findings of the research commissioned by the Scottish Government Third Sector Unit to review the Business Support to Third Sector Organisations contract.

The social enterprise sector in Scotland has come a long way over recent decades. The sector continues to grow, generating inclusive wealth for Scotland. Alongside this, support structures for the sector have also evolved and developed. One of these is the Business Support to Third Sector Organisations contract, the service known as 'Just Enterprise'.

This is the first independent review of the service. The fieldwork was undertaken over the period July 2017 to November 2017<sup>2</sup>, and covered the period from the commencement of the contract in 2011.

Just Enterprise was introduced in 2011/2012 to provide business support to social enterprises and enterprising Third Sector organisations. Awarded £3m over the

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<sup>1</sup> **Full Report** can be found at: <http://www.gov.scot/ISBN/9781787810792>

<sup>2</sup> Subsequently, a workshop was undertaken to present, share and reflect on the review findings with stakeholders who participated. A period of time was given for stakeholders to provide further comments. These comments were then addressed where appropriate in the report, and the more detailed commentary has been collated in a separate document to inform future considerations.

first three year contract period, the service was designed to provide short, sharp interventions that responded to business need. From the outset, the service has offered three key services: Start-up; Business Support; and Leadership.

## **Research Findings**

### **Contract Performance**

The aspirations for a national service across Scotland, with a consistency of offer and single point of entry, were achieved in this first contract period. Modelled on the Business Gateway support to mainstream businesses, including workshops and one-to-one support, 4,684 instances of support were provided to individuals in the first three years, from all parts of Scotland.

At the end of the first three year period, an internal review provided enough evidence of successful contract delivery for Just Enterprise to be extended. Whilst some modifications to the objectives were made, and some process refinements, the service has continued to operate along the same principles. Another 5,238 instances of support to individuals were delivered over the three years 2014/15 to 2016/2017. Overall, over the past six years, Just Enterprise has provided 6,697 instances of support to some 4,927 organisations and 9,922 instances of support to individuals<sup>3</sup>. Recipients came from a range of different sectors and across all 32 Scottish local authority areas.

Although core delivery arrangements have largely remained, the Just Enterprise service offer has evolved and developed. Over time, Business Recovery, Supported Businesses, Pre-investment and Procurement support offerings have been added to the core Business support element, and Lift-Up has been added to the Start-up offer to help bridge a gap between Start-up and main Business Support. Under Leadership, further courses have been introduced at different levels, in response to demand.

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<sup>3</sup> Often more than one individual per organisation benefitted from an instance of support (e.g. Workshop) and also one individual per organisation often benefitted from more than one type of support.

The introduction of a national service for business support to the social enterprise sector is a considerable achievement, and one did not exist prior to Just Enterprise. This is not without its challenges, and there remain some geographic areas with over- and under- representation. There is modest bias towards the urban centres of Glasgow and Edinburgh, and some under-representation in rural areas, including the Highlands and Islands, Aberdeenshire and the South of Scotland.

All parts of the social enterprise sector have benefited from the service. Just Enterprise beneficiaries are representative of the sector as a whole, highest amongst Arts, Heritage and Culture, Community Development and Regeneration, and Employability and Training organisations. Very many of the sector organisations supported work to address equalities issues; and recent contracts have seen an increase in Social Care, Employability and Training, and Community Development / Regeneration recipients, reflecting growth in demand.

### **Just Enterprise Beneficiary Experience**

Views from some 431 beneficiaries<sup>4</sup> of the Just Enterprise service were obtained from an on-line survey (231 participants) and a telephone survey (200 participants). Qualitative consultations were also undertaken with a further 25 beneficiaries and an online discussion forum involved 14 beneficiaries. Responses to these have been analysed, and contextualised by the 37 stakeholder and delivery staff interviews undertaken, 50 non-beneficiary interviews, and the desk-based research.

This evidence indicates a large majority of beneficiaries who participated are satisfied with their support from Just Enterprise (the total number of respondents to these questions was between 405 and 408 for each category). This includes high levels of satisfaction with the expertise of the support provider (81% rating this 4 or 5 out of 5), the quality of the service (81%), its relevance (79%), the method of engagement with its focus on one-to-one support (80%) and the timing of support (79%).

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<sup>4</sup> Findings are in the context of Just Enterprise beneficiaries who participated in this research, and are not representative / a representative sample of all Just Enterprise beneficiaries over the full contract period (first three years and subsequent extensions). Numbers of respondents varies as participants to the surveys did not always provide responses to all of the questions. Some questions allowed multiple responses and these are detailed in the main report.

These satisfaction levels compare favourably with other business support service provision to mainstream businesses<sup>5</sup>. Slightly lower satisfaction levels are reported for the duration of support (72%); intensive Just Enterprise support makes four days of one-to-one support available, which includes travel time that on occasions limits support in rural areas, although there were not significant differences in the feedback between urban and rural area respondents.

The motivations for seeking Just Enterprise support (406 participants responded to these question) centre around growing the organisation (40%) and sustaining the organisation (37%), reflecting the first objective of the service which is 'to help organisations to become sustainable or grow where appropriate.' Awareness of the service has been greatest through word of mouth. Formal referrals from other organisations was a route for fewer than one in three, which is relatively low.

### **Service Benefit and Impact**

Good service satisfaction levels have translated into impacts. In all, 83% of participants reported increases in their organisation's confidence as a result of Just Enterprise support – with around one in eight (12%) reporting no effects to date from use of the service, and 5% citing a negative effect (404 participants responded to these question).

Eight in 10 also reported enhanced motivations post support, and aspirations to grow. These were highest amongst the Leadership programme beneficiaries, where the mutual support and shared experiences of participants from different sectors was valued. Benefits to date are slightly lower for Start-up beneficiaries, principally as these are the ones yet to experience benefits from support.

Specific benefits (387 participants responded to these questions) included improved strategic and business planning (30%), greater sustainability and resilience (22%) and more efficient working practices (22%). In all, 38% had not yet achieved these benefits, and 12% 'did not know'. On further 'intangible' benefits of support (391 participants responded to these questions), just over one-third

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<sup>5</sup> Eksosgen (2011). Business Gateway National Evaluation and Future Arrangements for the Delivery of Business Gateway.

reported increased confidence to trade (33%), and the development of new networks (31%).

Around half also identified wider social and economic benefits (377 participants responded to these questions). These included new relationships with other Third Sector organisations (27%) and a clearer social purpose for the organisation (25%); highest for the Start-up part of the service which helps entrepreneurs clarify their social purpose and define their social values. These are positive unintended consequences.

The networking element of the Leadership programmes is evident. In all, more than half of the Leadership beneficiaries surveyed reported new relationships with other Third Sector organisations (53% of 38 Leadership beneficiary participants). One respondent from a housing charity felt the support particularly useful for learning from Third Sector organisations outside of the housing sector. As well as taking part in a new learning network, the beneficiary had also cascaded his learning throughout the organisation.

The benefits have translated into measurable economic impacts to date (390 participants responded to these questions); 161 (41%) reported benefits to date. An average increase in turnover to date of £50,000 was reported, with an increase in 2 Full-Time Equivalent jobs and 4 volunteers (all averages are the median). A slightly lower proportion reported future expected benefits, consistent with the fragility of social enterprise confidence reported in the Social Enterprise Census 2017<sup>6</sup>.

Beneficiaries who had achieved economic impacts were asked to what extent they would have been achieved without the Just Enterprise support; of those that were able to respond, 33 beneficiaries reported that the benefits would have occurred anyway without the Just Enterprise service, and 26 said that their impacts would not have been achieved at all without the support.

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<sup>6</sup> <http://www.ceis.org.uk/wp-content/uploads/2017/09/Census-2017-Full-Report.pdf>  
<http://www.ceis.org.uk/wp-content/uploads/2017/09/Census-2017-Summary.pdf>

## **Just Enterprise in the Wider Support Environment**

Just Enterprise occupies a unique place in the support landscape. Without Just Enterprise, something similar would need to be created to meet sector needs. The review findings suggest that the service has evolved and responded to demand so that there are no major gaps in the service offering, nor are there high levels of duplication of other services.

Despite this, and although the service was established in 2011/2012, Just Enterprise is not fully understood by mainstream business support organisations or others supporting social enterprises. This is particularly the case with the new service offerings introduced. There is also incomplete understanding that Just Enterprise focuses on those that are capable of enterprise. Recently introduced Knowledge Exchange sessions between mainstream business support advisers and Just Enterprise advisers is both welcomed and useful.

One consequence of incomplete understanding is the call from social enterprise intermediaries for more front-end capacity building. This would increase the current low levels of referrals and help to build the Just Enterprise pipeline; it would also help reduce any duplication of business support. With the exception of work with Black and Minority Ethnic groups and some work in the Highlands and Islands, such capacity building is not part of the Just Enterprise offer. The Third Sector Interfaces (TSIs) have a remit to promote and develop social enterprise locally (as part of the wider ecosystem of social enterprise support). In practice, this varies across local authority areas, with some TSIs working in partnership with the local Social Enterprise Network (SEN), some funding the local SEN directly and others working independently of or without a strong SEN. This is a reflection of the on-going growth of the social enterprise sector and consequent challenges faced by some TSIs in meeting demand, as well as of the variable knowledge and understanding of the social enterprise sector within some of the TSI organisations.

Further, the Just Enterprise service is not particularly integrated with mainstream business support, where it largely operates in parallel, although there are local exceptions. Mainstream support agencies still do not fully understand the social enterprise sector and there is a recognition that the social enterprise sector is

sufficiently different to warrant bespoke business support. That said, the social enterprise sector could also be more open to accessing business support, both public and private. Therefore, whilst integration remains an aspiration, this is still some way off.

Just Enterprise has been delivered via a consortium approach. Whilst not without its challenges (for example, balancing strong management with partnership working), this has worked well and has been a key factor in establishing a national service with a consistency of approach and offer. Through strong contract management, processes have improved over time and there has been significant capacity built within the consortium.

The Social Enterprise Census provides important evidence of what the sector needs, demonstrating continued demand for the services provided by Just Enterprise, including business planning, market strategies and new product and service development. The Social Enterprise Strategy 2016-2016<sup>7</sup> and 2017-2020 Action Plan<sup>8</sup> also make it clear that business support to social enterprises and enterprising Third Sector organisation is a priority.

Scotland continues to be a leader in the provision of business support to the sector. That is not to say lessons cannot be learned, and there are excellent examples internationally with regard to specific support elements. These include Italy with its support to social co-operatives (Health and Social Care, Early Learning and Childcare) and Canada and Hong Kong in terms of the role of Higher Education to support the sector. In Scotland, it is the whole ecosystem of support that is unique. The Enterprise and Skills Review<sup>9</sup> seeks greater integration of all support organisations, and social enterprise sector support should be part of this.

As new evidence is collected, new areas of support emerge. Building digital capabilities is a case in point, not historically a large part of the Just Enterprise offer, yet one in which there is growing demand. The way in which support is accessed is also changing, and there is increasing demand for digital methods of

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<sup>7</sup> <http://www.gov.scot/Resource/0051/00511500.pdf>

<sup>8</sup> <http://www.gov.scot/Resource/0051/00516611.pdf>

<sup>9</sup> <http://www.gov.scot/Topics/Economy/EntandSkillsreview/publications>

communication. Scotland must continue to evolve and innovate, in order to meet ever changing market demands.

The review indicates that almost two-thirds of Just Enterprise beneficiaries who participated plan to access further support, the majority from Just Enterprise (360 participants responded to these questions). These needs are greatest in core Just Enterprise service areas of Business Planning (48%), Leadership (34%), Tendering (27%) and Sales (22%), as well as Finance (52%) and Marketing / Web Design (38%). The Social Enterprise Census also indicates most organisations are likely to seek support within the year, reinforcing that sector demand is strong.

### **Overall Conclusions**

The Just Enterprise service has and continues to fulfil a need for business support amongst social enterprises and the enterprising Third Sector. It has successfully delivered specialised Business support, Start-up support and Leadership support services in line with contract objectives.

There is strong evidence for these conclusions: there has been strong contract delivery performance across all of the three main service areas; all three service areas being valued by Just Enterprise beneficiaries who participated in this review, with a wide range of associated impacts achieved; and there have been strong volumes of delivery. A national service has been established, with a consistency of offer.

The service has evolved to meet demand. As the service matures, it must continue to innovate and develop to meet changing needs and demands. However, whilst a number of considerations are highlighted below, this is not about wholesale change to the service; rather this is about further evolution and refinement to ensure social enterprises and enterprising Third Sector organisations are supported in the right way.

## Review Considerations

The considerations for the service going forward arising from the review are:

- That there is continuation of nation-wide business support. There have been considerable benefits of introducing a national service of business support to the sector. The service has been taken-up in all parts of Scotland, with demand from both urban and rural areas. This requires sufficient investment to ensure that all of Scotland is covered, and where a national service is actively supported by local and regional partners.
- The Business Gateway model approach has worked well. The duration of support, and its relevance, are good, and the short, sharp and focused interventions have helped to generate the good impacts described. So has the Business Gateway style combination of one-to-many (Workshop) and one-to-one support, and the single entry point. However, the approach going forward would have to continue to recognise that beneficiaries attending Leadership Services attend longer, multi-day programmes, and short sharp interventions are not the most appropriate approach in this context.
- That there is a programme of Just Enterprise partner engagement as part of brand promotion and awareness-raising. Just Enterprise itself is not an entity, but rather a brand, the title under which the service operates. Given that Just Enterprise is demand-led, and reliant on referrals into (and out of) the service, then there is a very real need for the brand to be strong and recognised. Both partners and service beneficiaries / recipients need to be aware of the brand, and specifically what the offer is, and who and what is eligible (including Third Sector Intermediaries and Interfaces).
- Closer working with mainstream business support agencies would increase the range of support that could be available to the social enterprise sector. The Knowledge Exchange information sessions between Just Enterprise and mainstream business support organisations are a welcome recent addition, and this is the type of shared understanding across agencies which will ultimately benefit service beneficiaries / recipients. The aspiration for greater

integration of social enterprise business support with mainstream business support should remain an aspiration, so that the available expertise that exists is maximised.

- There is an opportunity to pilot social enterprise support in the South of Scotland that is more joined-up between Just Enterprise and other support agencies, notably Business Gateway and Scottish Enterprise, including enhanced access to information, services and products. The Enterprise and Skills Review paves the way for greater multi-agency working across business support and skills development, and for the creation of a South of Scotland entity where enterprise and skills support come together, for example through a shared Board.
- That the Just Enterprise offer is refreshed - The review concludes the Just Enterprise offer is in general terms sound, and has met, and continues to meet, demand for business support. Within this generality, the review discusses some specific refreshes that may be appropriate. These include:
  - The potential to mainstream the business recovery offer - often the business recovery element of the service is called in too late, and so early identification of organisations in difficulty may be helpful, perhaps in the form of an annual / bi-annual health check / diagnostic tool, although this should not be formulaic and / or lead to pre-determined solutions.
  - That consideration is given to the nature of the pre-investment offer – extending the offer to support finance for growth for social enterprises more widely through a stronger ‘investor-readiness’, linked to more robust / detailed business planning capable of helping organisations access finance.
  - That the specific Supported Business element is no longer offered given that most social enterprises now meet the revised definition of a supported business.

- That there is clarity over the Procurement support offer – whilst the consortium is clear about the offer under Just Enterprise, and whilst there is a good working relationship with the newly introduced Partnership for Procurement partners, there remains a risk of confusion for social enterprises and the duplication of support.
  - An enhanced marketing and digital offer - there is evidence from the review that social enterprises do not always consider Just Enterprise when they need this form of support, from on-line and non-traditional selling routes, to digital marketing and using social media. Although this does not necessarily need to be specific to social enterprise and enterprising Third Sector organisations, it is clear that the sector is not currently accessing Business Gateway provision in this sphere to any great extent. Therefore, social enterprise specific support here may be beneficial, or that integration with, and routes into the available Business Gateway support, are improved.
  - The potential for mentoring and aftercare – there may be some merit in some form of mentoring for new social enterprises, and perhaps some aftercare, that continues to help growth and development. This would need to be carefully scoped and clearly defined, and this type of support exists for account managed social enterprises.
  - Continuation of equalities support – the targets for work with equalities organisations has helped to formalise support for this part of the sector.
- There appears to be the need for greater levels of enterprise capacity building, however this is delivered. Enhancing this activity will increase the demand for Just Enterprise support, and improve the quality of application.
  - A more planned and systematic approach to skills development amongst advisers may be appropriate. The consortium has built considerable skills and capacity over time, and this should not be ignored. However, this has

largely been a result of the continuation of the service, and the ability of partners to build adviser skills through delivering the service. For example, on-going continuous skills refresh and training could form part of any future contract activity.

- There may be instances where a more forward-looking and proactive approach can be adopted. The Just Enterprise service is rightly demand-led, and the service has demonstrated the ability to respond to this demand. Nonetheless, this creates a reactive situation. This is about putting in place a mechanism for horizon scanning and other ways to look ahead. Member organisations have a role here, identifying legislative or other factors that may lead to an increase in demand in any given sector (e.g. Early Years).
- Refinements to Delivery Processes - Service delivery is largely effective, as demonstrated through the considerable service volumes. There are some modifications that may be helpful. These include: a greater recognition of the additional travel time to support social enterprises in rural areas; a more open approach to data and information-sharing; and the potential for more online service delivery.
- Service Flexibility - introducing an element of discretionary funding as part of the service. The Just Enterprise service has been flexible over the course of the successive contracts in responding to demand, and some of this has been generated from within the constraints of the contract. A discretionary element could not be open-ended; however it may allow consortium partners to make the case for, and put in place the support for, specific additional service elements that respond to local demand, or demand around a theme.



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