



Commonwealth Games

Analysis of Social Enterprise Readiness

CEiS

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1 Introduction

The Scottish Government and Glasgow City Council are keen to ensure that the benefits of the 2014 Commonwealth Games in Glasgow are shared with communities and social enterprises. CEiS was commissioned to carry out an initial review of social enterprises in Scotland to assess their levels of interest and business readiness to deliver products and services to the Glasgow Commonwealth Games.

While opportunities may be difficult to quantify at this point, it is clear that there will be substantial opportunities prior to, during, and after the Glasgow 2014 Games. These opportunities will arise as a result of community benefit clauses in major contracts and potential supply chain opportunities through main contractors. In addition, there will be increased economic opportunities both for social enterprises and their clients due to increased demand for a range of services.

The study was designed in two parts, an initial survey to gather views from a range of organisations, and a more detailed follow up via telephone interview, with a randomly selected sample of participating organisations. This approach was taken to ensure sufficient statistical data was gathered, to be supplemented with contextual information and qualitative data from telephone interviews.

Stage 1

CEiS designed and distributed a questionnaire to social enterprises throughout Scotland. The questionnaire comprised eighteen questions and gathered views on interest in delivering services, contracting/tendering experience, perception of readiness, identified development needs, any potential barriers and relevant organisational information. An online response system was used to minimise the time involved for those responding.

The questionnaire was distributed by key intermediary organisations, via e-bulletins and through a direct emailing. Intermediary organisations played a key role in distributing the questionnaire link, particularly to those outwith the West of Scotland. Following the initial mail out, reminder emails and e-bulletin notices were distributed again prior to the deadline for responses, to ensure as high a response as possible.

Stage 2

CEiS sampled a range of organisations to be contacted for further information. Organisations were sampled to ensure a range of different economic sectors and contrasting organisations were included. The telephone survey focused on four key areas of interest in light of the analysis of survey data. The four areas of focus included; perception of readiness, identified development needs, potential areas of involvement and thoughts in relation to the potential legacy for social enterprises.

2 Executive Summary

2.1 Community Benefit Clauses

Social enterprises surveyed viewed the introduction of community benefit clauses as a significant opportunity to establish new relationships with contractors and increase their levels of trading income. Many enterprises saw that there were distinct opportunities in the contracting phase as the games facilities are being built, and some organisations have begun to prepare for the approval of the first tenders to the Games village contractors in the Summer of 2009.

The Study also brought into focus the work Glasgow City Council and The Scottish Government are doing with Community Benefit Clauses for social enterprise. This was viewed as progressive and innovative and many agencies expressed a hope that this would spread into other public procurement projects. There was recognition that for the wider rollout of social enterprise clauses the first tranche of contracts to be let through the Commonwealth Games tendering would need to operate well. Many social enterprises and their support agencies are determined to be prepared and ready to do business when the first contracting opportunities arise.

2.2 Ready for Action

On one point all participating organisations were agreed, the next steps will be crucial. Social enterprises were anxious to see the results of this study and to take part in any resulting information or training events. One comment perhaps summed up this view – *‘we need to move quickly, not debate too long, and get down to action’*.

One of the defining characteristics of social enterprise in Scotland in 2009 is a movement with determination to blend business objectives with social and environmental goals. The support available to social enterprises through programmes such as the £30m Scottish Investment Fund, the £12m Enterprise Fund, and the Aspire to Enterprise Business support programme, is designed to accelerate growth of social enterprises in Scotland, and in particular to increase trading capacity. These support initiatives are enhanced by grass root activity to build capacity where groups of social enterprises are working in networks to share experiences and address business and growth issues. Additional support and co-ordination is provided by active intermediary agencies in areas such as community recycling, community transport, social firms, volunteering, arts and culture.

2.3 The Games in 2014

There is a growing awareness that much of the contracting to do with the Games delivery in 2014 will involve social enterprises that are engaged in volunteering, production of gifts and promotional items, supply of labour, event support, food

production and waste management. Social enterprises are hopeful that Glasgow 2014 will adopt the same social clauses in its procurement as Glasgow City Council have adopted for the commissioning of facilities and infrastructure. Provision of goods and services during the Games in 2014 is likely to involve a wider range of social enterprises drawn from a more diverse geography than in the construction phase in the lead up to the Games.

2.4 In preparation for the Games

Some economic sectors have emerged as being of significant and immediate potential in the build up to the Games, as contractors prepare their strategies on doing business with social enterprise. Waste management and recycling is perhaps one of the most obvious opportunities. Community Recycling Network Scotland has begun to work with its members to co-ordinate effort, build capacity and develop ideas such as the creation of Building Materials Recycling Centres, that can take in materials from a range of sites, to be sorted and stored prior to reuse or recycling. Other sectors such as Community Transport cite examples of Hackney Community Transport being contracted to bring workers from disadvantaged areas of London to the Olympics Construction sites and are working to build a Community Transport network to increase capacity for Commonwealth Games activity.

In the area of employability services, social enterprises compliment the Employment and Training strand of the Community Benefit Clauses, as many social enterprises are involved in the training and work preparation of disadvantaged groups. Some are working on strategies to have clients that are work ready for the facility construction, enabling contractors to meet employment targets and support social enterprises.

Social enterprises, in the areas of Arts and Culture, are keen that their involvement isn't seen as limited to have interesting cultural programmes during the games, but for early discussion around the integration of art into the facility construction.

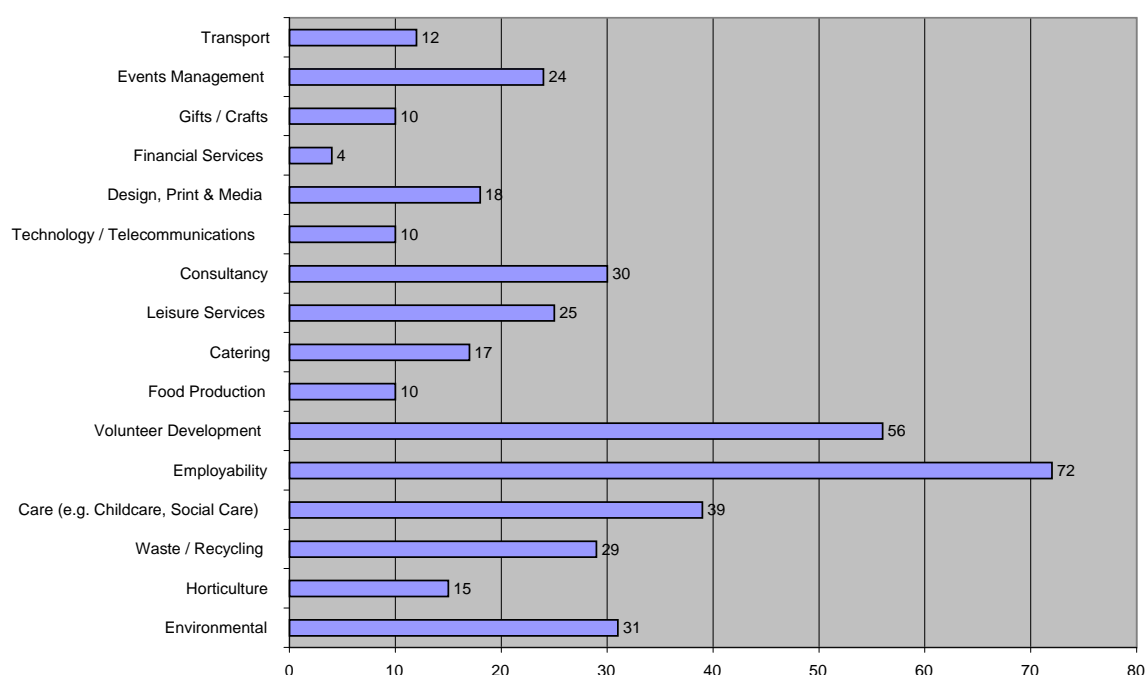
In the weeks since the survey has been carried out CEiS has been in regular dialogue with contributors, support agencies and a range of social enterprise networks. These agencies are preparing social enterprises to do business and we are being encouraged to continue to provide a range of services such as Contractor and Consortia introductions, support to consortia development and training and development to address needs identified in the survey. This work will continue over the coming weeks and months to ensure that social enterprises are organised and prepared for the opportunities that will result from the first phase of contracting relating to Commonwealth Games facility construction.

3 Survey results

3.1 Headline Data

a) Economic Sector

Current economic sector data, (Q2), indicates the number of organisations selecting each of the options provided.



b) Organisation Profile

Organisational data was provided, focusing on organisational income and number of employees. The largest group were organisations in the middle income range, followed by organisations with income of over £1m. Responses were as follows:

Organisation income*	Response Percentage	Response Count
Up to £25K	10.9	16
£26K – £100K	15.6	23
£101K – £500K	39.5	58
£501K - £1m	6.8	10
Over £1m	27.2	40

*147 organisations responded, 10 skipped the question

c) Employees

Number of employees*	Response Percentage	Response Count
1 to 5	29.8	39
6 to 10	16.8	22
11 to 20	19.1	25
21 to 49	10.7	14
Over 50	23.7	31

**131 organisations responded, 26 skipped the question*

d) Contracting Experience

Overall, the results indicate that around two thirds of social enterprises have adequate experience of delivering to contract or Service Level Agreement.

Contracting experience	Response Percentage	Response Count
We have no experience of delivering contracts	14.6	22
We have delivered contracts	67.5	105
We have delivered SLAs	64.2	97
We have managed large grants	70.9	107
We have managed complex projects involving a large number of funders	47.7	72

**151 organisations responded, 6 skipped the question*

e) Interest in Contracting Opportunities

96.7% of all responses (147) noted an interest in contracting opportunities, with only 3.3% (5) stating that they had no interest.

Respondents were then asked to indicate whether their interest was in delivering as a single organisation, as part of a consortium, or both.

Not unexpectedly, of 117 responding, 88.9% or 104 organisations selected 'both' as their response.

Only 6 organisations indicated an interest in being contracted solely as an individual organisation, while 7 organisations stated that they were only interested in taking part in a partnership or consortium.

f) Perception of Readiness

When asked 'do you feel ready to take advantage of procurement opportunities related to the Commonwealth Games, 71.8% or 84 organisations responded positively and 33 organisations responded in the negative.

However, 20 of the 84 organisations responding positively had incomes in the 'up to £25K' and 'up to £100K' categories while the 'no' responses also included 17 organisations who indicated that they had experience of delivering contracts. It may suggest an over optimistic response on the part of some.

g) Tendering Experience

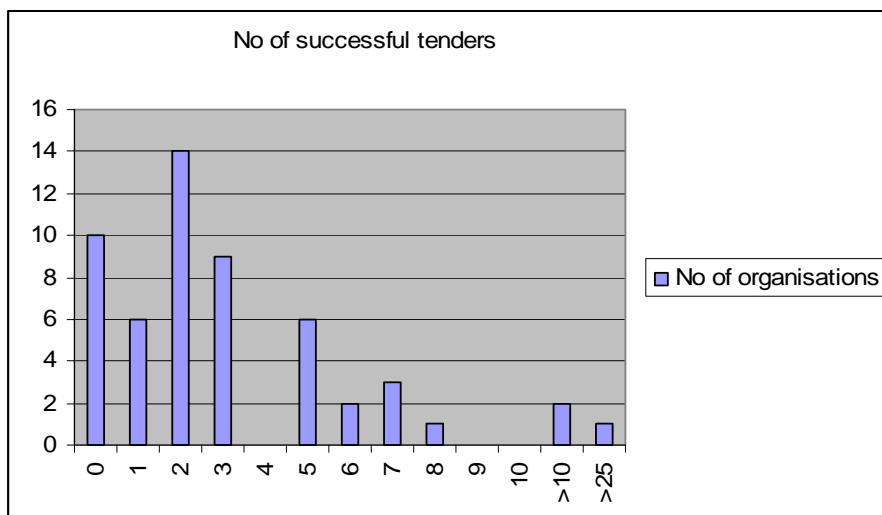
When asked to provide information on how many tenders their organisations had submitted in the previous two years, 110 organisations responded. 32.7% or 36 organisations had not submitted any tenders. 50% had submitted between one and five. Only nineteen organisations had submitted more than five.

Competitive tenders submitted		
	Response Percentage	Response Count
None	32.7%	36
1– 5	50.0%	55
6 – 10	11.8%	13
More than 10	5.5%	6

110 organisations responded

h) Tendering success

Only 54 organisations then completed question 10 and provided information on the number of tenders in which they had been successful. It must be assumed that a number of organisations felt this information was sensitive.



i) Tender value

Largest value contract won competitively		
	Response Percentage	Response Count
Up to £25K	27.7%	18
£26K - £100K	29.2%	19
£101K - £500K	24.6%	16
£501K - £1m	6.2%	4
Over £1m	12.3%	8

65 organisations responded

These responses indicate that while a range of organisations are successful in tendering, for some this has been principally for lower value contracts. In the £26k-£100k range the average number of contracts won competitively was 2.9.

21 organisations had indicated that they had a track record of winning high value competitive tenders between £501k and £1m and these organisations averaged 6.8 contracts over the specified period.

J) Potential Service Provision

Organisations were asked to detail the types of services they would like to deliver in the lead-up and delivery of the Commonwealth Games. 27 organisations selected labour which was the most popular category. Food / catering, waste / recycling and events management were selected by more than 20 organisations. Promotional items (18), horticulture (16), programmes (19) and stewards (16) were selected by more than 15 organisations.



k) Standards and Policies

Quality Standard Awards held	Response Percentage	Response Count
SQMS	25%	11
IIP	63.6%	28
ISO9000/9001	15.9%	7
Positive About Disabled People	52.3%	23

44 organisations responded

Organisational Policies

In relation to appropriate policies, response rates were very positive. 111 organisations responded of which 110 had Health & Safety policies in place and 109 had an Equal Opportunities policy.

L) Impact Measurement

The questionnaire asked if organisations used an impact measurement system such as SROI or social auditing.

113 organisations responded with 53.1% (60 organisations) stating that they were 'considering this'.

21.2% (24 organisations) used some form of social impact measurement system. 29 organisations did not use any such system.

m) Development Needs

Of the 77 responding, 60 (77.9%) highlighted procurement processes as a development need and 47 (61%) selected marketing. All responses are detailed in the table below.

Development Needs		
	Response Percentage	Response Count
Procurement processes	77.9%	60
Costing	45.5%	35
Project Management	32.5%	25
Financial Management	23.4%	18
Marketing	61%	47

77 organisations responded

3.2 Readiness and Development Needs

a) Readiness to do business.

Of the 27 organisations we spoke to, 20 felt that they were ready to take advantage of opportunities and 7 felt they were not ready.

The positive responses (45%) were from larger, well established, social enterprises. This group in general focused on their tendering and consortium delivery experience when detailing their skills and experience.

For this group, responses to the question about a role for 'less ready' social enterprises tended to be best summarised as a qualified yes, with some saying that anyone delivering would need to be able to deliver quality services and products. Another common view was that some organisations would require significant support and the sector should be careful not to over reach. The need to be realistic was stressed by some in relation to the potential of organisations still in need of development.

The reasons cited for not feeling ready were lack of tendering experience, concerns re issues of scale and awareness that their organisation was developing. Some organisations also commented that they were receiving support through the Aspire programme to build their skills in project management and financial management.

All of the organisations in this group felt they could benefit from working with other organisations with experience in tendering. Costing, in the context of tendering, was also a key concern as a few organisations noted the difficulty in costing work to ensure they recovered full costs.

b) Consortium Activity

In terms of leading consortium activity the view of larger social enterprises was generally positive, the only commonly stated proviso being the need for some control over who the members of any consortium might be.

Typically, organisations in the largest income group felt that they had a key role in supporting and promoting the sector. A number cited their ability to provide centralised administrative, IT, financial and management support to any consortium.

The main concern highlighted by this group was potential issues with delivery where smaller scale organisations were involved.

Overall, uncertainty surrounding procurement opportunities appears to be the main concern of social enterprises, although for the most experienced this is in relation to specific opportunities related to the Games, rather than procurement procedures per se.

3.3 Opportunities and barriers

a) Opportunities for involvement

Being involved was the key aim, at whatever level might be possible. The challenge for the procurement process will be to harness this commitment and energy.

Many expressed their interest in a consortium approach, or focused on their capacity to work with partners to deliver niche or specialist skills. There was also comment in relation to using the Games to showcase Scotland internationally and demonstrate what social enterprises can deliver.

Finally, equal opportunities and environmentally friendly approaches were highlighted by some, whether in relation to addressing cultural sensitivities or ensuring that as much produce as possible is sourced locally to reduce food miles and carbon emissions. The appropriate management of Games related waste was also considered.

In order that contracting opportunities should be maximised, a number of respondents were positive about the work being done by CEiS and Sencot to ensure social enterprise opportunities are highlighted.

b) Potential Barriers

Geographic location was a concern for around one third of those interviewed. This was true not just of organisations outwith the West of Scotland, but of organisations outwith Glasgow.

Surprisingly, a few Glasgow based enterprises expressed concerns related to contracting, identifying larger semi public sector agencies in Glasgow as beneficiaries that might leave only minor opportunities for other organisations.

Perceptions of the sector was highlighted as a barrier, with key agencies, including Glasgow City Council, still viewing social enterprise as part of the charitable sector, rather than as dynamic businesses with social aims operating in a commercial way.

Overall, the feeling was of cautious optimism, and the fact that this study was happening was positively viewed. Representation in the governance structures for the Games was viewed as important and there was slight concern regarding who should represent the sector, with some believing that umbrella organisations tend to be more focused on the charitable sector than social enterprises.

The full research study including the online responses and the telephone interviews can be viewed or downloaded at www.ceis.org.uk

4 Social Enterprise Legacy

Social enterprises can benefit by winning and delivering contracts, working collaboratively and representing the sector by delivering high quality services and products timeously. This is key to unlocking the access route to public procurement opportunities.

Consortium approaches were highlighted by some, with options for centralised management and administration to ensure good value and high quality delivery.

Overall, the possibility of increased visibility for social enterprises through the Games was noted and there is a desire for some form of branding exercise to showcase the involvement of social enterprises.

a) Defining the Legacy

Delivering services in partnership with the private sector was viewed as a route to demonstrating commercial acumen and bringing the sector to a new level.

Experience of delivering to the Games, even in a minor way, would lead to social enterprises being viewed as a viable delivery agent by the public sector, and a clear distinction being made between voluntary organisations and social enterprises.

Some focused on the need for sustainable development, highlighting that increased access to contracts and increased capacity would leave the sector well placed to benefit from other large scale events in the future.

Improved networking and inter-trading between social enterprises was another potential legacy in the view of some of those interviewed.

b) Achieving the Legacy

The suggestion of a co-ordinating organisation was raised in the context of following up this study by bringing social enterprises together in a conference or workshop setting to consider and address next steps, in particular supporting the consortia development process.

Requesting access to opportunities implies readiness, and there are development needs within the sector. Only an ambitious and capable sector will be in a position to achieve a positive legacy for social enterprises across Scotland.

Overall, the desire to show what the sector can achieve is tempered by an awareness of the need to build infrastructure and capacity.

c) Next steps

Events were suggested to; match sector resources with delivery skills in demand, to quantify and feedback on possible contract work through the Glasgow 2014 Company and getting Games procurement teams together with social enterprises.

There is support for an electronic communication tool/hub for social enterprises interested in supporting the delivery of the Games. Dissemination of the survey results and existing data should be used as a starting point to build a register of those interested and facilitate future communication between interested parties.

Glasgow Social Enterprise Network was mentioned as a route for bringing the Glasgow based social enterprise organisations together, as many of its members are experienced and ready to trade. Senscot is viewed as a trusted intermediary in engaging with social enterprises from outside of Glasgow and ensuring that opportunities are promoted and capacity is built.

Three suggestions in relation to next steps tended to recur in telephone interviews. These were:

- CEiS to re-engage with those surveyed and others to build a resource to engage with contractors
- establish groups of potential consortia partners by economic sector
- ensure the movement is appropriately represented at commissioning/policy level

5 Conclusions

5.1 Issues for contractors and procurement agencies

The results of this survey present a positive picture of the capacity, skills and commitment of social enterprise in contributing to the Commonwealth Games. Most viewed this as an **opportunity to develop** their organisations, support their clients and build the profile of social enterprises in Scotland.

In general ambitions were realistic and most felt that the establishment of consortia, with other social enterprises and with the **private sector**, was the key to appropriate levels of involvement.

The contract **commissioning** stage is as crucial for social enterprises to access opportunities as the there is a much better chance of developing new and improved services, by involving social enterprises with expertise in a particular field at the commissioning stage.

Procurement emerged from the online survey data as the most significant need with an increased sense of urgency as a result of Games contracting procedures. Many organisations require support to be able to fully and professionally engage in the tendering process.

The **scale of contracts** issued by private and public sector organisations often represent a barrier to a social enterprise tendering for a contract or being considered for that contract. A number of suppliers can be brought together to meet the scale requirements of the contract. Social enterprises are already working to form consortia to ensure services are professionally delivered. Willingness to collaborate for mutual benefit is perhaps one of the characteristics that distinguishes social enterprise from others. Contractors will be met by consortia that are well prepared and ready to do business.

5.2 Issues for social enterprises and support agencies

A range of measures for **building capacity** and infrastructure within the sector should be considered, focusing primarily on upskilling organisations.

Most of the smaller organisations interviewed were realistic about their potential role in service delivery and viewed an understanding of procurement as a necessity for them in terms of being a productive partner in any **consortium**, able to appropriately cost and present their activity.

Costing was commonly cited as an issue, particularly from those used to working to grant or service level agreement budgets, where available funds, (and therefore activities), are defined by others.

Acquiring **marketing** expertise is perceived as the next level of progression for aspirational social enterprises. Even in the case of more established players, building expertise in marketing the business is perceived as crucial in terms of developing business opportunities.

Internal development needs such as project management and financial management skills were identified principally, but not exclusively, by smaller organisations. This group would benefit from support in terms of business planning, contract management, risk management and contingencies.

Successfully securing a new contract, particularly one of scale, can involve a significant degree of change, and this process requires establishment of appropriate measures and **measurement tools** for reporting contract performance and social impact.

The **Aspire to Enterprise** programme offers provision of business development support to allow eligible social enterprises to receive tailored support in areas of identified need. Similarly, the Aspire to Enterprise extended programme offers a genuine opportunity to address some of the development needs highlighted through this study with a number of organisations.

Respondents want **an event** focused on opportunities and building consortia. This event should incorporate a review of the findings of this study and a series of economic sector focused workshops. This could include a **managed introduction** process, with representatives from different sectors (such as food, transport etc)

given the opportunity to learn more about other organisations, build relationships and consider potential partnerships.

The event could **differentiate** between the social enterprise activity in the build up to the games during the facility construction phase, and the opportunities for product and service delivery during the games in 2014, with emphasis initially on the construction phase which is supported by the community benefit clauses through the initiative taken by Glasgow City Council.

Lead organisations in social enterprise networks might be best placed to act as **liaison** in establishing a private sector / social enterprise sector consortia. In Glasgow the Social Enterprise Partnership involves over a dozen organisations and has a combined turnover in excess of £30m pa.

The information gathered by CEiS, while significant, does not include all social enterprises in Scotland, but could provide a starting point for **building a register** of organisations with the capacity and skills to support private sector contractors.

An online social enterprise information hub/ register could provide a resource for private sector organisations wishing to **engage** with social enterprises to meet community benefit clause obligations. CEiS have been encouraged to develop such a proposal with partners to maintain the momentum following this survey of social enterprises to prepare for games related contracting. A hub should be **linked** to other key portals such as the Supplier Development Programme and the Scottish Government Procurement portal.

Overall social enterprises are anxious to contribute and keen to take any actions required to ensure social enterprise readiness. As one interviewee said, *‘show our capacity to be commercial, compete on a level playing field and deliver good value’*.