



# **Commonwealth Games**

## **Social Enterprise Readiness Research Study**

CEiS

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# **1. Background and Methodology**

## **1.1 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.

## **1.2 Methodology**

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. Online Survey Responses**

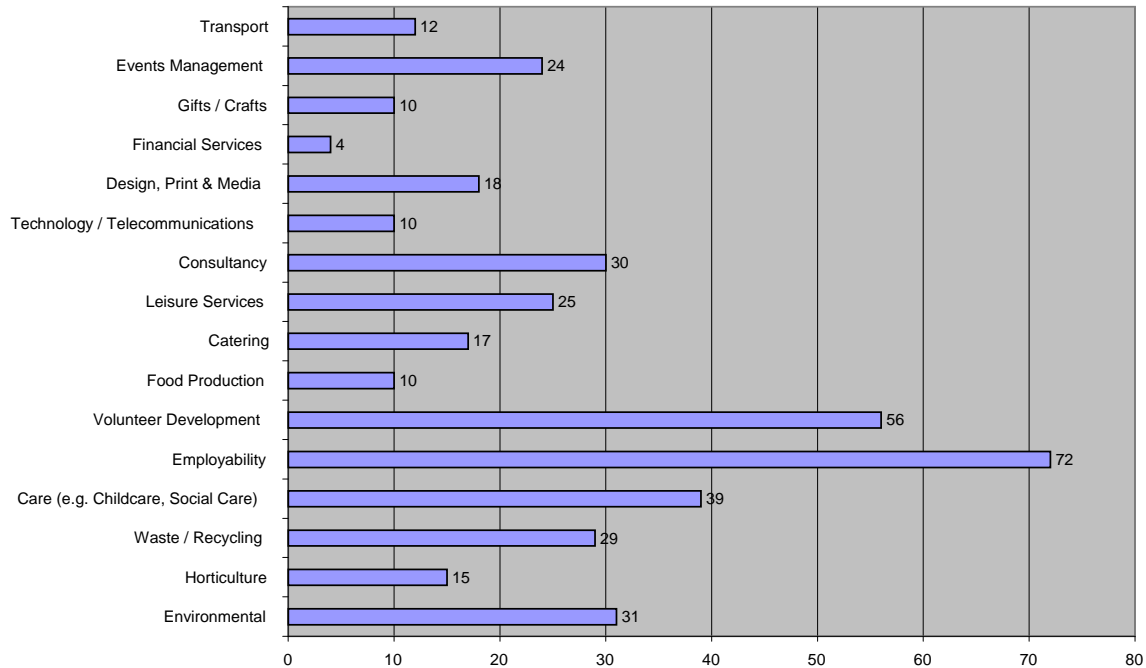
157 organisations participated in the survey, with 113 completing the survey and 97 organisations providing contact details.

The first section of the survey (questions 1-6) looked at main area of operation, current economic sector, organisation profile, contracting experience and interest in contracting opportunities.

### **2.1 Areas of Operation**

Main area of operation (Q1) showed three main areas each contributing over 20% of all responses. Employability was the largest 'main area' with 47.1% or 57 of all responses, followed by recycling / environment at 26.4% (32) and care at 25.6% (31). Consultancy and food were the next largest areas responsible for 17% and 14.9% of responses respectively. 57 responses included an 'other' response mainly providing more detail on their area of work. This high other response in all likelihood reflects the difficulty of selecting one main area of operation for some organisations.

Current economic sector data, (Q2), provides a more detailed and accurate picture. As with question 1, participants had the opportunity to select all sectors that applied and also provide 'other' responses. The table below indicates the number of organisations selecting each of the options provided.



## 2.2 Organisation Profile

Organisational data was provided at questions 3 and 4, 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
£25K – £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*

Number of employees did not directly correspond to organisation income with the largest group being those organisations with between one and five employees. By contrast the next largest group had over 50 employees.

<b>Number of employees</b>		
	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*

## 2.3 Contracting Experience

Question 5 focused on contracting experience and offered those responding five statements describing their experience. Respondents were asked to select any statement which applied to their organisation.

14.6% or 22 organisations noted that they had no contracting experience, while 67.5% or 105 organisations stated that they had contracting experience. This positive response level was similar in relation to the delivery of SLAs with 64.2% or 97 stating that they had experience of SLAs. 70.9% of all organisations stated that they had managed large grants, however only 47.7% had managed complex projects with a number of funders.

Overall the results indicate that around two thirds of social enterprises have adequate experience of delivering to contract or SLA.

<b>Contracting experience</b>		
	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*

## **2.4 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. For this small group this was the end of the questionnaire. Survey data also shows that 30 organisations who had responded positively then chose to end their participation in the survey after the first section. The reasons for this are unclear; some may have believed in error that this was the final question, while others may have made a deliberate choice to provide no more detailed information on their organisation, including contact details.

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 contracting solely as an individual organisation, while 7 organisations stated that they were only interested in taking part in a partnership or consortium.

## **2.5 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.

When examining the 'yes' responses, these ranged over all sizes or organisation and closely mirrored the overall response percentage split between sizeable organisations with medium to high income levels and much smaller organisations. For example, 20 of the 84 organisations responding positively had incomes in the 'up to £25K' and 'up to £100K' categories. While this does not necessarily mean they would not be ready to respond to opportunities, perhaps within a consortium, capacity issues may be worth considering. It may suggest an over optimistic response on the part of some.

Further analysis of the 'no' responses, again showed organisations of all sizes in relation to income, however only 6 organisations (18%) with income of over £0.5m or £1m stated that they were not ready. As would be expected, 30.4% or 10 organisations in the 'up to £25K' and 'up to £100K' categories felt they were not ready, as did 51.5% or 17 organisations in the '£101-£500K' income category. However it should be noted that the 'no' responses also included 17 organisations who indicated that they had experience of delivering contracts.

Responses in relation to perception of readiness did not follow a clear pattern and indicated some contradictions with responses to other questions. In order to examine this further, this issue became one of the key areas of focus for follow up telephone interviews.

## 2.6 Tendering Experience

Organisations were asked to select one statement which best described their tendering experience. There was almost a fifty/fifty split between those with experience and success in this area and those without.

Of 117 responses, 35.9% or 42 organisations stated that they had no experience of tendering. A further 12.8%, or 15 organisations, had participated in tendering with no success. However, two of these organisations went on to state in the subsequent question that they had submitted successful tenders.

60 organisations, 51.3% of those responding, had some experience of tendering successfully. 31.6% had participated in tendering and been successful on one or more occasions and 19.7% had a track record of winning tendered contracts.

### Tenders submitted

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 made not submitted any tenders. 50% had submitted between one and five. Only nineteen organisations had submitted more than five.

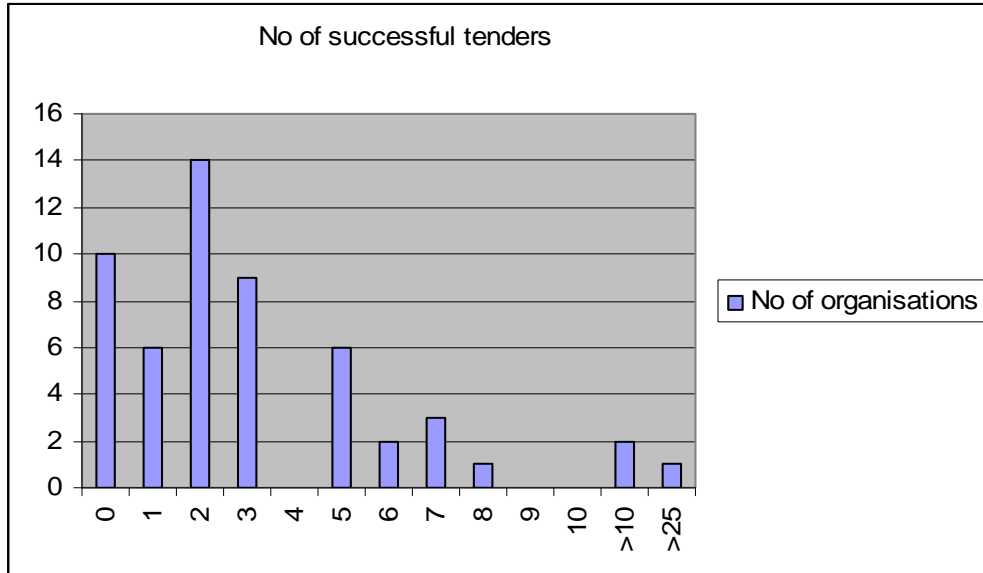
<b>Competitive tenders submitted</b>		
	Response Percentage	Response Count
None	32.7%	36
1– 5	50.0%	55
6 – 10	11.8%	13
More than 10	5.5%	6

*110 organisations responded*

### 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.

When reviewing the responses, it was clear that the majority had been successful in between one and five tenders. 35 organisations fell into this group, with 20 organisations successful on one or two occasions. 10 organisations had had no success and 9 had been successful on more than five occasions. The table below outlines the responses



Of 44 organisations who reported success in this area, 29 had been successful between one and three times. 15 organisations demonstrated a high level of success, having won tenders on five or more occasions over the previous two years.

### Tender value

The final question on tendering asked organisations to indicate the highest value contract they had won. 65 organisations responded with 56.9% (37) having secured contracts up to £100K in value. 20 organisations had secured contracts valued between £101K and £1m. 8 organisations had secured contracts of over £1m value. Responses are broken down further in the table below.

<b>Largest value contract won competitively</b>		
	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. Of the 35 organisations who indicated that they had submitted tenders and been successful on one or more occasions, 24 had won contracts of up to £25K or £26K to £100K. However it should also be noted that the average number of contracts won competitively by these organisations was 2.9.

21 organisations had indicated that they had a track record of winning competitive tenders and these had been of a range of values. 52.3% (11) had won contracts in the two highest value categories (over £501K or over £1m). These organisations averaged 6.8 contracts over the specified period.

## 2.7 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. A range of options was offered and those responding were asked to 'select all that apply'. This approach was taken to ensure that those delivering a range of services could adequately represent their organisation. The responses to question 12 indicated a number of key areas. 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.



Organisations were also invited to submit 'other' responses of which 51 were received. Many of these reiterated or expanded on their main category selections, for example detailing the specifics of their work, while 12 responses focused on volunteering or training.

A number of responses however, focused on important areas for an inclusive Games, included sign language (BSL) interpretation for the deaf, interpretation for Commonwealth visitors, cultural awareness training and managing opportunities for people with learning and other disabilities to be involved.

Similarly a number of other responses were also from organisations with specialist skills. These may offer an opportunity to those seeking to develop delivery partnerships.

### **Geographical barriers**

Organisations were asked if they felt there were geographical barriers to their participation. 112 organisations responded, only 11 of which (9.8%), felt that this could be a barrier. When examining the follow up responses, as to why they felt this might be the case, 6 felt this was an issue due to their location, another felt disabled access could be an issue and one other organisation felt that funding restrictions could be an issue.

## **2.8 Standards and Policies**

### **Quality standards**

44 organisations detailed Quality Standard Awards held, with Investors in People and Positive About Disabled People the most popular responses. A number of organisations also provided 'other' answers with a small number holding either Charter Mark or SQA accreditation.

<b>Quality Standard Awards held</b>		
	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.

## Financial Management

Responding organisations were asked what financial systems they were operating currently. 90 organisations responded, 50 of whom were using Sage. 'Other' responses include the use of other software packages. Responses would indicate that this is also an area where a high standard of practice is maintained.

Financial Systems	Response Percentage	Response Count
Sage	55.6%	50
Bespoke system	33.3%	30
External bookkeeper	18.9%	17

*90 organisations responded*

## 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'. This can be interpreted as reflective of the increased profile of such systems, however some organisations may have believed that they should show their willingness to use such a system to track Commonwealth Games related activity. 21.2% (24 organisations) used some form of social impact measurement system. 29 organisations did not use any such system.

## 2.9 Development Needs

The questionnaire was designed to gather a range of organisational information and to examine possible areas where support might be required to allow social enterprises to participate in Games related service provision. When asked if their organisation had any development needs, 77 organisations responded. As 90 responded to the previous question, it is possible that a small number of organisations were unwilling to state their needs. Despite an assurance of confidentiality, some may have felt that it would 'count against them'.

Not unexpectedly procurement emerged as the greatest 'need', with a related interest in costing being expressed by a range of organisations. Similarly, marketing is viewed as a significant need by organisations of all sizes. The position in relation to financial management however was rather different, as this was not viewed as an issue by organisations with higher levels of income, however was a key issue for smaller organisations.

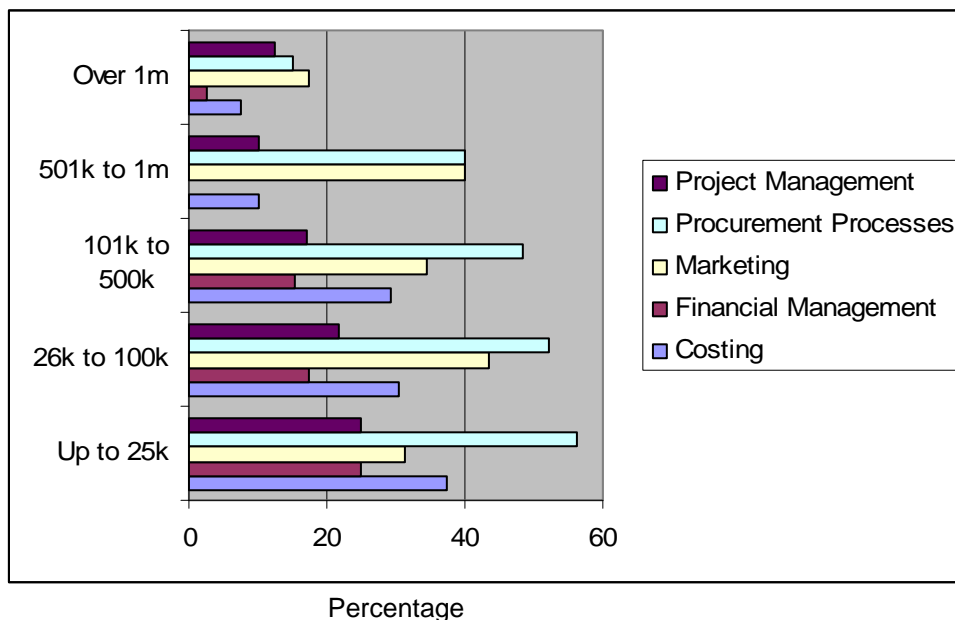
Of the 77 responding, 60 (77.9%) highlighted procurement processes as a development need and 47 (61%) selected marketing. All responses are detailed in the table below.

<b>Development Needs</b>		
	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*

An 'other' response box was also made available and 2 organisations highlighted a development need in relation to impact measurement systems.

In order to further examine development needs, it was decided to break these results down further by size and capacity of organisation. The intention was to determine the relative needs of larger organisations with a tendering track history when compared to smaller organisations. The largest responding group was organisations in the middle income group. In order to make a statistical comparison, development needs recorded were expressed as a percentage of total organisations within that group. The results are detailed in the table below.



As would have been expected, the level of need recorded relates directly to the level of the organisation's income. Within all groups however procurement is the main development need with marketing a close second for all organisational income groups except those with incomes below £25K, where costing is the second most significant need recorded.

### **3. Telephone Survey Results**

As a result of the questionnaire results, CEiS designed a follow up survey to examine key issues further. 97 organisations provided contact details when completing the online survey. A sample of organisations, of different sizes and delivering a range of services, were selected for telephone interview from this group.

32 organisations, representing one third of those providing contact details were selected, from a range of income groups and sectors. Each interview was carried out by telephone and took between 15 and 20 minutes. Participants were given a brief outline of the study and asked to indicate a suitable time for the interview to take place. Participants were given an assurance of confidentiality.

Of the 32 organisations contacted, 3 declined to participate and 2 failed to respond. 27 organisations took part representing 28% of those organisations providing contact details and 24% of those who completed the online survey.

Each organisation was asked about their perception of readiness response, any development needs and further details on services they would hope to deliver. Finally each organisation was asked to give their views on how the sector might best be represented at the Games and how this could be achieved.

#### **3.1 Perception of Readiness**

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. Depending on their view of their own readiness, participants were asked a short series of questions.

Those responding positively were asked:

- what skills and experience they had that made them feel ready
- whether or not they felt there was a role for organisations not currently at their level of readiness
- whether or not they would be willing to take a lead role in a consortium

Alternatively, organisations responding negatively were asked:

- what skills and experience they felt they lacked
- whether they felt they would benefit from working with organisations more experienced in tendering
- how they felt this might work best
- what they thought they could bring to a consortium

A few of the positive responses were from very small organisations, who clearly perceived their role as being potentially a local one. These organisations cited their skills and specialist knowledge and felt they could lead local providers. However the information provided in some cases would suggest that they targeting local growth as a result of the Games rather than direct service delivery.

Almost half of the positive responses were from small and medium sized organisations. This group detailed track records of delivery, often highlighting their environmentally friendly approaches. This group also commented on their experience of working with smaller suppliers and had a more realistic view of the kind of volume they might be able to handle, supporting a chain of smaller enterprises. Around half were able to comment on previous tendering experience or contracts delivered on behalf of key agencies such as local authorities and housing organisations.

Notably, this group tended to offer the first words of caution regarding leading others, or forming consortia. When asked for their views on a role for organisations not at their 'level of readiness' a few qualified positive responses with comments regarding the need for upskilling and identifying those who could deliver.

The remainder of 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. Only a few focused more on what they delivered, the majority focused on systems, supply chain development, contracting experience and delivery of national programmes.

For this group responses to the question about a role for 'less ready' social enterprises tended to be best summarised as a qualified yes. This group however expressed a range of concerns, with some saying that anyone delivering would need to be able to deliver quality services and products. Others qualified positive statements more in relation to organisational capacity and/or what could be delivered and how effectively this could be matched to opportunities. 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.

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 and 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.

The 7 organisations who responded that they were not ready were mainly in the mid-sized organisation category, although one larger and one very small organisation also responded negatively. Two organisations felt ready but had felt that due to size and geographic location 'no' was the most appropriate response. As would be expected the reasons cited for not feeling ready were lack of tendering experience, concerns re issues of scale and awareness that the organisation was developing. A few organisations stated that development was ongoing, with the Aspire programme mentioned in this context. Confidence in the ability to deliver was generally stressed but was countered by comments regarding the need to develop systems and processes.

All of the organisations in this group felt they could benefit from working with other organisations with experience in tendering. In terms of how this might work, most focused on the development opportunities involved. A few commented on the need for a clear contract with identifiable tasks and related targets. Similarly the ability to provide specialist support or niche skills was identified, with some citing the ability to provide services pre and post Games.

Answers to the final question focusing on what the organisation might bring to any consortium were very similar. Every organisation commented on their specialist skills, for example with volunteers, cultural issues, promotional activity. In addition, a number commented on their positive track record and the potential benefits for the private sector in working with social firms and social enterprises to deliver an inclusive Games with significant added value in terms of community benefit.

### **3.2 Development Needs**

The second interview question focused on development needs and asked respondents to either provide further detail in relation to their identified need(s) and put this in context, or if no need was identified organisations were asked if they had any other needs not included in the online survey options list.

Two thirds of those interviewed identified one or more development needs. Procurement was the main issues raised, with over half of those interviewed commenting that they had little experience of tendering and limited resources in

this regard. A small number were daunted by issues of scale, while others explained that they currently tended to be working to a specified budget. Examples included working on behalf of a public sector agency via a service level agreement or pricing specific pieces of work for private sector clients.

Consequently costing in the context of tendering was also a key concern. A few organisations noted the difficulty in costing work to ensure they included a margin or met a full cost recovery model. The risk of under costing was noted and the challenge of pricing for success without financial risk was a concern for some.

Both project management and financial management were brought up by only a small number of those interviewed. A few organisations also commented that they were receiving support through the Aspire programme to build their skills in these areas. Marketing was cited by almost half of those noting development needs. In general, this was in the context of building organisational profile and increasing contacts and publicity opportunities.

One third of organisations interviewed did not select a development need, however further comments indicated that some organisations with tendering experience still felt that support in terms of procurement processes would be helpful. Others were confident of their abilities in relation to tendering and meeting the demands of public procurement and working in partnership with the private sector, however a few cited potential capacity issues.

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. Marketing remains a key area of focus, and this may be as a result of the view that it will be difficult for social enterprises to take a significant role as a result of, in most cases, a lower profile.

### **3.3 Service Provision**

Organisations interviewed were asked to provide further detail on the services/products they would wish to provide. The sample included a range of organisations and the range of skills and expertise offered is similarly wide ranging.

Promotional items and giftware was an area where a range of organisations had something to offer. Experience in this area was strong and ranged from those skilled in meeting large contracts through supply chain management, to smaller organisations with ongoing contracts with the private sector for natural produce and recycled products. Specific areas detailed included local produce, specialist food items, printing and programmes, recycled wood products and promotional pack assembly.

Recycling, horticulture and landscaping emerged as an area of strength with a number of organisations already participating in this type of work on a contractual basis. A proportion of those offering these services also utilised the work as a route into employment for various disadvantaged groups.

Organisations working in food and catering were a significant group. A range of more specific skills also emerged including those operating as wholesalers, outside caterers or producers of specialist products.

The number of organisations participating involved in volunteering was significant. Some had as many as 50 to 100 volunteers 'on their books' and were keen to find out how to link their clients into Games related opportunities, particularly those from disadvantaged groups. In addition, a small number were keen to ensure that these opportunities were truly inclusive and, for example, available to people from black and minority ethnic backgrounds and people with disabilities.

Employability was as expected one of the main areas where social enterprises have considerable expertise. Some of the key players in this sector are social enterprises which will have a key role to play in linking people into opportunities arising from the Games. Many in this group had a wider view than the community benefit related employment opportunities in construction, although this was an area of interest. For many in this group, the focus was on a range of opportunities, including pre and post-Games interventions. These included training for stewarding, customer care, soft skills and job seeking support post-Games for volunteers.

There was also clear link between the intermediate labour market (ILM) model and a number of the key areas where social enterprises may have a role. In addition, some working with people with disabilities saw the potential opportunities which might arise for social firms where contracts can be secured.

The range of social enterprise skills on offer is typified by those offering wireless networking, complementary therapies and transport. Similarly, a small number of social enterprises stated that they could deliver cultural activities, arts and entertainment packages and design related activities, both in terms of the Games environment and supporting materials such as programmes and flags.

Other areas identified included capacity building skills, working with voluntary sector organisations, community engagement and events/facilities management. In this latter group, a few organisations felt they could offer catered facilities for activities both prior to and during the Games, these ranged from smaller community facilities hosting training for volunteers to those with ambitions to host key Games related staff or participants.

For some smaller organisations with limited capacity, a role as an information point on the Games for their community might be an option. One small organisation captured this view when stating that they were just keen to make some kind of positive contribution for people in their area, to ensure some form of feel good factor for communities outside of Glasgow. This could also extend to encouraging young people to become involved in sport.

### **3.4 In an Ideal World**

All those interviewed were asked to imagine their role in an ideal world. While some took the opportunity to expand on what they could deliver, many viewed this question in terms of their aspirations for the Games. 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. This was particularly emphasised by those involved in the production of promotional items and delivering promotional services. People focused services also imagined a role beyond the Games, supporting individuals to progress following Games related development opportunities.

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.

### **3.5 Potential Barriers**

Organisations were asked to highlight any potential barriers to their involvement and how these might be addressed. Although a range of responses were received, some key themes emerged.

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. Views expressed included concern that location would count against some organisations and that there would be a bias towards organisations based in the central belt. Similarly, some located just outside of the City of Glasgow local authority area feared volunteering and training opportunities would be reserved exclusively for Glasgow residents. These concerns were particularly important for those working with clients, and although it was felt this barrier could be easily addressed via consortium approaches with Glasgow based partners, some did not feel this was likely.

Surprisingly, a few Glasgow based enterprises expressed concerns related to contracting, identifying key Glasgow agencies such as Glasgow East Regeneration Agency and Culture and Sport Glasgow and stating that they assumed these organisations would be selected to deliver key elements, leaving only minor opportunities for other organisations.

It is worth noting that geography was less of an issue for those aiming to provide products as transporting goods is a necessary part of their business for which arrangements are in place.

The size of the organisation and the scale of potential contracts were concerns for close to 20% of those interviewed. Most of this group felt this issue could be addressed by working in partnership with others and forming consortiums. A few organisations expressed their interest in accessing mentoring or development support prior to the Games, either via training or through support from lead partners.

The final main theme, perceptions of the sector, was highlighted by just over one third of all organisations interviewed as a barrier. A range of views were expressed, including concern that social enterprises might be overlooked, or that they would not be on an even playing field. Some felt this was an image issue, and that key agencies, including Glasgow City Council, still viewed social enterprise as part of the charitable sector, rather than as dynamic businesses with social aims operating in a commercial way. The fact that this study was being undertaken was generally viewed as positive, although one or two expressed their concerns regarding next steps and access to opportunities. Overall the feeling was of cautious optimism, tempered by concern over the 'image barrier'.

### **3.6 The Vision for a Legacy**

Organisations interviewed were asked to comment on how social enterprises might be best represented at the 2014 Games and what the legacy should be for social enterprises in Scotland.

#### **Representation**

As would be expected most organisations made some reference to social enterprises being best represented by winning and delivering contracts. Working collaboratively and/or on a partnership basis was a key theme, as was the emphasis on representing the sector by delivering high quality services and products timeously. Consortium approaches were highlighted by some, with options for centralised management and administration to ensure good value and high quality delivery.

Typically, social enterprises expressed the view that access to opportunities was crucial and that community benefit clauses had to be meaningful, to allow the sector to be integrated and have an effective role. However a few cautioned that the sector should be promoted for its business skills and expertise, and not as a result of a 'sympathy vote'. This theme was picked up by a small number of interviewees who highlighted the need for social enterprises to build infrastructure and capacity to ensure the sector could 'rise to the challenge'.

Overall, the possibility of increased visibility for social enterprises through the Games was noted by many, and for some, this was viewed as something which would require showcasing to add value to the impact of the Games on the third sector. A range of practical suggestions were made including a social enterprise exhibition, bill boards and Games related hospitality packages delivered by social enterprises. These responses can perhaps best be summarised as the desire for some form of branding exercise to showcase the involvement of social enterprises in 2014 Commonwealth Games delivery.

Representation in the governance structures for the Games was viewed as key, however 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. Some organisations felt that social enterprise had a key role in the build up to the games through the contracting opportunities around the games infrastructure. In order that these opportunities should be maximised a number of respondents responded positively to the work being done by CEiS and Senscot to ensure social enterprise opportunities are highlighted.

### **Defining the Legacy**

In terms of the legacy for social enterprises, in general interviewees focused on building capacity and infrastructure, demonstrating quality standards and gaining increased recognition for the sector. 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.

For some, the opportunity to demonstrate business readiness through delivery to the Games was viewed as the key to unlocking the access route to public procurement opportunities. It is clear that many organisations, even those who currently do extensive business with private companies, have had difficulty in accessing public contracts. Several of those interviewed felt that 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.

As would be expected some focused on the need for sustainable development, highlighting the fact that increased access to contracts and increased capacity

would leave the sector well placed to benefit from other large scale events in the future. Access to longer term public sector contracts was highlighted by some, as was the need to work across local authority area boundaries.

Improved networking and inter-trading between social enterprises was another potential legacy in the view of some of those interviewed. Utilising specialist skills within the sector, from a range of organisations, was considered crucial in making the Commonwealth Games a success for Scotland.

### **Achieving the Legacy**

Interviewees were asked how they felt the legacy for social enterprises might best be achieved. Once again the suggestion of a co-ordinating organisation was raised. In this context the focus was on following up this study by bringing social enterprises together in a conference or workshop setting to consider and address next steps. A number of organisations suggested that CEiS might act as a facilitator, utilising knowledge of the sector and relationships with other agencies to support the consortia development process. Others highlighted the need for a strategic plan for the sector and the responsibilities of Glasgow 2014 in terms of achieving social enterprise involvement.

The other key issue raised was again in relation to convincing senior decision makers of the value of what the sector could offer. Information on contractual opportunities and opportunities to engage with private sector contractors were identified as key steps in the process. The need for committed private sector partners was also raised.

In contrast, some organisations focused the issue of achieving the legacy inwards, noting that requesting access to opportunities implied readiness, and there were development needs within the sector. Related comments included the need to have the sector represented by the best players and for the Games to be the catalyst for a more business focused approach within the sector. Only an ambitious and capable sector will be in a position to achieve a positive legacy for social enterprises across Scotland.

Social enterprises appear to be well aware that future opportunities will depend on performance in delivering to the Games. Overall, the desire to show what the sector can achieve is tempered by an awareness of the need to build infrastructure and capacity.

### **Next steps**

The final question in the telephone survey focused on practical measures. Organisations were asked what they felt the next steps should be to deliver effectively.

Most focused on the need for the sector to come together, either via a conference or facilitated workshops. The main view was that this was the best route to build potential partnerships and raise awareness of opportunities available. An event or a process to match sector resources with delivery skills in demand was considered crucial.

Some felt that information regarding possible opportunities had not been well disseminated to date, and that some form of event to quantify and feedback on possible contract work through the Glasgow 2014 Company would be beneficial. A few suggested some form of electronic communication tool for social enterprises interested in supporting the delivery of the Games, while others suggested an event involving Commonwealth Games procurement teams and the social enterprise sector.

Dissemination of the survey results was generally considered a next step, however some took this further, indicating that the existing data should be used as a starting point to build a register of those interested and facilitate future communication between interested parties. Others expressed this as the need for an intermediary process for the social economy, with one organisation responsible for co-ordinating next steps.

Glasgow Social Economy 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. Others felt an organisation working across the country would be more appropriate for a co-ordination role. Another significant suggestion was that a group of high profile social entrepreneurs or enterprises should represent the sector to Games procurement teams. A number of organisations were mentioned in this regard included the Wise Group, Haven, CEIS and Kibble.

Another potential next step highlighted was the need to consider some form of independent capacity check for smaller social enterprises. This suggestion almost certainly reflects the concerns held by some that social enterprises have varying levels of readiness. Similarly, engagement with the private sector to encourage understanding of the social enterprise model was suggested, potentially backed up by examples of good practice.

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

- CEIS to re-engage with those surveyed and others
- establish groups of potential consortia partners by sector
- ensure the sector is appropriately represented

## **4. Conclusion and Recommendations**

### **4.1 Addressing Development Needs**

Addressing development needs is clearly a priority in relation to social enterprise readiness to deliver services to the Games. The responses gathered in relation to development needs would indicate that there is a significant demand for support in a number of key areas, to ensure that social enterprises are suitably equipped to access and deliver on opportunities arising from the Games.

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

#### **Procurement, Tendering & Costing**

Procurement emerged from the online survey data as the most significant need. Social enterprises clearly view their needs in relation to procurement skills with an increased sense of urgency as a result of potential Games contracting procedures. This issue was cited by organisations with a high level of experience and significant levels of organisational infrastructure as well as smaller social enterprises. In a few cases, through interview comments, we were advised that it was not a capacity issue, but rather that contracts won via tender were largely secured with the private sector and that public sector procurement was the area where they felt they needed support.

Amongst social enterprises there are knowledge/ skills gaps in the understanding of public sector procurement processes and in developing their own corresponding tendering processes, writing tenders and making presentations. These are currently the focus of a number of training programmes and events delivered by Social Enterprise Academy, Aspire to Enterprise and CEiS. However, even for those organisations with an understanding and the skills to submit quality tenders there remains the issue of having the resources available to monitor contract opportunities and to tender a response. While for some private/ public sector organisations this may be considered a stage of 'self-selection' for prospective tenderers, it may lead to organisations which are excellent at service delivery being overlooked because they are not skilled in tendering. From a social enterprise's perspective, their scale of operation or nature of business may limit their interest in advertised contracts as any tendering skills developed may be infrequently used or the volume of contracts of interest to them may not justify a dedicated in-house resource.

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.

A number of organisations highlighted their concerns regarding Commonwealth Games procurement specifically, concerned about their ability to meet Glasgow 2014 specific approaches.

Costing was commonly cited as an issue via the online survey and through interviews it became clear that this was viewed as closely linked to procurement. There were key concerns surrounding costing appropriately, particularly from those used to working to grant or service level agreement budgets, where available funds, (and therefore activities), are defined by others. Some also had concerns regarding pricing work when some core funding is in place, for either staff or resources, to avoid double charging.

Social enterprises would require access to procurement and costing focused training opportunities to overcome this issue. While few will directly submit tenders, an improved understanding of costing and procurement procedures will be important for any social enterprise participating in a consortium.

It is also worth noting that the contract commissioning stage is as crucial for social enterprises to access opportunities as the procurement stage itself. Depending on the nature of an organisation's relationships with local/ national public sector organisations it may only be aware of contract opportunities when they are advertised. At this procurement stage a specification for a contract's goods or services may be pretty much established and any added value that a social enterprise can offer through innovation may be limited. Such contracts are more likely to suit established providers of existing services whose economies of scale can result on a focus on cost. There is a much better chance of developing new and improved public services, and achieving best value for money, by involving social enterprises with expertise in a particular field at the commissioning stage, when new and better ways of working can be considered as part of a contract's service specification.

## **Marketing**

Marketing emerged clearly as the second most commonly identified development need from both the online survey and follow up interviews. 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.

There is a wider need amongst social enterprises to improve their marketing. However, for many, marketing is simply interpreted as 'promotion' while they ignore the wider strategic and tactical nature of marketing. Similarly promotion is often regarded by the sector as 'advertising' or 'communication' while 'selling' is to be avoided. As for tendering, various sector programmes and organisations

include marketing as a learning topic while social enterprises resources limit their ability to apply this learning extensively within their business.

Specifically in relation to Commonwealth Games opportunities: the small number of prospective customers (public sector buyers and lead contractors) perhaps changes the emphasis from broad promotional activities to more intense relationship-building activities. Promotion of the sector, available / suitable service providers and relationship-building opportunities might be better facilitated than left to individual social enterprises to initiate. Following on from any Commonwealth Games opportunities, a social enterprise will then be faced with the issue of how this marketing knowledge is extended throughout their business and to other markets

### **Financial and Project Management**

Internal development needs such as project management and financial management skills were identified principally, but not exclusively, by smaller organisations. A proportion of this group have a positive track record in delivering services and have the potential to participate in delivery. 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, especially if it is being delivered via a consortium. This is a crucial point in ensuring that customer expectations are met, services are successfully delivered and 'selling' of the next contract begins. Part of this process requires establishing appropriate measures and measurement tools for reporting contract performance and social impact.

### **Training Solutions**

The main activities of the Scottish Government funded Aspire to Enterprise programme offers a solution for some of this work, through its provision of business development support to the social enterprise sector. The programme will 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. The specification of the extended programme will be drawn in response to the development needs identified in this study.

Where marketing, procurement and tendering issues come together is in a lack of understanding of the relationship between customer need, service provision, cost and price. Undoubtedly outlining the procurement processes to be adopted for Commonwealth Games contracts, and outlining what these opportunities are, would be of value. Similarly, working through the relationship between demand

and provision would be of benefit to social enterprises, particularly in relation to specific opportunities.

## **4.2 Building Consortia**

The results of this survey overall present a very positive picture of the sector's capacity, skills and commitment to 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.

Views expressed via the telephone survey were in most cases insightful and based on sound economic principles. The desire to progress the sector was tempered by realism in terms of potential limits to capacity.

When reviewing the services that social enterprises felt they could deliver, it was clear that these would be relevant, prior to, during and after the Games. Those focused on services to individuals could see opportunities to benefit their clients and could see a role in supporting them with, for example, training in the lead up to the Games and job search post Games.

There appeared to be huge potential in the area of promotional items and giftware. It was in this field that smaller specialist organisations might have the best chance of a significant role as part of a co-ordinated supply chain. Similarly, recycling and waste services could be well placed to support mainstream contractors and public services. Food and catering was also an area of strength.

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. Once again an opportunity could be missed if an organisation can deliver an innovative, quality service but currently on a smaller scale than a prospective contract requires. Good supplier management practice identifies and invests in such suppliers to replicate their service delivery on a larger scale. Alternatively, a number of such suppliers can be brought together to meet the scale requirements of the contract.

Having analysed the respondent feedback the next step should be to organise and deliver 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.

An event of this kind would bring potential partners together and provide an opportunity to focus on likely scale of involvement, potential linkages and any capacity issues. The event should 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.

### **4.3 Creating a Social Enterprise Register or Information Hub**

The information gathered by CEIS, while significant, does not include all social enterprises in Scotland and there are clearly sectors where involvement in the study was minimal, such as financial organisations. However the information could provide a starting point for building a register of organisations with the capacity and skills to support private sector contractors.

If created, such a register could provide a resource for private sector organisations wishing to engage with social enterprises to meet community benefit clause obligations. Similarly, in a clear link to the recommended action regarding building consortia, lead organisations in social enterprise partnerships might be best placed to act as liaison in establishing a private sector / social enterprise sector consortia.

Complexities regarding data protection issues notwithstanding, some form of accessible resource for the private sector, whether directly accessible or through a nominated 'gatekeeper' would undoubtedly be an asset in ensuring social enterprises can engage with the private sector on a meaningful way.

A possible approach in this regard would be to establish an online social enterprise information hub. This would allow private companies to source information on potential partners and make information on social enterprises and key contacts available to the wider business community. At a time when the use of community benefit clauses is growing, businesses seeking to tender would be well placed to access information on potential consortia partners.

The hub could contain advice for procurers, information on community benefits, case studies and model community benefit clauses for download. Similarly, it could contain information on social enterprises and social enterprise consortia ready to do business. A hub should potentially be constructed, held and managed by a social enterprise intermediary, and linked to other key portals such as the Supplier Development Programme and the Scottish Government Procurement portal.

## 4.4 Conclusion

The social enterprise sector includes organisations with significant experience in tendering and delivering services, often in partnership with private sector organisations. In addition, there are a large number of organisations with skilled delivery teams who would perform well as part of a consortium.

In order to harness the skills and enthusiasm of these organisations, some key actions will be required. Specifically, to utilise the time available to address development needs effectively, to support the development of consortia and to establish a mechanism for private sector and key agencies to procure from social enterprises which are 'ready for business'.

Respondents felt that involvement in provision of products or services should be on merit and not as a result of any form of 'tokenistic gesture', however well meaning. Larger scale social enterprises expressed concerns that the sector should not 'over reach', but were similarly concerned that public sector procurers view social enterprises as effective businesses albeit with an added social mission.

Some enterprises felt that they could take on a lead role in engaging smaller social enterprises through building a supply chain to meet key contracts. This willingness to work in consortia came through clearly from a range of organisations, both large and small and with varying levels of capacity. One large scale organisation, keen to subcontract to social firms, commented on the potential positive message for Scotland in involving organisations supporting people in need and people with disabilities.

For smaller organisations with limited capacity, the ability to support the games as branded local information points emerged as an option. Links through volunteering and the support of specific client groups also appeared to be potential areas of involvement for small scale social enterprises.

On one point all participating organisations were agreed, the next steps will be crucial. Social enterprises were anxious to hear 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'*.

Overall the sector is anxious to contribute and keen to take any actions required to ensure social enterprise readiness. As one interviewee said we need to *'show our capacity to be commercial, compete on a level playing field and deliver good value'*.