

Lessons learnt in the 2nd Thematic Seminar in Glasgow

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The URBinclusion Project held its 2nd Thematic Seminar in Glasgow on 19 and 20 of June 2018 and the theme of the event was financial innovation. Glasgow partners opted to illustrate this theme through a collection of innovative financial models applied by social enterprises that receive support from the city's social enterprise fund.

Representatives from partner cities of: Barcelona, Copenhagen, Glasgow, Krakow, Lyon, Turin and Trikala were active participants in the event. Two partners Naples and Timisoara were unable to join the meeting.

The framework for social enterprise development in Scotland

Scotland has a growing culture of social entrepreneurship with the City of Glasgow firmly at the centre. The local authority in Glasgow has their own strategy for social enterprise development and has a dedicated team supporting the development of social enterprises and cooperative models. The Scottish government is soon to launch their [strategy](#) and already support politically the sector ([Link](#)). Scotland has over 700 social enterprises, most of whom are supported by [Social Enterprise Scotland](#) as members. Edinburgh will host the [Social Enterprise World Forum](#) in September 2018.

The innovative financial models we heard about

During our two-day visit to Glasgow we discovered that one of the most important components is the way that Glasgow's social enterprises began. Many have become sustainable by offering services to those who can afford to pay to support those who cannot.

In the morning of day one we heard from:

Move-On: a social enterprise providing employment and training opportunities, in a food distribution warehouse, to support people recovering from addiction problems to get back in to work. Combined with the employment and training actions **Move-On** hold the [FareShare](#) franchise for collecting donations of "surplus, in-date food waste" from the food industry, mainly supermarkets. **Move-On** sorts, stores and distributes food to 87 charity partners who are providers of some kind of food-service such as cafés or canteen to a local community. The **Move On – FareShare** partnership have a financial model based on several components – receiving food donations - using volunteers and trainees to distribute the food – obtaining funding such as European Social Fund to support the employment and training element – and collecting a fee from their membership.

Citrus Energy: who told us how they combine being a social enterprise and a commercial energy broker so they can offer energy (gas and electricity) at scale and much lower cost to small businesses. From this part of the business, they make a financial surplus which they invest back in to working with individuals to combat the complexities of fuel poverty, an issue that is very real for many low-income households in Scotland. **Citrus Energy** made a surplus in 2015/16 - £9k, in 2016/17- £94k and in 2017/18 - £134k. Their message is 'it's ok to make a profit – it's what you do with that profit that determines your social responsibility'.

We also heard the story of a former police officer who was disillusioned seeing the same young men reoffending with nowhere to go to get out of a cycle of crime. His organisation **Together Glasgow** part of the [Together Group](#) successfully creates construction jobs with training for people who have often only ever known a life of crime. Their focus is on repeat and violent offenders – the hardest group to

support to change. They provide employment and upskilling opportunities, but most importantly they provide a significant one-to-one support network that helps to break old habits and form new networks, enabling them to break free from an engrained culture of crime. They have created work for over 100 employees UK wide, 15 in Glasgow. Only two people out of the 100 have re-offended.

The Together Group's innovative financial model is that they raised capital by creating an investment bond through the Triodos Ethical Bank. In the period 2011, 2012, 2013 Together Group raised £4.6M and in 2015 £2.0M specifically for actions in Glasgow, and the bond offers interest between 3% and 6% to investors. The Together Group use the capital to purchase properties and with their team of skilled construction workers they renovate the properties to sell on the open market for profit. It is this profit that is ensuring the sustainability and growth of the social enterprise.

The **Together Glasgow** representative explained the complexities and values of using bonds to raise capital. They needed the support of a financial expert to complete the process and one of their greatest challenges was, in the first instance, convincing the Triodos Bank that they were a social business robust enough to support a bond issue and its investors.

In the afternoon the format changed from presentations to table talks and discussions between four more innovators and participants. The talks were led by

[Greater Pollok Credit Union](#): told us how they set up their own local Enterprise which successfully saved local childcare services and made sure that an essential local post office remained open. In overturning the threat of closure, they kept both services and the jobs in the community. The core of their social enterprise is combining the credit union, which makes a profit, with the delivery of other local essential services. The Credit Union is an essential service in it's own right, allowing local people to take control of their finances, deposit small amounts of money to save and the support to manage even low incomes.

[Locavore](#): explained about their organic food business which supports a large network of organic food producers, runs its own market garden, and local food shop and café and delivers hundreds of organic food boxes every week to customers all over the city of Glasgow.

They are a social enterprise and all the profits are reinvested to grow and expand their business. Their shop is located in Govanhill, the area that is the focus of URBinclusion project, but its customer base is much wider attracting people from all over the city. They also have three sites where they grow food – some of which is divided into small gardens under a 'Grow the Growers' initiative which encourages keen gardeners to develop their skills a step further into growing produce for profit.

They provide employment and training opportunities for local residents across the whole business and when they have surplus food they give it away to local residents and to the community canteen and other community causes.

Their mission is to make the money spent on food do more for the benefit of society and our environment. They are challenging the supermarket model by offering customers milk and oil in refillable glass bottles, no pre-package vegetables, eggs or grains.

[Indigo childcare](#): told us about their childcare business that they are delivering every day for over 400 children aged from six months to after school care for 16-year olds.

The venture was initially set up because several local childcare facilities in deprived areas were under threat of closure. They knew that they could work with existing providers to deliver excellence of service where demand is high and outstrips the supply level. This has then grown into provision for less

deprived areas who pay a higher fee for childcare but also understand that any profits are ploughed back into extending and improving the service in all areas.

Their social enterprise financial model is based on that those who can pay do pay market rate while lower incomes families pay less as they access government support and local authority support to subsidise the places. This is a model that has the potential to be replicated in other areas and in other service high demand service sectors.

[Achieve More Scotland](#): talked about how they provide coaching for 2500 children every week. They use football, dance and gymnastics to engage with children and young people and provide a safe place, build self-esteem and create skills and employment opportunities for young people as they grow. Their coaching sessions are based in deprived communities and many of the Youth Workers who work there come from the same communities and are trained and gain qualifications and employment through their support.

Achieve More Scotland model is to offer all of their services free to everyone. They have traditionally been reliant on grants but they are gradually starting to increase, and focus, their fundraising efforts from other sources through the use of donations from both individual and corporate donors.

We also heard from the Municipality of Turin, one of the partners in our URBinclusion network. The city sent out a call for proposals and received 255 proposals for projects that could help to create social good in Turin. Of these many were given further coaching and eventually 25 were further developed and finally 12 were chosen to be supported into a deliverable business model or project. The municipality has provided some grant funding, but each proposal also used crowdfunding to bring in more money to realise their projects.

Conclusion:

Altogether, we heard from nine diverse social enterprises covering issues such as affordable childcare, food waste and sustainability, employability and training for ex-offenders and addicts, employment and business support for Roma women, fuel poverty and motivational services for young people.

Whether they are directly attempting to have an impact on specific issues or are businesses who choose to base themselves in communities where even the smallest economic development can have a positive ripple effect, each social enterprise was created by individuals with a vision, good business sense and the potential for scale.