

Social Enterprise



A guide to the role and potential of Rural Social
Enterprise in the South East of England

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1: Aims of this briefing

The South East England Development Agency (SEEDA) believes that the social enterprise business model has a key contribution to make to achieving sustainable prosperity across the region. The unique feature of social enterprises is their ability to link economic empowerment, social equity and environmental enhancement.

Rural areas have distinctive features particularly suited to social enterprise approaches to development, including the delivery of public services. The aim of this briefing is to identify some of the opportunities for mainstreaming social enterprise as a viable and sustainable business model into rural economies and communities. Housing, transport and community facilities are highlighted, but the ability of social enterprises to cross traditional functional boundaries means that the model can deliver benefits that are more than the sum of the parts. The briefing offers practical advice on how social enterprises can be developed and established in the South East.

WHY A BRIEFING PACK NOW?

The briefing forms part of SEEDA's Cultural Shift South East Programme, established to encourage a culture of social entrepreneurship across the public, private and voluntary and community sectors. The programme is a partnership of regional and local organisations that recognise the need to engage entrepreneurs, managers and investors from all three sectors to create long term, sustainable solutions to social issues.

The Cultural Shift Partnership has two strategic aims:

- To model inclusive employment models delivered through independent social enterprises
- To create new protocols for entrepreneurial partnerships between mainstream public sector providers and social enterprises in the South East

This process will create policy tools and models that will be mainstreamed into regional policy and will set off a process of further social enterprise development. SEEDA has produced an enabling framework document¹ which sets the context for more sector-specific work - of which this briefing is an example - and which provides a valuable overview of the key elements in the Cultural Shift Programme.

WHO SHOULD READ IT?

The briefing is aimed primarily at

- People who are, or may be induced to be, interested in running a social enterprise; or are already running one, but are looking for new markets in which to grow and/or become self-sustaining
- Those, principally in the public sector, who commission goods and services from contractors and who would benefit from a better understanding of social enterprise and the opportunities it offers to help deliver their own organisations' objectives

Case studies, references to key information sources, and suggestions for further reading are provided at the end of the briefing pack.

2: The benefits of social enterprise

Everyone can benefit from social enterprise: public authorities, communities, voluntary and community organisations, and individuals wanting to run a business with a social purpose. Social enterprises can deliver multiple benefits – economic, social and environmental – often at the same time.

A social enterprise is a business trading for a social purpose. Its profits are reinvested for that social purpose. It is a business, not a voluntary organisation. For those unfamiliar with the social enterprise model, and its application in rural areas, further information is available in the Appendix.

Within this common framework, the nature of individual social enterprises varies widely. Not all social enterprises will deliver the same types of benefit. However experience to date enables some conclusions to be drawn about what these benefits are and who can benefit from them.

PUBLIC BODIES

Because social enterprises can deliver social and environmental benefits alongside economic gains, they present distinctive opportunities for local authorities and other public bodies committed to sustainable development objectives. In rural areas the financial reward in providing services can be marginal, and therefore unattractive to commercial operators. Provided that those responsible for designing and letting contracts recognise the added social and

environmental value as part of the overall value for money assessment – an issue discussed further in section 8 – social enterprises offer potentially attractive vehicles for achieving a public organisation's goals.

In particular, social enterprises:

- a) Are businesses which aim to make a profit through trading, and so become less reliant on grants and other forms of public subsidy
- b) Are more likely, where community ownership or involvement is embedded in the governance of the business, to support achievement of government policy that local authorities should better engage and empower the communities they serve²
- c) In particular, can be more successful in engaging “hard-to-reach” groups
- d) Can be – though are not necessarily – more innovative in finding ways of achieving intended outcomes, including joining up across functional boundaries

2. See in particular the summary of commitments given in the 2006 Local Government White Paper at <http://www.communities.gov.uk/communities/communityempowerment/communityempowermentcommitments/>

2: The benefits of social enterprise

- e) Can deliver multiple policy objectives³

COMMUNITIES

Social enterprises have by definition a social purpose. Many, though not all, are rooted in local communities and focus their attention there. A community-owned shop, for example, is integrated into the community – and therefore is aware of local needs and aspirations – in a way that a privately-owned village shop might not be. Although the governance of social enterprises varies, community ownership or involvement in decision-making is a common feature. The model therefore offers a way forward for communities who want to retain or develop facilities that are only sustainable through trading, rather than relying on the traditional voluntary sector approach.

VOLUNTARY AND COMMUNITY ORGANISATIONS

The voluntary and community sector is facing major challenges. Even well resourced organisations are finding it increasingly difficult to attract sufficient numbers of volunteers to sustain the levels of service they want to provide. Many already engage in trading activities to cover their running costs and fund modest capital development. But a move to increasing use of paid staff may be inevitable.

Against that background, social enterprise offers a model that combines the best features of business with the social purposes that lie at the root of the voluntary and community sector.

PEOPLE RUNNING- OR WANTING TO RUN - A BUSINESS

Social enterprise offers serious opportunities for people who want the challenges and satisfaction of running a successful business but who at the same time want to work to achieve a defined social or environmental purpose, or both. It is not a “soft option” – far from it – but it offers a different purpose for making a profit, with corporate social responsibility built in from the outset.

3. Research for the Small Business Service in 2005 found 34 per cent of enterprises surveyed aimed to help both the environment and people by providing employment, goods or services. Cited in Scaling New Heights (see Further Reading).

3. Markets for social enterprise in South East England: Overview

Understanding the potential market is the fundamental requirement for a successful social enterprise. The nature of rural social enterprise means that much of the market is driven by public policies – national, regional and local – which also seek to deliver economic, social and environmental goals. Being clear about the policies of public bodies in the South East, including the drivers for them and the opportunities they provide for leveraging in public funding, will be a key part of most business plans. This section of the briefing provides an overview as essential background to the subsequent review of markets in the three highlighted sectors.

In comparison to other English regions, the number of businesses that could be classed as social enterprises in the South East is low⁴. Although conditions in the South East – for example, property prices – can pose particular challenges for the development of a sustainable social enterprise, there are significant market opportunities in the region. The Regional Economic Strategy⁵ (the RES) identifies as “huge” the growth potential for social enterprise and niche businesses serving diverse and under-represented communities. This section of the briefing highlights key policies and drivers that impact on the markets in the region’s rural areas.

SIGNIFICANCE OF THE PUBLIC SECTOR

Because social enterprises often depend on payments from public bodies – whether on a trading basis as a payment for services or as a form of subsidy – aligning the aims of the business with public policy goals can be particularly important. In this respect, the policies adopted by public sector bodies have a significant influence on the market for social enterprise. The policies in turn are driven by the need to respond to actual and foreseeable trends – for example in population growth and its age structure, or in quality of life expectations – as well to intervene in instances of market failure. Understanding the public policy environment is therefore important in any proposal to develop a successful social enterprise.

4. Source: *South East Enabling Framework* (see *Further Reading*)

5. *The Regional Economic Strategy 2006-2016*, SEEDA, hereafter referred to as the RES, available at http://www.seeda.co.uk/res/RES_2006-2016/

GROWTH AND DEPRIVATION CHALLENGES

Some 1.8 million people, or 22 per cent of the region's population, live in rural areas⁶. Although the South East is one of the most economically successful UK regions, there are substantial intra-regional variations. Seven of the region's rural districts, which account for half a million people, are in the bottom 25 per cent of economic performance nationally. Although the Index of Deprivation (2004) shows that the South East contains only 4 per cent of the worst quintile of areas in England, these areas include 400,000 people - similar to the population of Buckinghamshire. There are approximately 800,000 people of working age in the South East who are economically inactive.

The population of the South East is expected to grow by between 766,000 and 985,000 between 2001 and 2026, with the proportion of people aged 75 and over rising from 8 per cent to 12 per cent over a similar period⁷. Although new development to accommodate the population increase – and to meet existing unmet needs – is planned to be concentrated in or around existing urban settlements, rural areas will also be impacted, not least if they are to support “thriving, mixed communities⁸.”

REGIONAL RESPONSE

The RES summarises the challenges for rural areas as follows:

The Rural South East accounts for 80 per cent of the region's land mass, a third of its business base and a quarter of its population. Whilst agricultural businesses are diversifying fast and increasing numbers of knowledge-based high value added businesses are attracted by the high quality of life, the route away from slow decline is not yet assured. New solutions will be needed to maintain and manage landscape assets in a sustainable manner, and investment in physical and community infrastructure will be needed to ensure that rural communities remain places where people both live and work. Dispersed patterns of deprivation must be addressed, while ICT offers new possibilities for remote working and businesses in rural locations.

This analysis suggests that there will be significant opportunities for social enterprises across a range of services and sectors, increased proportionately by population growth.

The Implementation Plan for the RES⁹ identifies five cross-cutting priority goals for the rural South East. The table on page 9 shows how these priorities might offer market opportunities for the types of rural social enterprises on which this briefing focuses.

6. Based on 2001 census figures. These and subsequent figures in this paragraph are quoted in the South East Rural Delivery Framework 2006-2009, published by the Government Office for the South East on behalf of the South East Rural Partnership and available at <http://www.gose.gov.uk/gose/environmentRural/regionalRuralPolicy/ruralDeliveryFramework/>

7. Source: Paragraph B7.2.3 of The South East Plan, the draft Regional Spatial Strategy for the South East, available at http://www.southeast-ra.gov.uk/southeastplan/plan/march_2006/core_document/002_seera_sep_b.pdf

8. As defined in the South East Plan, paragraph C.3.4.1

9. The Regional Economic Strategy 2006-2016: Implementation Plan, SEEDA, available at http://www.seeda.co.uk/res/docs/RES_implementation_plan.pdf

RES PRIORITY	OPPORTUNITIES
More economically dynamic and socially inclusive villages and market towns	Affordable housing New models of collaborative or joined-up service delivery Transport facilities
Increased business competitiveness in rural areas through entrepreneurship and enterprise	Community facilities Affordable housing
Dynamic food, farming, and forestry sectors, enhancing exploiting the countryside's assets with increased adaptability and resilience	Not directly applicable
Increased value of premium local products from South East land-based industries, with effective supply chains	Community shops
The quality and bio-diversity of the landscape preserved and enhanced, providing a high quality lifestyle offer to those who work, live in and visit it	Affordable housing which respects the environment Transport facilities – joined up with managing tourism pressures

The Implementation Plan also sets among its priority target actions for rural areas: “A double dividend from rural areas: environmental goods and services, such as bio-diversity, as an economic and social asset.”

The case studies in this briefing pack help illustrate, using replicable models, how social enterprise can contribute to the delivery of the RES and the relevant rural priorities.

LOCAL GOVERNMENT

The policies set out in the RES align with the draft Regional Spatial Strategy, which when adopted will guide the content of local development frameworks¹⁰ being drawn up by local authorities. These frameworks will

translate national and regional policies into practical plans for each local area. Local authority policies and plans are of particular relevance to housing and transport, but the new “place-shaping” role¹¹ which the Government is assigning to local authorities means that their policies will have direct impact on a wider range of community facilities and on the way in which authorities involve their communities in taking decisions about service provision.

There is a particular challenge for local authorities with substantial rural areas within their boundaries, because of the additional costs in delivering services to a population that is thinly spread. Standard formulae for determining “levels of service” can also disadvantage rural communities¹².

10. A description of local development frameworks is available at <http://www.communities.gov.uk/planningandbuilding/planning/regionallocal/localdevelopmentframeworks/>

11. See Chapter 8 of the White Paper on the reform of the planning system, *Planning for a Sustainable Future*, May 2007, available at <http://www.communities.gov.uk/publications/planningandbuilding/planningsustainablefuture>

12. The commentary in this and the following paragraph draws on work about achieving a proportionate impact in rural areas, carried out by Rural Innovation, a rural regeneration consultancy – see www.ruralinnovation.co.uk

3: Markets for social enterprise in South East England: Overview

Specifically allocated rural regeneration funding has mitigated this imbalance to some degree, but there has been a shift away from such specific funds leaving rural communities to compete alongside urban communities for resources from a common pot. The new national set of indicators for measuring local authority performance does not include any relating specifically to rural areas.

Local Area Agreements (LAAs) are becoming the primary instrument under which local authorities – with increased flexibility – allocate resources to deliver national policies and priorities at local level. A LAA must be consistent with the authority's Sustainable Community Strategy, which is drawn up by the relevant Local Strategic Partnership, which in turn brings together a range of service providers and partnerships. These arrangements – which have not yet been fully tested in practice everywhere – provide additional opportunities for influencing local authorities and articulating both the needs of rural communities and the ways in which they might be met.

So the way in which individual authorities implement their policies and plans will be significant for the shape and scale of the markets for social enterprise locally.

Against this background, there is a drive by central Government¹³ and SEEDA¹⁴ to increase the opportunities for social enterprises to bid successfully for public sector contracts. This parallels a move to improve access to public sector contracts by small and medium-sized businesses generally.

FUNDING AND FINANCE

Although contracts from public bodies should be a key source of income for social enterprises, they will often not be the only source. The availability of finance for social enterprises – in the sense of loans for investment and development in the business – will often be a key determinant of the viability of setting up a business. Historically, access to finance on realistic terms has been a brake on the development of social enterprise, though new sources are being developed: see section 8.

Social enterprises may also secure funding in the form of non-repayable grants, usually from public bodies.

- a) Many local authorities run a variety of grant schemes, often directed at the voluntary and community sector but which might be suitable for a social enterprise. Details will be available from individual local authorities
- b) At the regional level, the new Rural Development Programme for England 2007-2013 (RDPE) is a potential source of funding for social enterprises. The social and economic elements of the programme are operated by regional development agencies, and the draft SEEDA Implementation Plan has the reduction of social exclusion and disadvantage in rural areas as a priority objective. Specific measures to be supported in the region have yet to be finalised, but there is scope for investment in village renewal and development. In addition, the RDPE includes funding for the so-called “Leader” approach to funding community projects. This aims to involve and motivate local communities in changing their environment from “the

13. See *Partnership in public services: an action plan for third sector involvement*, Office of the Third Sector, December 2006, available at http://www.cabinetoffice.gov.uk/third_sector/public_services/public_service_delivery.aspx

14. In the RES, see section 8 of the briefing pack

bottom up”, by forming Local Action Groups which apply for funding for specific projects

Further information about the RDPE in the South East is available on the SEEDA website¹⁵

Decisions to establish a social enterprise should not be based on the availability of funding alone, or even as the main influence. The key to a sustainable and successful social enterprise, as with any business, is an understanding of the demand for the product of the service.

SPECIFIC MARKETS

The next three sections of this briefing pack review opportunities in three specific sectors:

- Affordable rural housing (section 4)
- Rural transport (section 5)
- Rural community facilities (section 6)

For each, information is provided on:

- a) Public policies relevant to market opportunities, including funding sources
- b) Social enterprise models relevant to the sector
- c) Specific challenges in establishing social enterprise solutions, and the scope for resolving them
- d) What social enterprise models can deliver (of particular relevance to those responsible for commissioning or procuring contracts for goods and services)

15. Updated material will be available on the SEEDA website at http://www.seeda.co.uk/Work_in_the_Region/Rural_Issues/Rural_Development_Programme_for_England/

4: Affordable rural housing

The Government has committed to achieving a significant increase in the amount of affordable housing, and is backing this with increased public funding, much of it allocated to the South East where housing pressures are acute because of high land and property costs. There is therefore a favourable climate for investment in affordable housing – both building and managing – though the location and nature of new build will depend on the plans of individual local authorities, particularly for rural areas. Different models of social enterprise are available for housing businesses. It is generally accepted that some element of public funding is unavoidable.

Affordable housing may be rented, owned, or partially-owned. It is designed to provide housing for those whose needs are not met by the market. Affordable housing stock, whether sold or rented, usually includes some restrictions on eligibility, price, and resale, to ensure that it remains available to the people it was intended for, and does not revert to the open market.

Technical definitions of affordable housing, social rented housing and intermediate affordable housing – which will be used by local planning authorities in allocating sites and giving planning permission for affordable housing – are set out in Government planning guidance known as PPS3¹⁶.

(A) PUBLIC POLICIES RELEVANT TO MARKET OPPORTUNITIES

Demand

The central plank of public policy on housing in the South East is that substantially more houses, both market and affordable, are needed. The draft Regional Spatial Strategy – the South East Plan – estimates that in 2001 there were some 29,000 households in unsuitable housing and who were unable to improve their existing home or afford one suited to their needs. The position is now likely to be worse because completion of new affordable housing provision in the region has been running well below the rate needed to meet existing needs. Although the majority of this unmet demand is in urban areas, there are specific needs in rural areas: isolated rural areas in particular tend to have much higher incidences of poor quality housing than suburban and other rural locations.

16. See Annex B to Planning Policy Statement 3: Housing, published by the Department for Communities and Local Government, available at <http://www.communities.gov.uk/planningandbuilding/planning/planningpolicyguidance/planningpolicystatements/planningpolicystatements/pps3/>

The South East Plan envisages that:

- a) An additional 28,900¹⁷ houses need to be built in the region over the period 2006 to 2026
- b) Of these, 35 per cent should be affordable housing¹⁸
- c) Housing development will be concentrated in and around urban settlements, with the aim of at least 60 per cent being on previously developed land. However, some development in rural areas will be needed to meet local needs, which should be catered for where they arise¹⁹

Based on the South East Plan, and the housing allocations set out in it, local authorities will draw up detailed housing plans as part of their local development frameworks.

National planning policy recognises that the supply of suitable land limits the opportunities for delivering affordable housing in rural communities, but that such housing is necessary to sustain mixed and inclusive communities. PPS3 advises local authorities to consider allocating and releasing sites solely for affordable housing, including using a “Rural Exception Site Policy” which allows small sites which would otherwise not be available for market housing or other development to be used for affordable

housing to meet local needs. The South East Plan identifies parish plans as a vehicle for identifying affordable housing needs locally²⁰.

The RES Implementation Plan identifies as priority actions for rural areas:

- Deliver a mix of housing and employment space to support sustainable rural communities (as part of the objective for a sustainable built environment)
- Polarisation reduced through affordable housing and business opportunities in rural areas (as part of the objective for sustainable communities)

A more recent Government policy statement in the Housing Green Paper²¹ envisages that a national target for rural affordable housing will be set for the period 2008-2011, though it is not clear whether this will affect the regional target already proposed for the South East.

A further uncertainty in public policy, though one which may eventually increase market opportunities for affordable rural housing, is the review recently commissioned by the Prime Minister and led by Matthew Taylor MP into how land use and planning policies can release more land for affordable housing. The review, due to report in summer 2008, will also assess the impact of existing planning rules²².

17. This figure may be revised upwards when the Government confirms the final version of the Regional Spatial Strategy in the light of the recommendations of the panel that conducted an examination-in-public of the draft plan in 2006/2007.

18. Policy H4 of the South East Plan. The breakdown of the target is 25 per cent social rented housing and 10 per cent other forms of affordable housing.

19. Policy H3 of the South East Plan.

20. Policy H3 of the South East Plan

21. Homes for the Future, July 2007, available at <http://www.communities.gov.uk/publications/housing/homesforfuture>

22. The terms of reference for the review are available at <http://www.communities.gov.uk/planningandbuilding/planning/planningpolicyimplementation/reform/matthewtaylorreview/>

4: Affordable rural housing

Supply

The construction of affordable rural housing provision in rural areas usually involves a degree of public subsidy²³. The principal source is the Housing Corporation's National Affordable Housing Programme (NAHP).

- a) Under the 2006-2008 NAHP, £230 million has been allocated to provide some 6,300 homes nationally in small towns and villages. This funding is channelled through regional housing strategies, and no new applications are permitted. The future focus is on the 2008-2011 programme, for which bidding is in the early stages²⁴. Specialist bids for housing in rural settlements of less than 10,000 inhabitants are being invited. Potential bidders are urged to read the Housing Corporation guidance alongside regional housing strategies and local authority plans
- b) The South East Regional Housing Strategy²⁵ envisages affordable housing in rural areas will be supported at 360 new homes per year in settlements of under 3,000 inhabitants; and will be supported in small market towns "at levels proportionate to need, sustainability and capacity." The current proposed revisions to the strategy envisage no change on this point. The 2006-2008 Housing Corporation Programme allocated £38.1 million for 780 homes in settlements of under 3,000. Details of

allocations to individual authorities and housing providers in the South East are available on the Housing Corporation website²⁶, and provide a useful illustration of the sort of funding available

- c) The Government announced on 16 October 2007 that, as part of a new national funding package for affordable housing, the South East would receive £1,372 million over the period 2008-2011, the largest allocation to any region outside London²⁷

In addition to the NAHP, subsidy may also be available from:

- a) Local authorities, in cash or in land
- b) Developer contributions, often known as "Section 106 agreements"
- c) Other public bodies such as English Partnerships²⁸

(B) SOCIAL ENTERPRISE MODELS

A number of social enterprise models have developed to address the provision of affordable housing. A description of the most significant is given below. Some have structures where the ownership is in the hands of the residents; others have a stakeholder engagement model without the ownership of the assets necessarily passing into the hands of the residents.

23. As stated in *Delivering Affordable Housing*, published by Department for Communities and Local Government, and available at <http://www.communities.gov.uk/publications/housing/deliveringaffordablehousing>. This provides a useful overview of how the funding and allocation system works.

24. A full prospectus is available at <http://www.housingcorp.gov.uk/server/show/nav.446>

25. Available at http://www.southeast-ra.gov.uk/our_work/planning/housing/strategy.html

26. At <http://www.housingcorp.gov.uk/server/show/ConWebDoc.7751>

27. Details at <http://www.communities.gov.uk/news/corporate/513236>

28. Under government proposals, English Partnerships and the Housing Corporation would merge into a single agency.



Housing Associations

Housing associations are the United Kingdom's major providers of new homes for rent, while many also run shared ownership schemes to help people who cannot afford to buy their own homes outright. They are independent not-for-profit bodies: any trading surplus is used to maintain existing homes and to help finance new ones. Most housing associations are registered with the Housing Corporation and are technically known as "registered social landlords" or RSLs.

Housing associations provide a wide range of housing, some managing large estates of housing for families, while the smallest may perhaps manage a single scheme of housing for older people. Much of the supported accommodation in the UK is also provided by housing associations, with specialist projects for people with mental health or learning disabilities, with substance misuse problems, the formerly homeless, young people, ex-offenders and women fleeing domestic violence. 15 housing associations are specifically defined as 'Rural Housing

Associations', some of them managed by Rural Community Councils.

A feature of housing associations is that, although the larger ones usually have paid staff, a committee or board of management made up of volunteers has overall responsibility for the work of the organisation. A board might include tenants, representatives from local authorities and community groups, business people and politicians. There are more than 30,000 voluntary board members running housing associations throughout England.

There are a small number of housing associations registered with the Housing Corporation which are tenant controlled, having a majority of tenants on the board of the association alongside other representatives. Tenant controlled housing associations are often called Community Based Housing Associations (CBHAs), 'community-based' meaning that the organisation is geographically limited to one area.

4: Affordable rural housing

Ownership housing co-operatives

Ownership housing co-operatives are owned, managed and controlled democratically by their members and tenants, and usually all tenants are members of the co-operative. In this model the housing co-operative is either an Industrial and Provident Society or a Company limited by share or guarantee. Very basically, the co-operative owns the building and the tenants all pay rent to the co-operative. This means that the members and tenants do not own their individual properties, but jointly own the co-operative which owns the property.

The majority of ownership co-ops are (at least partially) funded through the Housing Corporation, which monitors them in the same way as housing associations.

There are also some ownership co-ops that are set up without public funding, who raise finance through mortgages and loan stock.

Community Self-Build Schemes

Community self-build is where a group of people in housing need come together to build their own homes. The group establishes itself as either a self-build housing association or a housing co-operative. Together they build the homes and pool their resources. Each individual agrees to contribute the same fixed number of hours per week, for no payment.

Community self-build schemes can be either for rent, shared ownership or outright ownership. Outright ownership is possible for those with reasonable incomes and some savings. Shared ownership is more suited to those on lower incomes; self-builders normally purchase an equity stake of 50 per cent and rent is paid on the other 50 per cent. In rented schemes, the self builder will pay a reduced rent usually based on the free labour input contributing to a lower build cost.

Mutual Home Ownership (MHO)²⁹

This is a new form of tenure that seeks to increase the supply of affordable intermediate market housing without requiring a major increase in capital investment from the Government. MHO schemes remain permanently affordable and do not move into the open market.

The key to these schemes is to the availability of land. The land can come from a variety of sources (e.g. section 106 affordable housing planning obligations, exception sites, surplus land currently in public ownership, industrial land given change of use consent subject to MHO use only). The land transfers into the ownership of a Community Land Trust (CLT) that holds it in perpetuity for the provision of affordable housing in the community. As the freeholder/head leaseholder of the land the CLT has the legal power to ensure the land is held in trust as a sustainable community asset. It is made available to the MHO at nil cost to the mutual home owners who will live in the housing; they pay for the build costs, but not the land.

MHO is a market-equity form of tenure in which residents have an equity stake in residential property. The residents interested and eligible for the housing become members of a Mutual Home Ownership Society (MHOS), a registered Industrial and Provident Society.

There are two reasons why the organisation must be a mutual organisation. Firstly, mutual housing organisations are the only exclusions from statutory tenancy provisions (including right-to-buy) and are therefore free to create the tenure model that grants residents an equity stake through the terms of a contractual lease. Secondly, because it is a mutual, any payment of equity growth to members when they leave is tax exempt, in the same way that the increase in capital value of a home owner's home is a tax free gain.

29. This section is from The CDS simple guide to mutual home ownership, David A Rodgers, CDS Executive Director

The value of property owned by the MHO is divided into units of property equity, which residents fund through monthly mortgage payments under the terms of a long (99-year) lease. New residents are required to take up and finance a number of units of equity according to their income and ability to finance them. As their salary increases they can take up more units of equity when they become available for sale.

In effect, the MHO divides the real value of the land (secured at nil cost) according to the income/need of members. This subsidy reduces over time for each member as their income rises and they meet their obligation to finance additional units of equity; an obligation that can be enforced through the terms of the lease.

The outgoing member takes 90 per cent of any increase in the index-linked value of units of property equity they financed while they lived in the mutual. 10 per cent remains in the MHOS to strengthen its finances by creating an asset reserve. This growing asset reserve will enable the MHOS to drive down borrowing costs by lowering mortgage default risk.

These arrangements create a new way of owning equity in the value of residential property, similar to the way pension equity works. Equity growth withdrawn is financed by topping-up the mortgage loan.

The MHOS also requires members to make a personal financial commitment to the scheme by financing 5 per cent of their equity stake as a cash investment in the MHOS. This acts as security against arrears of mortgage/service charge payments.



(C) CHALLENGES AND HELP IN OVERCOMING THEM

The successful economy of the South East and the high numbers of people living and working there mean that demand for both building land and built homes is high. Commercial property developers provide stiff competition for social enterprises looking for development sites. The combination of strong demand and limited supply drives price, and by extension investment costs, upwards.

This creates barriers for social enterprise models as their ability to access capital finance is restricted. For example, most ownership co-operatives were established under the more generous grant subsidy regimes in the 1970s and 1980s. Since the 1990s there have been decreasing opportunities for social enterprise models to access grant funding.

Access to loan finance can also be difficult, as some mainstream providers are insufficiently informed about the business models, especially the Industrial and Provident Society legal structure. Recent developments should help social enterprises overcome this difficulty.

4: Affordable rural housing

Access to finance

High and rising land and property values should make any type of housing development an attractive proposition for loan finance. There are increasing numbers of specialist finance organisations who are providing loan finance to social enterprises (see section 8). As these organisations grow, the size of the loans they are able to give also increases, thereby making them an option for social enterprises providing affordable housing.

Community Land Trusts

Government housing policy is increasingly tending to support socially enterprising approaches to the provision of affordable housing. This may be particularly so in the South East where the high costs of housing are most acutely felt by those on relatively low incomes. Increasing Governmental support for Community Land Trusts in rural areas gives local communities access to land for affordable housing.

The Cashes Green Development, a case study in this document, is an example of how a social enterprise business model, in conjunction with new policy initiatives (Community Land Trust Provision), is able to deliver affordable housing.

Partnership with Commercial Developers

The Housing Green Paper and the planning guidelines issued in response to the Report of the Affordable Rural Housing Commission both outline opportunities for procuring affordable housing from commercial developers. The processes through which this could be achieved require refinement, but in principle commercial housing developments in rural areas could be built in partnership with local communities via a social enterprise business model. Developers could gift land to Community Land Trusts and/or provide finance building costs in return for planning permission/concessions.

(D) WHAT SOCIAL ENTERPRISE CAN DELIVER

Local authorities that have transferred their housing stock to housing associations or other arms length management organisations will be familiar with the advantages of the social enterprise approach to housing management.

For new build in rural areas, social enterprise organisations offer a willingness and capability to:

- a) Build for the affordable end of the market
- b) Build on small plots
- c) Engage with the community on the type of housing needed, the design, and the policies for qualifying tenants.

5. Rural transport

Providing public transport services in rural areas is often unattractive to private sector operators. Yet there are markets for local transport services to meet a variety of needs. Car ownership is not universal and local authorities are increasingly introducing measures to discourage car use, which suggest that markets for tailored community services will continue and may increase. The majority of rural community transport operators rely heavily on public or other subsidy, and social enterprise business models are not yet the norm for the sector. Changes in public procurement policies are particularly necessary for the transport sector, though there are encouraging signs in some parts of the region.

“Community transport” is about meeting local transport needs on a non-profit-making or social enterprise basis, often involving large numbers of volunteers. Services classified as community transport include: car-sharing and vehicle pooling schemes; minibuses; operations; partnership work between operators to provide feeder services to commercial public transport networks; ferry or trains services promoted by a community organisation; door to door transport³⁰.

A distinction is often drawn between community transport and “conventional” transport operators, the latter usually being private companies or bus companies owned by local authorities. Social enterprise approaches are commonly seen to fit into the community transport sector, but there is no reason in principle why social enterprises should not enter into the conventional operator network.

(A) PUBLIC POLICIES RELEVANT TO MARKET OPPORTUNITIES

Demand

It is becoming a central feature of rural transport policy that designing and implementing strategies which enable people to access what they need is of greater priority than simply continuing to support public transport services. Part of this involves managing the demand for travel, rather than simply responding to it. The draft Regional Spatial Strategy - the South East Plan - proposes that regional and local plans should be guided by the “Manage and Invest” principle, and in particular that such plans should³¹:

- a) Be consistent with, and supported by, appropriate mobility management measures
- b) Rebalance the transport system in favour of non-car modes as a means of access to services and facilities

30. This description is quoted in the study *Enterprising Approaches to Rural Community Transport* by the Plunkett Foundation and the Community Transport Association, available through the publications section at http://www.plunkett.co.uk/framesets/index_whatwedo.html

31. From Policy T1 of the South East Plan

5: Rural transport

- c) Improve the integration of public transport services in and between urban and rural areas
- d) Include measures to minimise the negative environmental impacts of transport and, where possible, to enhance the environment and communities through such interventions

The South East Plan also gives specific guidance to local authorities on transport policies in rural areas³². This includes:

- a) Taking a coordinated approach to encouraging community-based transport in areas of need
- b) Developing innovative and adaptable approaches to public transport in rural areas that reflect the particular and longer-term social and economic characteristics of the region

The RES Implementation Plan identifies as priority actions for rural areas:

- Relevant links into rural areas of the region to improve accessibility (as part of the objective of connecting the region to global markets)
- Transport projects which improve accessibility of services between small towns and rural areas (as part of the transport objective)

The importance of addressing environmental issues has recently become more evident in National Transport Policy. The Government's latest Transport Policy Statement³³, setting out its response to the Eddington Study on Transport³⁴ and to the transport-related issues raised in the Stern Report on climate change³⁵, stresses the importance of pursuing policies which minimise polluting emissions. The carbon footprint of transport is proportionately greater in rural than urban areas, probably due to lack of public transport, the need to drive further to access services, and by commuting³⁶.

Both national and regional guidance recognise that local authorities are best placed to develop local responses to transport goals. All local transport authorities - in rural areas, these will be county councils or unitary authorities - are required to produce a Local Transport Plan, which the Government uses as a basis for allocating funding. The second round of such plans - LTP2 - covers the period up to 2011, and they are available on local authority websites. They give guidance on each authority's priorities, their accessibility strategy, and other measures, including the role of community transport and any support in place to facilitate community transport services.

32. Policy T2 of the South East Plan

33. *Towards a sustainable transport system: Supporting economic growth in a low carbon world*, Department for Transport, October 2007, available through <http://www.dft.gov.uk/about/strategy/transportstrategy/>

34. *The Eddington Transport Study*, HM Treasury, December 2006, available through <http://www.dft.gov.uk/about/strategy/transportstrategy/eddingtontstudy/>

35. *The Stern Review on the economics of climate change*, HM Treasury, October 2006, available through http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm

36. Page 138 of the *State of the Countryside Report 2007*, Commission for Rural Communities, available through <http://www.ruralcommunities.gov.uk/projects/stateofthecountryside/overview>



In considering markets for local or community transport, the following demand side factors may be relevant³⁷:

- a) Car ownership - low car ownership indicates a greater reliance on local facilities and public transport
- b) Socio-economic profile - low income could indicate that people have limited travel choice particularly if they are unable to buy and run a car or afford bus or rail fares
- c) Age profile - an elderly population could indicate people needing access to Post Offices or health facilities. A young population could need access to education or training facilities
- d) People with a long-term illness - access to hospitals, health centres and pharmacists may be important within zones with a high proportion of residents suffering long-term illnesses

In addition, the Government has identified home-to-school transport and specialist local bus services as important areas for development as part of the work to increase competition in the community transport sector³⁸.

The public policy drivers therefore point to opportunities for social enterprises to develop new local services that meet the needs of local people - something not always apparent in commercially operated services- and which contribute to environmental goals.

37. Source: Chapter 5 of Hampshire County Council's Local Transport Plan 2006-2011, available through <http://www3.hants.gov.uk/transport/local-transport-plan.htm>

38. See page 47 of Partnership in Public Services, referenced above

5: Rural transport



Supply

In 2003/2004 public expenditure on transport in the South East was £175 per head, against a UK average of £275 per head³⁹, a disparity confirmed by research using more recent data⁴⁰. Despite this, one-fifth of the total of rural bus subsidy grants in England was allocated to the South East⁴¹.

Rural community transport operators (CTOs) obtain income from the following sources⁴²:

- Fares: income can be increased by raising fares, or the number of passengers carried, or both
- Hire charges: where the whole vehicle is hired out to a customer group, with or without a driver
- Local authority contracts: this may follow a competitive tender, or come as a negotiated service level agreement
- Grants and donations, whether from local authorities, community fund raising or other sources

Some local authorities are promoting community transport partnerships under which funding from different sources would be pooled for a defined area to provide services closely tailored to local needs⁴³.

B) SOCIAL ENTERPRISE MODELS

For rural operators falling clearly within the “community transport” category, the line between social enterprise and voluntary/ community organisation trading is particularly blurred. The Plunkett/CTA Study concluded that the extent to which individual operators were voluntary organisations or social enterprises was “a question of degree and attitude.” The study identified five models of rural community transport operation:

- Community-owned minibus: normally owning and operating a single vehicle for the benefit of certain residents in a small, local community

39. Source: RES Evidence Base, available through http://www.seeda.co.uk/res/RES_2006-2016/

40. Source: CEBR study for RES evidence base

41. Source: Department for Transport at <http://www.dft.gov.uk/pgr/regional/buses/busgrants/rbs/ruralbussubsidygrant0708>

42. Source: *Enterprising approaches to community transport*, referenced above.

43. See for example plans from Buckinghamshire County Council in the second Local Transport Plan. Relevant chapter available at http://www.buckscc.gov.uk/transport_plan/LTP2/A1_BS_CPT.pdf

- Community-owned village routes: serving the needs of several rural communities and offering a regular and timetabled bus service between them
- Community minibuss hire service: offering vehicles for hire with or without drivers to community and voluntary organisations
- Community transport enterprises: offering a portfolio of community transport services within a relatively small geographical area, with a reliance on volunteer drivers
- Social transport enterprises: using only paid employees and drivers and offering a wide range of services with a fleet of vehicles on a flexible basis

Three-quarters of the operators surveyed in the study operated under a “section 19” permit, which restricts provision of the service to defined user groups.

(C) CHALLENGES AND HELP IN OVERCOMING THEM

The Plunkett/CTA Study found that there was considerable resistance towards moving to a genuinely social enterprise model among many community transport operators. The principal constraints were identified as:

- a) Grant funding: Almost two-thirds of all respondents identified declining grant availability as the main barrier to growth. The majority of rural CTOs are, in some way, dependent on ongoing grant finance, even though many of them are able to cover some of their operational costs through fares and hire charges, their staffing costs through the use of volunteers, and their capital costs through the receipt of grants and donations. CTOs believe that operating in a rural area reduces their ability to earn higher levels of income from passengers
- b) Volunteer time and skills: A significant percentage of the sample in the study either had no desire for growth, or felt that growth would be difficult because of the need to increase volunteer time - both the number of volunteer drivers, and the input from management committee members. CTOs also identified a need for general business planning support, assistance with marketing and promotion and training for the management committees of the organisation in the use of enterprising approaches
- c) Public Sector Procurement: Community transport operators try to provide a service that would, almost by definition, not be viable for a private sector operator. This is made possible by the use of volunteers or the receipt of grants. However, there is a feeling amongst CTOs that local authorities only seriously considered them for the contracts that commercial operators will not bid for, and not for those routes that are more profitable. Delivery is made even more difficult by the clauses that some local authorities insert into contracts. For example, one CTO quoted contracts with a local authority that contained seven day cancellation notices, making it impossible for the operator to plan effectively

Some of these constraints are cultural and self-imposed by the operators, but others can be addressed by external action. In particular:

- a) Steps are being taken to improve procurement procedures generally – see section 8. In relation to buses, the Government has published a good practice guide⁴⁴ which highlights ways in which local transport authorities can encourage competition for service contracts, which is particularly weak in rural areas. Key among the recommendations is that small contracts are necessary if smaller operators are to be encouraged into the market. Oxfordshire County Council has acted on this and targets small operators directly to encourage them to bid, while keeping tendering areas small enough so that operators can bid in more than one area, a particularly valuable facility if they lose a contract in another
- b) The draft Local Transport Bill, on which consultation has recently ended, proposes - in relation to services operated under section 22 permits⁴⁵ - to remove the bar on paying drivers and to relax the restriction on the maximum size of vehicles. The Community Transport Association expects the changes to lead to an increase in section 22 services⁴⁶

(D) WHAT SOCIAL ENTERPRISE CAN DELIVER

Social enterprise approaches will often work in providing services which are highly local in nature and for which the financial profit is insufficient to attract large private operators. They can, however, compete with private operators if the benefits of social enterprise – community involvement, willingness to innovate for local needs, social and environmental bottom line – are factored into the decisions of both local authorities and the travelling public.

The Harrogate Community Transport case study in this briefing pack shows how a community transport operator can increase margins, reduce overheads and improve delivery of services through collaboration with other similar organisations. Collaborative approaches from CTO consortia enable them to bid for larger contracts through creating a critical mass, and to expand the range of services offered.

44. Monitoring Local Bus Service Tenders in England: Good Practice Guide, Atkins for the Department for Transport, February 2005 available through <http://www.dft.gov.uk/pgr/regional/buses/tendering/>

45. A “section 22” permit can be granted to a group concerned with the social welfare needs or one or more communities to provide a local service on a non-commercial basis which must be open to the public. The driver must receive no payment other than out-of-pocket expenses

46. See the CTA evidence to the House of Commons Select Committee on Transport enquiry into the draft Local Transport Bill, available at <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtran/692/692ii.pdf>

6. Rural community facilities

Markets for community facilities are less easily identified from public policy drivers, and they are diverse. The impetus behind the establishment of a community facility is usually the demand for access to a particular service, though this need will sometimes be more realistically met by the person travelling to the service (which opens up community transport opportunities) rather than bringing the service to the person. The closures of rural post offices, village shops and pubs offer well tried opportunities for community based social enterprises, but there are potential markets for other local services and facilities.

“Community Facilities” encompasses a response to a wide range of local needs and demands. Community facilities are vital in providing a diverse range of recreation, leisure, social and community services, and also help to create community cohesion. In rural areas, services can include:

- Village shops
- Post Offices
- Pubs
- Village Halls/Community Centres
- Mobile services, such as libraries
- Continuing education classes and other learning facilities
- GP surgeries/Health Centres

These facilities can be owned, managed, and run by a number of different types of organisation, from private enterprises, through voluntary and community sector organisations, to statutory agencies. In some rural communities, facilities run by social enterprises are very apparent: everything from community owned village shops to childcare and even a community owned local cinema.

A) PUBLIC POLICIES RELEVANT TO MARKET OPPORTUNITIES

Demand

Unlike housing and transport, where the public policy goals are set out in detail in national, regional and local authority plans, there is no standard template for rural community facilities⁴⁷. The provision of these facilities is not mandated by the planning system, though development controls can hinder or facilitate their availability. They exist through a combination of history, commercial opportunity, and local volunteer determination.

47. There are various “standards” for access to services, but these are neither as detailed nor prescriptive as housing and transport plans.

6: Rural community facilities

Parish plans or parish appraisals are an attempt to identify community needs and gaps in provision on a systematic basis. Local authorities are being encouraged to make use of the information in parish plans as part of their toolkit for communicating and engaging with citizens⁴⁸. They can be a useful starting point in identifying the scope for establishing a social enterprise in a community.

Rising populations in rural areas are no guarantee of increased demand of community facilities. Particularly in the prosperous South East, high levels of commuting, work demands and consequent pressure on free time, and the availability of large supermarkets can depress the market for some services as older less mobile residents move away or die.

The annual State of the Countryside report⁴⁹ from the Commission for Rural Communities provides information about the availability of certain key services in terms of distance to access them. The reports show a very gradual decline in recent years in the availability of service outlets, the biggest being in banks and building societies (compensated for to some extent by an increase in access to cash points) and in post offices. However the published information is of limited value for making market assessments, because:

- a) It is not disaggregated below regional level
- b) It is not possible to establish whether facilities are closing because the potential market is declining or because the providers are not offering what people want

The determinant of the availability or continued existence of services run on a financial bottom line basis will be profitability. Public policies – for example, taxation and business regulation – can impact on profitability. However there is no foreseeable prospect of sufficient exemptions or concessions for rural businesses to make a difference to commercial viability if the market or the business skills are inadequate.

Other public policies have a more direct impact:

- a) Planning rules: Local authorities can determine the use of particular sites and so can facilitate or hinder the establishment of a business by allowing, or refusing, a change of use for a site. They can also impact on the viability of a small rural shop by actions taken elsewhere, for example giving planning permission for a nearby out of town supermarket. Conversely, at least one local authority successfully supported the maintenance of local food shops in a small market town by operating a policy of restraint on the development of large supermarkets⁵⁰
- b) Post Offices: Following a review, the Government announced in May 2007 that the number of post offices would be reduced by some 2,500, subject to the requirement that 95 per cent of the UK's rural population should be within three miles of their nearest post office outlet. In determining closures, Post Office Ltd will be required to take into account the availability of public transport and alternative access to post office services⁵¹. The first set of closure

48. See para 2.19 of the White Paper *Strong and Prosperous Communities*, October 2006, available through <http://www.communities.gov.uk/localgovernment/currentagenda/strongprosperous/>

49. See Section 2.2 of the 2007 report, referenced above.

50. See *The Real Choice*, published by CPRE in association with Plunkett, June 2006, available at <http://www.cpre.org.uk/library/results/local-foods>

51. Government statement of 17 May 2007 available via <http://www.berr.gov.uk/sectors/postalservices/index.html>

proposals affecting the South East covered Kent: Post Office Ltd state that they are maintaining:

- 58 out of the 64 branches which support “the only essential retailer” in a community
- All 106 rural branches that provide the only access to cash in a particular community

Proposals for other counties will follow⁵². However, the closure of a rural post office can be an opportunity: the Tackley All-in-one and Blisland Community Stores case studies are examples of the growing numbers of social enterprises trading to provide the services and facilities under threatened by the post office closure proposals.

- c) Transport. As noted in section 5, it is an objective of current policy to manage the demand for travel. If this is successful, there is scope for a shift in emphasis to make greater use of local community facilities. However the availability and attractiveness of local facilities themselves will be key in managing travel demand downwards.

Housing and other transport policies, reviewed in the previous sections, will also impact on the markets for community facilities.

Supply

The availability of loan finance and general business support is reviewed in section 8.

There is finance targeted specifically at setting up new community shops, which comes as a package of grant, loan finance and community fund-raising: this is available through the Village Retail Services Association (ViRSA), now part of Plunkett⁵³.

Funding from public bodies is available, though not always consistently. Capital expenditure on village halls can be supported through a variety of sources, including the Big Lottery, the Landfill Community Fund, regional development agencies, and local authorities. Defra’s web pages have a useful guide⁵⁴. LEADER funding under the Rural Development Programme for England may also be available for emerging and existing community social enterprises.

Local authorities can also provide funding in kind, for example by making available premises at peppercorn rents. The Government announced in May 2007⁵⁵ that local authorities should maximise the transfer of public assets to communities. The implementation plan provides for:

- A new £400,000 challenge for councils to become one of 20 pilot areas who will transfer up to 40 key assets from local authorities to community organisations
- Access to a £30 million Community Assets Fund to support community-led organisations in owning and running buildings
- New guidance to be issued to all local authorities to help them identify proactively all assets that community organisations could run

52. For details, see <http://www.postoffice.co.uk/portal/po/content1?catId=57600693&mediaId=57600697>

53. Details of support from ViRSA are available at <http://www.virsa.org/>

54. See <http://www.defra.gov.uk/rural/communities/halls/funding-sources/default.htm>

55. See press release of 15 May at <http://www.communities.gov.uk/news/corporate/councilsurged>

6: Rural community facilities

- A new drive to promote powers available to residents to call for assets to be devolved
- New training programmes for community organisations and local authority officers to build the management skills necessary in community organisations and encourage culture change in local councils
- Greater collaboration between financiers, to maximise leverage from existing and new investment in asset-based development

Income from service users is also important to sustaining community facilities. For shops and pubs, the trading structure is obvious, with the profits in the case of a social enterprise shop being reinvested in the facility. Village halls secure income from renting out the space, whether to private users, local groups or services (such as a weekly GP surgery visit).

Many local authorities are adopting innovative approaches to delivering services using a variety of outreach mechanism, both face-to-face and IT-enabled remote contact. Village halls have the potential to provide local venues for these activities, and fees payable by the local authority constitute a useful income stream.

Community facilities often depend on voluntary effort, even if they may have some of the characteristics of social enterprises. The availability of volunteer resources – whether in cash (fund raising) or in labour – can make the difference between viability and failure. However many areas of the traditional voluntary and community sector are experiencing difficulty in finding sufficient

volunteers, which may accelerate adoption of more obviously social enterprise approaches.

(B) SOCIAL ENTERPRISE MODELS

Rural communities are increasingly using social enterprise as a way to safeguard rural services. The examples below are well established, but there is scope to extend the social enterprise approach to almost any type of community-oriented business, such as a garage or local energy generation facility⁵⁶.

Community-Owned Village Shops

There are now around 170 community-owned shops trading in the UK, the majority of them set up with support from ViRSA. A community-owned shop is one in which there is community involvement in either the setting up or the running of the shop. There are six different business models currently in operation:

- Social shops: Shops with limited opening hours and turnovers of less than £20,000 per annum which operate mainly as a service for vulnerable groups in the community to make essential purchases
- Volunteer shops: Shops which are open most hours, with turnovers of around £50,000 per annum and are run entirely by volunteers
- Managed shops: Shops which are open most hours, with turnovers of around £100,000 or more per annum, which are run with at least one paid manager and supplemented by volunteers
- Privately managed shops: Community-owned shops which have been leased out to an individual to manage and operate. They are not usually able to draw on the input of unpaid volunteers

56. These two facilities are combined at the garage in Kielder, Northumberland – see http://www.ca-north.org.uk/contra/media/community_renewable_energy/REALL_Kielder.pdf

- Multi-service outlets: Shops which regard themselves as providing multiple services to the community, in addition to basic retail services. Additional services may include a café, internet point, small library or prescription collection service
- Delicatessen-style shops: Shops, normally located in more affluent villages, which focus as much on the sale of local and speciality foods as they do on basic grocery provisions

The numbers falling into each of these categories vary considerably with the most common models being Managed Shops and Volunteer Shops, and relatively few in the remaining categories.

Nearly all community-owned shops have a management committee responsible for ensuring that the shop is financially viable and satisfies the social objectives of the organisation. There is usually some form of annual reporting to the village.

All community-owned shops are businesses and they must have a recognised legal structure in order to trade. The majority of shops have become limited associations registered under the Industrial and Provident Societies Act (an IPS). Other options for legal structure include companies limited by guarantee and community interest companies.

Village Halls

Village halls are public buildings run by groups of volunteers, who have the responsibility for all aspects of management of the building in line with current legislation. Village and community halls play important roles in their community as they provide a facility for social, recreational and cultural activity. These enterprises may be entirely sustained through trading activities or may receive grant funding.



6: Rural community facilities

Community Owned Pubs_

Similarly to community owned village shops, community-owned pubs are defined by the involvement of their communities in either their setting up or their running. There is no standard legal model. Some are private limited companies with a large number of small shareholders; others are Industrial and Provident Societies. Many are able to offer other services, such as a retail facility.

Childcare

Locally based provision of childcare, owned and run by parents. Dependent upon the setting, they employ staff and may be entirely sustained through trading.

(C) CHALLENGES AND HELP IN OVERCOMING THEM

In the South East region, one of the key barriers to the development of social enterprises that provide community facilities is the cost of land and property. Current or potential retail sites or under-performing pubs are usually more valuable if the local planning authority agrees to change the use to residential.

Ensuring the necessary skills are available to run an enterprise-based facility is critical, even though such skills may be in short supply where the service is run as a traditional voluntary organisation. A key skill is identifying the market for a facility and being able to develop the service to respond to – and grow – demand. Well meaning expressions of support from the community are welcome but insufficient: the market appraisal needs to be realistic.

There are several sources of advice and support: those common to social enterprises of various types are identified in section 8. ViRSA has been mentioned in relation to community shops, but case studies are often a useful way of learning from the successes and mistakes of others. In addition to those in this pack, a structured trawl through the web will often reveal useful examples - and inspiration!

(D) WHAT SOCIAL ENTERPRISE CAN DELIVER

Social enterprise approaches to community facilities are potentially flexible, responsive and engage the community directly. An effective business plan which generates a surplus for reinvestment enables the community to develop additional facilities or grow existing ones.

7. Joining it up: The “Rural Value Chain”

Social enterprises can grow by diversifying into different types of business. There are synergies between housing, transport and community facilities which locally-based social enterprises - focussed on community needs and markets - can exploit for the common good. “Community anchors”, including development trusts, are well-placed to support social enterprises seeking to diversify or work together locally.

Government policy over the past 10 years has aimed, with mixed degrees of success, at “joining-up” public services so that people are not forced to deal with public bodies through different functional silos. There is evidence that social enterprise has real potential to link services and businesses together in ways which:

- are cost effective
- offer greater convenience for customers and users
- provide a springboard for new ideas for linking services
- deliver outcomes which are greater than the sum of the individual parts

Some of the case studies in the final section of this pack show how this can be achieved: the multi-use centres which provide health care as well as retail outlets, and the housing association which also runs a pre-school, a post office and a shop. Other examples included a recycling and training project/café and shop in Devon, operated as a network of interconnected small business⁵⁷.

The research carried out for this briefing pack confirms that once the community has been galvanised into action and has successfully got one project up and running (usually, but not always, a shop) the momentum and the expertise acquired in fundraising and project management can be carried forward into expanding the range of services offered, and by embarking on other projects.

OPPORTUNITIES FOR ADVANCING JOINED-UP PUBLIC POLICY

Within the three rural sectors reviewed in this briefing pack – affordable housing, transport and community facilities – there are synergies that social enterprises are well-placed to exploit. It is beyond the scope of this briefing to identify them all, but the following example illustrates how community-based social enterprise – looking at issues from the perspective of a specific community rather than that of a provider with interests that are both narrower and wider – can come up with solutions.

57. *Proper Job Ltd, Chagford, Devon.* See <http://www.users.zetnet.co.uk/westden/Pages/co-op.htm>

7: Joining it up: The “Rural Value Chain”

Social equity – in which social enterprises are rooted – is identified as a key objective in the Government’s latest major statement on transport⁵⁸. The Government’s assessment of what needs to be done in meeting the social equity objectives includes:

- Help to address long-term housing affordability issues by providing the appropriate level of transport infrastructure to support the increase in the supply of housing and to ensure well-designed and sustainable communities
- Enhance access to key services, goods and employment opportunities for disadvantaged groups
- Ensure people in rural areas have access to appropriate transport options

A social enterprise model would be well placed to tailor a transport and delivery service to the needs of local residents (for example, by timing journeys to connect with trains or primary route buses) and local businesses (for example, by delivering or collecting goods). The model could provide local employment, reduce isolation, and enable housing to be built in places where to do so would be otherwise unsustainable. The enterprise would be responsible to the community, not to distant shareholders.

From its base, the same enterprise could expand into the provision of home deliveries and mobile services. For example, Hampshire County Council’s Local Transport Plan goes beyond the “Manage and Invest” formula to a goal of “Reduce, Manage and Invest”. Actively reducing demand for travel implies making services available closer to home.

OTHER RURAL SECTORS

Linkages are of not of course limited to the sectors on which this briefing focuses. The

Cashes Green mutual home ownership pilot – see case study - will provide not only 77 homes of which 50 will remain affordable in perpetuity, but also a combined health centre and community resource centre and the re-instatement of allotment plots for use by the local community. Local farming and food producers can build close links with rural retail shops as outlets for their produce.

Though outside the scope of this briefing, there are opportunities for social enterprise in rural areas in many other sectors, including:

- Social care, increasingly important as the population ages
- Community support services, such as communications technology
- Land-based industries, particularly landscape protection and management and in animal welfare
- Leisure services

MODELS FOR DEVELOPING THE RURAL VALUE CHAIN

Individual social enterprises will not always be able – and should not always aspire – to provide a coordinated response to a range of community needs.

A tested vehicle for securing regeneration through social enterprise across a defined area or community is a development trust. The trust sets up and operates an inclusive mix of services or facilities which respond to the needs of a community. It aims to be independent, sustainable, not for private profit, and community based, owned and managed. If a development trust engages in business, any surpluses are applied to further the social objectives of the development trust.

There is no standard organisational form for a development trust. Most register as a

58. title <http://www.dft.gov.uk/about/strategy/transportstrategy/pdfsustaintransssystem.pdf>

company limited by guarantee and in a few cases as an industrial and provident society. Many register as charities. The Development Trusts Association⁵⁹ can provide further information.

There is increasing interest in the concept of the community anchor, of which development trusts can be a subset. Different types of organisation can be a community anchor, including community associations and housing associations⁶⁰. The Community Alliance considers the defining characteristic of a community anchor to be that it is based in a building owned or managed by the community⁶¹. Its role could include any of the following:

- Service provision – providing local services and acting as a gateway to helping people get access to the other services they need
- Resourcing – helping to bring money and opportunities into a neighbourhood from the local authority, external funders and other agencies

- Advocacy – calling for changes in policy and practice; acting as a catalyst of change in public services and regeneration programmes; mobilising local democracy
- Supporting community organisations – through community capacity building, helping groups develop their skills, organisation, representation and involvement
- Strengthening community participation – supporting active citizenship and contributing to civil renewal

It is worth noting that this conception of a community anchor is seen by some as too limiting. ACRE believes that parish and town councils can fulfil the community anchor role and that ignoring them risks damaging delivery of mainstream programmes on community anchors⁶².

59. <http://www.dta.org.uk/>

60. See for example the National Housing Federation/Housing Associations Charitable Trust Report *An Opportunity Waiting to Happen* at http://www.housing.org.uk/Uploads/File/Policy%20briefings/BCAN_summary_final_A4_website.pdf

61. See *An ever evolving story* published by the Community Alliance, [available through <http://www.comm-alliance.org/Communityanchors/Anchorsbook.htm>]

62. See ACRE briefing note at <http://www.acre.org.uk/Private/RCC%20policy%20briefings/Community%20anchors/Summary%20Rural%20Community%20AnchorsJune%2007.pdf>

8. Challenges and help in overcoming them

Securing finance – grant funding or loan finance – can be challenging for social enterprises, whether setting up from scratch or developing out of a voluntary and community sector organisation. The solutions often lie in changed behaviours and cultures, both within the enterprise itself and on the part of organisations commissioning services and providing finance. There is a good base of advisory support available to help social enterprises start and grow.

The sections on specific sectors identified some of the challenges to establishing successful rural social enterprises. This section draws these together and highlights the help and advice that is available, and actions in hand, in overcoming them.

The challenges facing social enterprises fall, broadly, into three categories:

- a) Those that can be addressed by the enterprise itself
- b) Those that can be addressed by a change of attitude, practice or policy on the part of organisations with which the enterprise seeks to do business
- c) Those where the evidence base on the achievements of social enterprise is still insufficiently developed

FOR THE ENTERPRISE ITSELF

External factors such as high property prices are not susceptible to a quick fix. It is the enterprise that has to adjust to the real world.

The research for this briefing pack, confirmed by other studies including the Plunkett/CTA study on community transport, identified that culture and attitude often lay at the

root of what were perceived as obstacles to developing a social enterprise, particularly where this involved a shift from a traditional voluntary organisation. Essentially, what is needed is for the necessary enthusiasm within the community to be accompanied by a realistic approach within the management of the enterprise to its prospects, market and business plan. This involves adding knowledge and skills to the commitment.

Particular features identified that could threaten the development or viability of a social enterprise included:

- *Uncertain capacity for the long haul.* For example, a community based social enterprise established initially where people come together to rescue a service or facility in a burst of enthusiasm need to have plans for how it will be sustained once that early burst of enthusiasm dissipates. Exclusive dependence on volunteers may not be sustainable in the longer term
- *Finance.* A reluctance by some enterprises to look for loan finance for investment preferring instead to rely on grants, donations and current income. Part of the difficulty lies in the

repayment requirements and the way in which social enterprise profits are measured (see below), but part arises from the reluctance of trustees to expose themselves to potentially substantial personal financial liabilities should the enterprise fail. Incorporation – possibly through a community interest company⁶³ – is one solution

- Consequent on this, *an absence of plans for expansion*. Research for this briefing pack suggested three reasons:
 - The social enterprise had set out with a particular target to achieve, and longer-term development plans had never been discussed
 - The leaders of the social enterprise were usually volunteers and felt that they had “done their bit”; a new team would be needed
 - Although the social enterprise in question was operating and providing the benefits foreseen, the financial situation was often more precarious than had been envisaged. There was a concern about how running costs or capital expenses would be covered in the medium to long term
- *Variation in procurement policies and practices between local authorities*. Although enterprises might argue for consistency, the reality of the Government’s policy to devolve more responsibility to local authorities is that variations between them are inevitable. Steps are being taken to improve access by small businesses to local authority contracts (see below), but those seeking

local authority contracts will have to make judgements about how many authorities to approach and the workload involved in participating in diverse tendering processes

Advice and support is available on which enterprises can draw to strengthen their capability. These include:

- a) Specialist social enterprise, voluntary and community sector support organisations, such as the Social Enterprise Coalition. Many serve particular geographic or client groups and offer a diverse range of services
- b) Sector and organisational specialist organisations
- c) Mainstream business support, such as Business Link,⁶⁴ which offers information and advice on establishing a social enterprise, including advice on legal structures and provides links to a range of related services
- d) Colleges, further/higher education bodies and training organisations
- e) Public sector bodies, including Futurebuilders⁶⁵ which is a Government-backed fund offering a combination of loans, grants and professional support to build the capacity of third sector organisations seeking to deliver public services
- f) Commercial support e.g. solicitors, accountants and consultants⁶⁶

63. For information on community interest companies, see <http://www.cicregulator.gov.uk/>

64. See Business Link in the South East: phone 0845 600 9 006 or on line <http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1077475650&site=210&r.s=sl>

65. Details at <http://www.futurebuilders-england.org.uk/content/Home.aspx>

66. The categorisation is based on a study entitled *Mapping Regional Approaches to Business Support for Social Enterprises* by Rocket Science for Office of the Third Sector and the England RDAs, February 2007, available through http://www.cabinetoffice.gov.uk/third_sector/news/news_stories/070629_support.aspx

8: Challenges and help in overcoming them

SETAS – the social enterprise and training and support website⁶⁷ – provides information on courses, publications, consultancy and funding.

In addition, the South East region is committed to building new capacity in county-level social enterprise partnerships to support social enterprise development⁶⁸.

No amount of advice and support can compensate for the absence of commitment and skills within the organisation itself. Research on third sector access to finance⁶⁹ identified the following characteristics in social enterprises that were planning to develop and grow:

- A strong focus on primary trading activities which can generate a surplus
- The ability to acquire and develop assets which enhance trading opportunities
- Less of a tradition on grant dependency and a strong enterprise culture (including staff with private sector experience and attitudes)
- A board with requisite business and functional management skills and ethos
- A legal form which supports organisational development and growth

Loan finance is available through a variety of sources, including mainstream banks as well as institutions which specialise in lending to the social enterprise sector such as Charity Bank, Cooperative and Community Finance, and Triodos Bank. Other community

development finance institutions are listed on the Community Development Finance Association website⁷⁰, and the Social Enterprise Coalition website⁷¹ includes an extensive range of links to finance related information and advice.

Specialised lending institutions may also provide advisory services as part of their support, but the cost of borrowing may be higher than from a mainstream commercial bank⁷². A range of innovative finance packages is being developed for social enterprises, including ‘patient capital’, grant/loan combination packages and lead in funds⁷³, but awareness of these among prospective borrowers appears low. The findings of the study on lending to social enterprises and mainstream businesses, reported below, should give confidence to those seeking loan finance for a social enterprise.

FOR COMMISSIONING, CONTRACTING AND FINANCING ORGANISATIONS

For the sectors covered by this briefing, local authorities are likely to remain the principal market for community based social enterprises to win public service contracts, although the Housing Corporation has a major role in housing funding. Social enterprises have expressed concerns about the evenness of the playing field between them and large companies when competing for such contracts. Public authorities in turn are under pressure to secure value for money and minimise risks to delivery of public service contracts.

67. <http://www.setas.co.uk/index.asp>

68. Source: South East Enabling Framework (see Further Reading)

69. Research on Third Sector Access to Finance, SQW for the Office of the Third Sector, May 2007, available at http://www.cabinetoffice.gov.uk/upload/assets/www.cabinetoffice.gov.uk/third_sector/finance_access_report.pdf

70. <http://www.cdfa.org.uk/index.htm>

71. <http://www.socialenterprise.org.uk>

72. Para 7.17 of SQW Access to Finance research, referenced above.

73. Some examples are available as finance case studies from the Social Enterprise Coalition at <http://www.socialenterprise.org.uk/Page.aspx?SP=1771>

Not all social enterprises are small. However, large organisations do not experience the same difficulties as small ones, and what follows is written with small businesses in mind.

Section 2 of this briefing outlined the benefits from using social enterprise approaches. If the potential of social enterprise is to be achieved, an open-minded approach to public procurement is needed. The signs are already there:

- a) The Social Enterprise Coalition's guide to procuring from social enterprise⁷⁴ has been endorsed by the Society of Procurement Officers in Local Government
- b) The National Procurement Strategy for Local Government envisages that authorities will adopt procurement practices capable of:
 - Realising economic, social and environmental benefits for their communities through procurement activities
 - Operating a mixed economy of suppliers, including small firms, social enterprises, minority businesses and voluntary and community sector groups and
 - Stimulating markets and using buying power to drive innovation

These themes have been elaborated in subsequent guidance.

- c) As part of the Government's commitment to improving access by the Third

Sector to public service contracts, the Improvement and Development Agency for local government has been tasked with running a national programme to improve awareness and understanding of Third Sector opportunities among councillors and officers; and to improve the third sector's own bidding capacity⁷⁵

- d) To help overcome the problems of short-term contracts, the Government has signalled to local authorities that the benefits of three year funding settlements should be passed on to those contracting to provide public services, particularly in the Third Sector⁷⁶
- e) In the South East the RES highlights improved business support to help social enterprise tender for contracts and improved client side capacity as priority actions to stimulate the public sector market for social enterprise

Key to much of this is a recognition that social enterprises help deliver social and environmental objectives. Because these objectives are less easy to measure than financial ones, there is a tendency to leave them out of contract specifications. However, the National Procurement Strategy for Local Government explicitly highlights the need to link procurement to local social, environmental and economic impact. It encourages local authorities to submit "optional, priced proposals for the delivery of specified community benefits which are relevant to the contract and add value to the Community Strategy".

74. *More for your money: a guide to procuring from social enterprises*, Social Enterprise Coalition and New Economics Foundation, available through <http://www.socialenterprise.org.uk/Page.aspx?SP=1893>

75. See <http://www.idea.gov.uk/idk/core/page.do?pagelId=6583598>

76. See para 7.56 of *Strong and Prosperous Communities* (referenced above), and the comments of the Minister for the Cabinet Office in the House of Commons on 18 October (Hansard col 982) available at <http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm071018/debtext/71018-0006.htm>

8: Challenges and help in overcoming them

Despite this, recent research for the Office of Third Sector found evidence that public authorities continued to shift to larger contracts and packaging of contracts, with detrimental effects on the stability of small single issue organisations⁷⁷.

Access to finance can also be challenging for social enterprises wanting to expand. The position has been reviewed by the Bank of England⁷⁸, by the Government's Small Business Service⁷⁹ and more recently in two studies for the Office of the Third Sector⁸⁰. The first of the Office of the Third Sector studies compared access to finance for social enterprises with that for mainstream businesses and found, contrary to what many in the social enterprise sector believe:

- There is no significant difference between social enterprise and mainstream businesses in the amount of finance received, relative to that sought
- There are no significant differences in rejection rates when applying for commercial finance
- There are no significant differences in the loan margins paid by social enterprises and mainstream businesses
- Social enterprises require relatively less collateral than mainstream businesses

All the studies found that lack of understanding by social enterprise about the availability of loan finance packages is a contributory factor to lack of expansion ambition: there is a message here for lenders.

In the South East an expert group to focus the issue is being established to use seed corn funding to lever in engagement and investment from a broad range of commercial and social investors.

THE EVIDENCE BASE FOR SOCIAL ENTERPRISE

At the root of many of the difficulties experienced by social enterprises is the fragile nature of the evidence that social enterprise delivers hard measurable benefits. Although there are ample case studies, many of the benefits described are not readily quantifiable.

Work is proceeding to develop a generally acceptable measure of Social Return on Investment. This will enable non-financial measures to be factored into, for example, contract specifications and loan repayment terms. A leader in this field is the New Economics Foundation, which has published recent guidance on new forms of measurement⁸¹.

77. Para 7.23 of SQW Access to Finance research, referenced above

78. The Financing of Social Enterprises, Bank of England, May 2003, available at http://www.bankofengland.co.uk/publications/financeforsmallfirms/financing_social_enterprise_report.pdf

79. Lending to the Social Enterprise Sector, DTI Small Business Service, May 2004, available through http://www.socialenterprise.org.uk/Resources.aspx?WCI=htmPublication&WCE=Show&WCU=RESRC_PKEY=1022

80. Finance for small and medium-sized enterprises: comparisons of social enterprises and mainstream businesses, University of Warwick, June 2007 available through http://www.cabinetoffice.gov.uk/third_sector/Research_and_statistics/social_enterprise_research/access_finance.aspx; and Research report on third sector access to finance, SQW, May 2007 (referenced above)

81. See http://www.neweconomics.org/gen/newways_socialreturn.aspx for details.

9. The case studies

The case studies selected for inclusion in this briefing pack – three examples for each of our three sectors - meet the following criteria, to make them relevant and useful to users of this pack:

- **They have enterprise hard wired into the DNA of the organisation.** We have tried to select Third Sector organisations that have enterprise as a defining characteristic, rather than organisations that have or are turning to enterprise in an effort to survive. For example, an underused village hall that is trying to rent space to ensure its own survival, rather than trading as a way of addressing greater social aims is, we would argue, a failing voluntary sector asset, not a social enterprise
- **They offer proper paid employment.** An enterprise that is *entirely* dependent on free labour from volunteers may not be sustainable in the long run, and risks undercutting the local rural economy. However, the use of paid and voluntary labour together is entirely compatible if it allows services to operate at a reduced cost level
- **They are rural...**or have the *potential to succeed* in rural areas
- **They are, where possible, in the South East.** In each sector, one or two examples of best practice from other regions of the country have also been included
- **They are not primarily land-based enterprises.** Agricultural co-operatives are covered in existing literature

Case Study 1:

Cashes Green, Stroud, Gloucestershire

NAME:

CDS Co-operatives - Cashes Green Development

DATE ESTABLISHED:

CDS established 1965
Cashes Green project authorised June 2007

Profit/distribution of surpluses:

Retained.

Enterprise (percentage of traded income):

The development and running costs of the project once land has been donated are 100 per cent traded income.

FOCUS**Short description of trading activity:**

CDS Co-operatives provide a comprehensive range of services that its tenants, leaseholders and client co-operatives' members require and the support co-operatives need to control their homes. Services provided include:

- Housing development and project administration
- Financial planning and financial management
- Member education and training
- Tenancy and leasehold management
- General housing and property management
- Co-operative administration, governance support and best practice advice

SOCIAL ENTERPRISE DIMENSIONS**Ownership/legal structure:**

Industrial and Provident Society.

Social aim/purpose:

CDS delivers a significant contribution to solving the housing needs of our nation by providing high quality, efficient and financially viable co-operative and otherwise mutual affordable housing services that enable and support resident control.

Why and how was the social enterprise set up?

CDS Co-operatives was formed in 1975, and has steadily expanded through the development of co-operative housing projects for rent and through providing services to co-operatives. CDS Co-operatives is now the largest specialist co-operative housing service agency in London and the South of England.

The Cashes Green Development Project is the result of a feasibility study that showed the high cost of housing in Stroud in relation to local incomes and the high demand for intermediate market housing products. The house price to income ratio is 5:2; over 50 per cent of working households cannot afford to buy at the lowest quartile of the housing market.

What does the enterprise do, and how does it do it?

The Cashes Green Proposal, developed by CDS Co-operatives and Gloucestershire Land for People, establishes a Community Land Trust. The proposal is for a 77 home development on the site, including 50 homes that will remain as affordable housing in perpetuity, cross-subsidised by the sale of a further 27 properties on the open market. The proposal also includes a combined Health Centre and Community Resource Centre and the re-instatement of allotment plots for use by the local community.

How does the social enterprise structure contribute to success?

The residents interested and eligible for housing are admitted into membership of a Mutual Home Ownership Society (MHOS), a registered Industrial and Provident Society. CDS Co-operatives believes that this co-operative, community led, sustainable approach to affordable housing provision is the future for affordable housing. There is widespread interest and support in a mutual approach, at a time when the problems of housing affordability are coming to the top of the political agenda.

The MHOS must be a mutual organisation for two reasons. Firstly, only a mutual housing organisation is excluded from statutory tenancy provisions. It is therefore free to create the tenure model that grants residents an equity stake through the terms of a contractual lease. Secondly, because it is mutual, any payment of equity growth to members when they leave is tax exempt, in the same way that the increase in capital value of a home owner's home is a tax free gain.

An additional and perhaps unexpected benefit of the social enterprise model is that community involvement appears to deliver

maximum affordable housing development whereas private developments lead to minimised planning approvals.

For example, the Cashes Green local area plan allowed for 45 homes to be built as a private development. However, working with the local community has led to an approved development of 77 homes AND a health centre.

How does the rural location impact the enterprise?

From a planning point of view the project is not considered rural, although it is on the rural hinterland of Stroud, a small Gloucestershire town.

How is the business financed?

The key is to make land available, as a sustainable community held asset, for MHO at nil cost to the mutual home owners who will live in the housing built on the land. The land is transferred into the ownership of a Community Land Trust (CLT) that holds it in perpetuity for the provision of affordable housing in their community.

The CLT grants the MHOS a lease of the land owned by the CLT at a peppercorn rent. The lease contains obligations to build a specified MHO project. It works with a development



9: The case studies

partner, a Registered Social Landlord (or private sector developer) which takes the development risk (and potential development construction profit) and agrees to build the housing for an agreed maximum price to specified Egan compliant standards. Finance for development is raised through a standard development period loan.

When the housing is complete the MHOS takes out a long term 30 year corporate mortgage that finances the project construction and development costs. It is a corporate loan rather than a collection of individual mortgage loans because it will be cheaper to residents, in the long-term, and will avoid the arrangement and transaction costs, implicit in individual mortgage loans, that erode the benefit of equity growth in other sub market home ownership products.

The loan should be structured to give MHOS members long-term certainty over interest rate risk.

The value of the portfolio of property owned by the MHO is divided into units of property equity (say, £1,000 units, although they could be smaller) which residents fund through monthly mortgage payments under the terms of a long (99 year) lease.

New residents will be required to take-up and finance a number of units of equity according to their income and ability to finance them. As their salary increases they can take up more units of equity when they become available for sale.

DEVELOPMENT ISSUES

What are the main challenges facing your organisation today?

Policy promotion: the CDS Co-operatives Cashes Green Project Model asks Government to break new ground with a new form of tenure. Asking Government to do new things, not the least of which is to transfer land at nil cost into community land trusts is never easy.

To promote this new policy and model CDS

Co-operatives has to show that transferring assets into community land trusts at nil value costs less in the longer term than losing the cash that a private sale now would generate.

CDS Co-operatives believes it can show that the tax payer enjoys financial gains in the long-term and also gains through increasingly sustainable communities.

However, although it seems that the corner is being turned at a national level, it appears that local developments will require each relevant local authority to be convinced too.

What are the plans for developing your organisation?

Our development plans are to be:

- A centre of excellence providing quality services
- To make a significant contribution to affordable housing

What are the main barriers to the development of your organisation?

Policy, as above.

REPLICABILITY

The Cashes Green Model is the first such development of its kind in the England, but the model should be replicable across the country. The Community Land Trust/Mutual Housing Model is particularly suited to rural areas, as it allows a local community to participate in the development, and to ensure that the housing remains affordable and community run in perpetuity. It is hoped that this will make it easier to overcome resistance to house building in some villages (NIMBY or “not-in-my-back-yard” syndrome).

The key issue with this model work is making land available for the Trust. Local authority planning departments have a role to play in releasing land which would otherwise be exempt from development, using Rural Exception powers under PPS3 planning guidelines. Rural landowners, from Railtrack to the Church of England’s considerable “Glebe” landholdings also have a role to play.

Case Study 2:

Gibbs Field, Leigh, Kent

NAME:

Gibbs Field Affordable Village Housing Scheme

DATE ESTABLISHED:

Gibbs Field scheme completed May 2007

SHORT DESCRIPTION OF TRADING ACTIVITY:

The Gibbs Field Housing Scheme was promoted and developed by the Rural Housing Trust, in partnership with West Kent Housing Association and the English Rural Housing Association. The development consists of 10 homes, some of which are rented and some part-owned by the occupiers. The project was initiated and supported throughout by the Leigh Parish Council.

SOCIAL ENTERPRISE DIMENSIONS

Ownership/legal structure:

The Rural Housing Trust is a registered charity established in 1976. It has a subsidiary development company, RHT Developments Ltd, formed in 1987, which is an Industrial and Provident Society.

Social aim/purpose:

The Rural Housing Trust is the country's leading developer of affordable housing in small villages. The organisation is not a housing association, but a not-for-profit developer. They have built 330 schemes (3,000 homes) all over England, working closely with parish councils to ensure that homes meet the needs of local people.

Profit/distribution of surpluses:

Retained.

Enterprise (percentage of traded income)

RHT's development costs are 100 per cent traded income.

FOCUS

Why and how was the social enterprise set up?

Leigh is a thriving village in Kent, situated about three miles west of Tonbridge close to the A21. The parish includes nearly 700 households of around 1,500 people. It has a primary school as well as two village halls which host many local clubs and activities. The large village green is home to the Cricket and Football Clubs, and there are a number of small businesses located in the parish.

At the request of Leigh Parish Council, the Rural Housing Trust (RHT) undertook fieldwork and in 2003 carried out a survey of housing needs in the parish. In 2005, a Village Information Day was attended by over 250 local people, with only around 10 visitors leaving comments expressing objections to the proposal. By the time of RHT's planning application later the same year, 60 local households had registered a housing need and an interest in the proposed homes. Throughout the process, RHT regularly consulted the community and gradually gained support for the project.

What does the enterprise do, and how does it do it?

Gibbs Field provides much needed affordable homes to local people with strong connections to the village. The development has 10 homes; four one-bedroom flats, four two-bedroom houses and two three-bedroom houses. Seven properties are available to rent, and three are part-owned by the occupiers. The properties are truly affordable; rent for a one bedroom flat is

9: The case studies

£77.35 per week, for a two-bedroom house it is £95.79 and the sale price of a 53 per cent share in a three bedroom house is £121,900 (Open Market Value £230,000). There is no rent payable on the shared ownership houses and there is a limit of 80 per cent on the share that the purchaser can own. There are people in certain income bands who do not require the heavy subsidy implicit in rented housing but who cannot afford village house prices. They may however be able to afford a mortgage for part of the value. It is important to include opportunities for affordable home ownership to enable local people to remain in villages while fulfilling their ambition to acquire some equity in their home. Shared ownership plays a vital part in maintaining balanced communities in small villages. The RHT believes that shared ownership complements rented housing provision and that in most villages there is a need for both forms of housing.

RHT's role in the Gibbs Field Development was to work with the community to gain support, measure needs, find a site, negotiate with the landowner, introduce housing associations and build. Fieldwork is carried out at no financial cost to the village. The RHT fieldworker has the support of an in-house team with expertise in planning, site feasibility, legal and financial issues. The team's experience means that problems are identified at an early stage in the process and only those sites which are technically feasible are progressed. Having fulfilled its objective as a promoter and developer, RHT sold the scheme to the two housing associations for future management. ERHA is responsible for the shared ownership homes and WKHA is responsible for the rented homes.

How does the social enterprise structure contribute to success?

Under the terms of the planning agreement, the Gibbs Field homes will be available to help future generations of local people in need of affordable housing. The local connection of future applicants will be verified by the Parish Council at all future re-lets and re-sales.

Because the homes have been provided on a rural exception site, there are tight controls in place to ensure that the homes remain available at affordable prices to local people in perpetuity. The combination of grass roots fieldwork with housing association involvement is a tried and tested method of providing the right kind of housing in the right place. In most small villages, large sites which might provide a quota of affordable housing alongside private housing do not exist and, anyway, such schemes would probably not be acceptable to the parish. The rural exception policy puts community involvement at the heart of the process. Governed by the allocation policy and the legal agreements attached to planning consent, decisions about who gets a house in future will ensure that local people always have priority. The fact that this scheme and other exception site schemes contain exclusively affordable housing for local people is the overriding reason for its success. It is why the community in general and particularly landowners are willing to support such schemes.

How does the rural location impact the enterprise?

Gibbs Field is a rural exception site, situated in the Green Belt between existing residential developments and adjacent to uncultivated farmland. Planning permission is only granted on exception sites if there is a proven need for housing, if the development is tailored, in both purpose and design, to the needs of the village community and if the homes are guaranteed to remain available to local people in perpetuity.

Careful consideration was given to the existing vegetation and there was a full consultation with the local Tree Officer, and a detailed habitat survey was undertaken to make sure that the Great Crested Newt, a protected species, would not be affected by the development.

The design is sensitive to the scheme's location, incorporating recommendations from the Leigh Village Design Statement. The timber framed homes feature decorative brick facework, club pattern tile hanging and dark stained timbering.

How is the business financed?

The scheme cost £1.25 million. The Housing Corporation provided around 60 per cent of the total amount needed to fund these homes through the customer housing associations.

In the case of the rented homes, the balance is raised by the housing association through private sector loans which are serviced by rental income. RHT invests fieldwork resources in advance of recouping costs through the sale of the homes to the housing associations. The land was bought by RHT at a small multiple of agricultural value in order to make the rents and purchase prices affordable. Landowners are willing to do this because the nature of an exception site means it could never be sold at open market values. In that sense, it represents an attractive business deal to the landowner and there is the added incentive of doing something of lasting value for the community.

REPLICABILITY

This is a tried and tested approach, but different from a Community Land Trust because the cost of the land is included in the development cost of the site. Both approaches rely on the use of rural exception sites to reduce land costs and make land available that would otherwise never be built on. Both require community involvement and support in order for planning permission to be granted.

A Community Land Trust may make communities more likely to support an affordable housing development in their village, if they know that the land will always be owned by the community. It is a convenient and easily understood vehicle for ownership. Conversely, some landowners may be more likely to sell for a small premium rather than simply donating land. Both approaches are workable, and the most suitable approach will depend on the local situation.

Case Study 3:

Stonesfield Community Trust, Oxfordshire

NAME:

Stonesfield Community Trust

DATE ESTABLISHED:

1983

Short description of trading activity:

The Trust acts as a social landlord, providing affordable housing to people and families from Stonesfield. The Trust also owns and runs the village post office and children's pre-school nursery.

SOCIAL ENTERPRISE DIMENSIONS**Ownership/legal structure:**

An unincorporated trust and a registered charity.

Social aim/purpose:

The relief of poverty, the advancement of education and the provision of charitable recreational facilities with the objective of improving the conditions of life of the inhabitants of Stonesfield.

Profit/distribution of surpluses:

Retained within the charity.

Enterprise (percentage of traded income):
100 per cent trading income.

FOCUS**Why and how was the social enterprise set up?**

Three friends registered the Trust as they felt Stonesfield as a community was threatened by rising house prices, which would narrow the age, social and economic range of the Stonesfield population.

What does the enterprise do, and how does it do it?

The Community Trust has built, and now owns and rents 15 dwellings as affordable housing in Stonesfield. In addition the Trust has borrowed and has reinvested its income to buy the village post office, as well as provide a purpose equipped home for the village pre-school.

Stonesfield runs like a "community land trust". It provides affordable housing to those from its community that need it. It tries to enable its tenants – should they decide to move on – to share in the growth of the property's value during their tenure. Some of the tenants' rent effectively "buys" equity shares in the property, which enables them to build up a nest egg of capital.

The Trust is a social landlord and runs the village post office.

How does the social enterprise structure contribute to success?

Charitable status ensures that the assets of the Trust are retained within the charity for ever. This ensures the availability of affordable housing in Stonesfield, despite the rising value of the Trust's assets.

How does the rural location impact the enterprise?

The Trust's purpose is to strengthen the Stonesfield community. Its rural location is both good and bad. The village's physical environment provides for good quality living conditions. The village's rural location limits access to the facilities more urban communities may enjoy. For example, there is an hourly bus service to Oxford but there is no evening bus service, should young people wish to go out in Oxford at night.

How is the business financed?

An initial donation of land to the Trust enabled all further developments. The majority of development has been funded through commercial lending, with an occasional generous asset donation.

DEVELOPMENT ISSUES**What are the main challenges facing your organisation today?**

The Trust has been active for almost 25 years and has reached a level of financial maturity, i.e. the Trust has largely repaid its development loans. The main challenge facing the Trust is the question of how to develop beyond its original affordable housing ambition.

What are the plans for developing your organisation?

The Trust has ambitious plans to use its surplus to provide better youth services in Stonesfield as its remote location means that the community provides comparatively little stimulation for young people.

The Trust has similarly ambitious plans to perhaps provide individual learning accounts for the community's young people. For example, the Trust may help fund apprenticeships for Stonesfield's young people.

What are the main barriers to the development of your organisation?

The Trust's charitable structure is a barrier to developing the Trust's enterprising approach to affordable housing. The Charity Commission is not comfortable with tenants' receiving a share of the growth in the equity value of the Trust's assets.

REPLICABILITY

The Stonesfield model is replicable in any rural community. However, the way in which equity is released to exiting tenants has caused some problems with the Charities Commission and the Inland Revenue. The Mutual Housing Co-operative Framework was not available at the time the Stonesfield housing was built, but this model would overcome the problems that have been encountered.

Stonesfield Community Trust has developed via incremental growth; as one project is realised, another is begun, utilising and building on the knowledge acquired in fundraising and community mobilisation. A key factor in this approach is leadership; the direction of one individual over the years has been crucial in maintaining momentum and recruiting new volunteers.

This Stonesfield case study could equally be used to illustrate the Community Facilities theme; it is a good example of how a rural community can take on responsibility for social, economic and environmental development over a long time scale.

Case Study 4:

Community Transport For The Lewes Area, Sussex

NAME:

Community Transport for the Lewes Area (CTLA)

DATE ESTABLISHED:

1997

Short description of trading activity:

CTLA provides contracted dial-a-ride and school run services for local authorities, using 16 minibuses and employing 22 part time paid staff.

SOCIAL ENTERPRISE DIMENSIONS**Ownership/legal structure:**

A registered charity and CLG.

Social aim/purpose:

To provide transport for people who cannot easily access normal forms of transport.

Profit/distribution of surpluses:

Retained within the charity.

Enterprise (percentage of traded income):
100 per cent trade (no grants).

FOCUS**Why and how was the social enterprise set up?**

CTLA was established in 1997 to address the needs of the large number of elderly and disabled people in the area, which was poorly served by public transport. The service was initially established through a combination of grants to purchase vehicles and the use of volunteer drivers to operate the service. Following a major funding crisis in 1999, the organisation was effectively re-launched with funding from the Rural Bus Challenge which enabled them to recruit paid staff to manage

and develop the organisation. This led to legal registration in 2002 (as a Company Limited by Guarantee).

What does the enterprise do, and how does it do it?

CTLA runs four contracts for East Sussex County Council to operate six school runs and to provide dial-a-ride services in the Seaford and Lewes areas. The organisation does not use volunteer drivers, having found that there is a willing pool of drivers prepared to work flexibly on relatively low wages to supplement other income sources.

How does the social enterprise structure contribute to success?

The structure means that profits are retained to help win contracts for further services in an enlarged geographical area. CTLA does not view the pursuit of social enterprise approaches as an option, but a necessity in the absence of other funding sources. It believes that the only way it can achieve financial viability is to deliver services under contract, even though this may sometimes be to the detriment of its target client groups.

How does the rural location impact the enterprise?

The enterprise is based in Newhaven Town and most of the contracts are based in that urban area. The dial-a-ride service, for example, does not cover the rural area around Lewes. The CTLA has a clear ambition to provide its service to its rural area, but its ability to do so is subject to the availability of a funded contract.

How is the business financed?

The organisation uses entirely paid staff, and 100 per cent of its current operating income derives from trading activities. It receives no funding from grants or donations. Its ability to deliver service contracts whilst maintaining service provision to its target beneficiary groups is impressive and should be of interest to any CTO which is contemplating the pursuit of service contracts as a route to long-term sustainability.

However, there is a question mark over whether the operating income will be sufficient to recover the depreciation of the minibus fleet. It is also totally reliant on price-competitive local authority contracts.

DEVELOPMENT ISSUES

What are the main challenges facing your organisation today?

The age of the minibus fleet. The organisation is trying to improve fleet quality without drastically increasing service cost, but the quality of the fleet is currently a barrier to marketing the service. One new vehicle = circa £60,000 or £1500 monthly.

What are the plans for developing your organisation?

CTLA's current aim is to ensure the efficient utilisation of its current fleet of vehicles to ensure financial sustainability, rather than growing in capacity terms. It does not immediately aspire to grow beyond its current geographical area, believing that this would not be viable – because of the limitations of its fleet rather than the size of the potential market they would like to provide a service for.

What are the main barriers to the development of your organisation?

The main barrier to growth is the availability of stable contract funding from local authorities for bus services. Many contracts have a seven day notice clause, which makes it difficult to commit to vehicle leases, for example.

There are fears that the next round of bidding is likely to be more competitive, and that as a professionally staffed operator CTLA faces a threat from volunteer-run CTOs and from private taxi-drivers.

REPLICABILITY

The CTLA Model has the potential to be replicated in rural areas throughout the South East. The financial model is basically sound; the barriers to development can be tackled by a shift in attitude from local authorities. If organisations like CTLA can win and successfully operate profitable routes for local authorities, their profitability will increase and funding depreciation costs from operating income will be possible. There is further potential for this type of organisation to develop by forming strategic alliances with other similar operators – see the Harrogate case study on page 50.

Case Study 5:

Harrogate District Community Transport/Little Red Bus Network, North Yorkshire

NAME:

The Little Red Bus Network is an umbrella organisation: a consortium of operators from Harrogate, Ryedale and Craven, in partnership with North Yorkshire County Council.

DATE ESTABLISHED:
1986

Short description of trading activity:

The Harrogate District Community Transport (HDCT) has become a leading provider of community transport journeys in North Yorkshire. With 33 buses, HDCT carried in excess of 125,000 passengers in 2006 and is continuing to grow. HDCT is actively developing integrated passenger transport services in the county through the continuing development of the Little Red Bus Network, in partnership with Ryecat Ltd, Bentham Community Transport, North Yorkshire County Council, Ryedale District Council and Harrogate Borough Council.

SOCIAL ENTERPRISE DIMENSIONS**Ownership/Legal structure:**

Industrial and Provident Society.

Social Aim/purpose:

“It is unacceptable that so many people suffer the misery of isolation and the deprivation that comes from being unable to take advantage of the support and services that are available but not accessible to them. The Little Red Bus Network works tirelessly to provide the means whereby access is restored and all members of the community can fully participate, irrespective of geography, physical wellbeing or financial standing.”

Profit/distribution of surpluses:

Retained and reinvested to develop the service in pursuit of its social aim.

Enterprise (percentage of traded income):

75 per cent.

FOCUS**Why and how was the social enterprise set up?**

In 1986 HDCT began trading with one minibus helping local elderly and disabled people to get out and about.

What does the enterprise do, and how does it do it?

North Yorkshire County Council adopted a Community Transport Strategy in 2004. The strategy proposed that key, larger, community-based transport organisations should, by adopting a social enterprise approach, combine community operations and support of smaller organisations with the delivery of public sector transport services. This strategic approach to transport infrastructure provided opportunities for the growth of HDCT.

HDCT secured investment from *Futurebuilders* to develop its infrastructure including:

- Acquiring a new operating base (thereby investing in its own asset base)
- The appointment of a Finance Director
- The introduction of new ICT systems
- New vehicle leasing arrangements

This investment in HDCT's infrastructure created the capacity to enable the organisation to become more sustainable through securing more comprehensive contracts to deliver better local transport services. The organisation now has:

- A turnover of £1.2 million per annum
- 30 minibuses
- A fully-accessible 55-seater coach
- A car share scheme
- A volunteer car scheme
- Demand responsive services

Via the Little Red Bus Network, HDCT is also able to access and/or provide support services to other members, including fleet management and vehicle procurement, administrative support and specialist services such as legal guidance and fundraising advice.

How does the social enterprise structure contribute to success?

The social enterprise structure ensures sustainability as operational surpluses are reinvested to ensure a consistently good service is provided. Organisations that are dependent on grant funding have to vary their service provision to meet the demands of life limited project funding.

How does the rural location impact the enterprise?

North Yorkshire is largely rural, leading to the isolation and exclusion of people that have no access to mainstream transport, for example the elderly, infirm and the disabled. This exclusion provided HDCT's *raison d'être*.

How is the business financed?

75 per cent earned income (contracts, services, training and fares).

25 per cent grants and donations.

DEVELOPMENT ISSUES

What are the main challenges facing your organisation today?

The pace at which the commissioning of statutory services is changing (from crude "best value" to strategic commissioning) is our major developmental issue. Balancing the books whilst those responsible for the commissioning of services move to strategic commissioning is not an easy task.

What are the plans for developing your organisation?

The successful HDCT *Futurebuilders* funding bid was for a HDCT Development Programme to develop Little Red Bus and truly integrated transport services in North Yorkshire. This work is still ongoing.

What are the main barriers to the development of your organisation?

The slow adoption of integrated transport policies as described above.

REPLICABILITY

The "Little Red Bus Network" is highly replicable in all rural areas of the UK, and is an excellent example of how the community transport sector can move forward. The network model overcomes the problems that small individual organisations face in developing the infrastructure needed to provide a service across a large geographic area, and enables the network to acquire the economy of scale necessary to deliver larger local authority contracts.

A key factor in the development of Little Red Bus and Harrogate District Community Transport was the leadership and support of North Yorkshire County Council, and the vision of an integrated transport policy set out in the North Yorkshire Community Transport Strategy. In other rural areas, leadership could come from the social enterprise sector itself, but positive support from local authorities will be essential if new initiatives are to succeed.

Case Study 6:

Waverley Hoppa, Surrey

NAME:

Waverley Hoppa

DATE ESTABLISHED:

2002

Short description of trading activity:

A demand-responsive transport and dial-a-ride service with an annual turnover of circa £350,000.

SOCIAL ENTERPRISE DIMENSIONS**Ownership/legal structure:**

Registered charity and a company limited by guarantee.

Social aim/purpose:

Provides a low cost door-to-door community transport service for the residents of Waverley.

Profit/distribution of surpluses:

100 per cent retained.

Enterprise (percentage of traded income):

25 per cent.

FOCUS**Why and how was the social enterprise set up?**

Surrey County Council and Waverley Borough Council realised that there was no community transport provision in the district. The councils worked together to register the enterprise as a “top down” initiative following successful bids to the Countryside Agency and the Rural Bus Challenge. The councils registered Waverley Hoppa as a Company Limited by Guarantee with charitable status as they always intended the organisation to be independently financially viable.

What does the enterprise do, and how does it do it?

The organisation provides a low cost door-to-door community transport service for the residents of Waverley.

Waverley Hoppa’s transport service uses five wheelchair accessible buses to cover Cranleigh, Farnham, Godalming, Haslemere and surrounding villages – the main centres of population in Waverley District.

How does the social enterprise structure contribute to success?

Waverley Hoppa is strongly committed to social enterprise, believing it to be the only route to sustainability in the long term. Therefore, the Board is prepared to take on commercial and contract work that creates value for the business, does not undermine the core business and is essentially community based.

How does the rural location impact the enterprise?

If the area were not rural there would be no need for the service. The Hoppa will travel and collect a single wheelchair user wherever they are, whenever they need transport. If it weren’t for the Hoppa these rural people would have no wheelchair accessible service at all.

The blend of the very rural area and the tailored service makes financial viability through traded income an extremely challenging ambition.

How is the business financed ?

WHCT has been established with grant support from a range of sources, but has an ambitious plan to generate 90 per cent of its income from fares, hire charges and contract work within five years. Indeed,

this requirement is built into the funding agreement with its local district authority. The organisation believes that it should charge as much as possible for the services which it provides, as it believes that otherwise the services would not be valued by customers. It also believes that it should pay drivers as the only way of developing a reliable and consistent service. At its current stage of development it remains dependent on the receipt of further grants from the County Council to finance the replacement of vehicles, when this becomes due.

DEVELOPMENT ISSUES

What are the main challenges facing your organisation today?

Winning contracts through the competitive tendering process: convincing local authorities of community transport's potential.

What are the plans for developing your organisation?

The organisation is highly growth oriented, aiming to triple turnover and to double the size of its transport fleet by 2010. It sees the main opportunities for growth to be in the delivery of commercial contracts which do not affect the core business. In addition, they believe that there are significant opportunities to increase the size of the core business, particularly in rural areas, and to expand the range of services provided to schools and care centres.

What are the main barriers to the development of your organisation?

Barriers to the achievement of these objectives is the need to convince the local authorities of the potential of community transport and to improve their own expertise in marketing and promotion. It is recognised that the board will need to upgrade its commercial skills if they are to become more enterprise-oriented. They also recognise that there will be resource constraints, but believe that they can build this into the pricing structure of future contracts.

REPLICABILITY

Waverley Hoppa sees demand-responsive services to disabled users as its core purpose, and wishes to develop other transport services in order to support this business. The business plan is sound in principle, and in this respect the model is replicable in any rural area. However, the Waverley Model would sit well within a network organisation like Little Red Bus (see case study on page 50) where it could focus on providing disabled transport as part of a group of transport providers.

Case Study 7:

Tackley All-in-one, Oxfordshire

NAME:

Tackley All-in-One

DATE ESTABLISHED:

2000

Short description of trading activity:

The “All-in-One” Project was developed by the community to redevelop the ageing and under-used village hall into a multi-functional centre for the community, comprising a community shop and post office, meeting rooms and IT facilities.

SOCIAL ENTERPRISE DIMENSIONS**Ownership/legal structure:**

Tackley All-in-One comprises Tackley Village Shop Limited (a Company Limited by Guarantee) and Tackley Village Hall (a registered charity).

Social aim/purpose:

Operation of a village hall and shop for the benefit of the inhabitants of Tackley.

Profit/distribution of surpluses:

Retained.

Enterprise (percentage of traded income):

100 per cent trading income.

FOCUS**Why and how was the social enterprise set up?**

The village lost its post office, two shops and a pub. Not only were the residents unable to access essential services easily, but the village as a whole seemed to have lost its heart. At only 10 miles outside Oxford, Tackley was in danger of becoming just

another dormitory settlement. ‘It felt as if the whole infrastructure was disintegrating,’ says Barbara Vaughan, who took charge of the project with colleague Gill Withers. ‘Our post office had closed and so had the shop, and one of the two pubs; even the paper round had gone. So we got an action group together and sent out questionnaires asking what people wanted.’

In 2000, local people met to discuss what could be done. A decision was taken to revamp and extend the existing village hall – centrally located, next to the school and playground and with loads of parking space – it was perfect. The idea of a small, multipurpose complex appealed to grant-giving bodies such as Defra and Oxfordshire County Council. Not only would Tackley have a new shop and post office, but also a multi-functional centre for the community, including meeting rooms, sports changing facilities, IT suite and a coffee shop.

With guidance from ViRSA, Oxfordshire Rural Community Council and others, fundraising started immediately. £400,000 was needed for the project and a dedicated team raised 80 per cent of that from grants. The village itself raised the remainder from donations and fundraising events – sales, coffee mornings, a black-tie ball.

Many of the villagers offered free professional advice. One acted as a health and safety guru, another did the preliminary architectural drawings, others provided marketing, advertising and training expertise.

What does the enterprise do, and how does it do it?

Tackley Village Hall (TVH) is a registered charity, run for the benefit of the village by a team of volunteers. It offers facilities for hire comprising a large function room, linking with a quiet area, coffee shop, fully equipped kitchen and bar; smaller committee room; stage; changing rooms and adjacent sports field and village shop (Tackley Village Shop Limited). The hall is now regularly used for drama, yoga and keep-fit classes, all of which provide income and customers for the shop.

The village shop stocks not just light bulbs and toilet paper, but gluten-free muesli, locally raised venison and freshly baked pain-aux-chocolat. Not satisfied with a delicatessen, they have also incorporated a post office, a cafe, an internet station and the village hall into their scheme. With a full-time manager and a team of more than 50 unpaid volunteers, the shop offers a model for every rural community.

“The range is tremendous, but there’s much more to it than that,” says Liz Reece, a career-development adviser who – like all the volunteers – does two hours in the shop each week. “Many people say that they feel a buzz here because it’s a central point where everyone talks to you.”

Another team member, Margaret Smith, used to run the village pub, but found herself depressingly isolated in her retirement. “I was terribly lonely,” she says, “but since the shop opened, my life has altered completely. I’ve got to know people again that I hadn’t seen or spoken to for years.”

Others point to the healthy mixture of ages among staff and customers. Young parents can collapse in the cafe while their children rush around the neighbouring playground, teenagers can get work experience to put on their CVs, while pensioners are spared the cut and thrust of supermarket aisles.

How does the social enterprise structure contribute to success?

The legal structures retain any surplus for the benefit of the community. The voluntary involvement encourages a sense of ownership amongst the people of Tackley. They regard it as their shop.

How does the rural location impact the enterprise?

The next nearest shops and facilities are several miles away and require a car for access. Tackley has a train service to Oxford and Banbury, but public transport is otherwise quite limited. This gives local people an incentive to use the shop, although most do the bulk of their shopping elsewhere. Like many village shops, Tackley has little “passing trade.”

How is the business financed?

The shop premises (which are part of, and owned by) the village hall, are rented to the shop at a peppercorn rent. A formula has been drawn up whereby a proportion of any surplus is retained by the shop for reinvestment; the remainder is paid to the village hall and used for the benefit of the community.

REPLICABILITY

The “All-in-one” model can be replicated in any medium to large rural village – the population needs to be large enough to support the range of services on offer, and have a large enough pool of potential volunteers. As it utilizes existing community premises, only a limited amount of capital had to be raised.



Case Study 8:

The Old Crown, Hesket Newmarket, Cumbria

NAME:

Old Crown (Hesket Newmarket) Limited

DATE ESTABLISHED:

2003

Short description of trading activity:

The Old Crown is a public house in the small village of Hesket Newmarket, situated just inside the northern edge of the Lake District National Park. It is the only public house in the village. The pub is a free house, and serves beer brewed by the Hesket Newmarket Brewery (also a co-operative) from premises in the back yard of the pub. The co-operative leases the pub to landlords, who operate the pub on a day-to-day basis.

SOCIAL ENTERPRISE DIMENSIONS**Ownership/legal structure:**

Industrial and Provident Society.

Social aim/purpose:

Preservation and protection of the rural village pub and associated brewery.

Profit/distribution of surpluses:

The landlords operate the pub as a profit-making concern to provide themselves with an income; any profits from the co-operative are re-invested.

Enterprise (percentage of traded income):

100 per cent traded income.

FOCUS**Why and how was the social enterprise set up?**

Until 2002, the pub was owned and run as a free house by private owners, one of whom had set up the Hesket Newmarket Brewery in premises at the back of the pub. In 1999, the

Brewery was taken over by a co-operative of 58 villagers when its owner wanted to retire. In 2002, the pub itself came onto the market, and to prevent it being swallowed up by a large brewery, or closed down, it seemed obvious for the village to set up another co-operative and buy the pub themselves.

The hope was that this would safeguard the pub and its unique character, and secure its future both as a vital amenity for the village and wider community, and as a special asset within the Lake District National Park. Not least, the aim was to safeguard the link between The Old Crown and Hesket Newmarket Brewery, so that regular visitors could sleep sound in the knowledge that their favourite pint would still be waiting for them whenever they called in.

125 customers of the pub eventually clubbed together to buy the pub. The Co-operative was officially registered as a community industrial and provident society in March 2003, and the purchase was completed on 21 August that year. The Old Crown is believed to be Britain's first co-operatively owned pub.

What does the enterprise do, and how does it do it?

Having bought the pub, the Co-operative then had to find someone to run it. The pub is offered to tenants on a 21-year lease; if the tenants wish to move on, they can only sell the lease back to the co-operative. Since 2003, the pub has been run by two different licensees, both of them selected by the co-operative.

Malcolm and Pat Hawksworth took over the tenancy in 2006. They moved from Staffordshire, but already had many links with the Hesket Newmarket area and knew The

Old Crown well. Pat is a renowned cook, and both she and Malcolm have previous experience in running a pub. Malcolm also has experience in managing the Bass Museum (1989 to 1994) and working in civic promotion and the wider leisure industry. They are both very keen to promote the co-operative ideals and to cement the close ties with Heskett Newmarket Brewery, another co-operatively owned business in the village.

Says Malcolm: “Pat and I are really delighted to have been chosen to be the custodians of The Old Crown. We are acutely aware of the pub’s unique status both in the local community and nationally as a beacon to remind everyone what a proper village pub should be like. We were also very impressed by the way in which the co-operative, through its committee, conducted the selection process; they had a clear idea of what they were looking for, and gave us a real grilling!”

The award winning beers brewed by the pub’s sister co-operative – Heskett Newmarket Brewery – will continue to be the main crowd-puller. The pub is also home to a small library and an internet café: it sells locally produced videos and booklets and provides a cashback service; and it offers meeting rooms, one of which is used for a regular evening class.

How does the social enterprise structure contribute to success?

The Old Crown claims to be living proof of the success of the co-operative model. The pub co-operative is on a sound financial footing, and has recently financed the building of a new kitchen and dining room.

The co-operative ownership of this important resource demonstrates the strong sense of community spirit in this small Cumbrian village. The co-operative is based on democratic and voluntary principles, with members contributing on an equal basis to the capital of the enterprise and actively participating in policy formulation. The members of the co-operative strongly believe that ventures of this nature contribute to the economy and social fabric of Cumbria,

securing local employment and fostering pride in the community.

Julian Ross, who led the bid by customers to take ownership of the pub, says: “People say they don’t care about making a return on their investment. They want to preserve something that is important for the community. This is a cosy, friendly pub, which you can go into whether you’re wearing your wellies, walking boots, or a suit, and you won’t come out without speaking to someone. Regulars and visitors alike always find a warm welcome, great home cooked food (including the famous Old Crown curries), a friendly smile and a truly superb range of real ales.”

Having set up co-operatives to run both the pub and the brewery, the village is now looking to take over the village shop.

How does the rural location impact the enterprise?

The attractive rural location within the Lake District National Park enables the pub to attract tourists and other visitors. The isolated nature of the village itself clearly contributes to the sense of community spirit and the value placed on the pub as a community facility.

How is the business financed?

The purchase was helped by grant funding from Cumbria County Council Rural Regeneration Fund and the Lake District National Park Sustainable Development Fund. The remainder of the capital came from the 125 co-operative members.

On a day-to-day basis, the business is financed by the leaseholders and run as a profit-making business.

REPLICABILITY

The Old Crown Model is replicable provided that a) sufficient capital can be raised to purchase the freehold and b) the pub can then be run as a profitable business. In many areas of the country, failing pubs are worth considerably more if the premises can be converted to residential property; the views of the local planning department on such a change of use will be crucial.

9: The case studies

Other “community-owned” pubs, such as the Jolly Farmer in Cookham Dean, Berkshire, have established as private limited companies with a large number of small shareholders. This structure does have the advantage that it is much easier to raise local finance.

Once the pub is purchased, the lease can be sold to landlords who will operate the pub. The village needs to continue to support the pub so that it can be run profitably. There are many other initiatives which can encourage community support and increase use of the premises as well as providing additional income – coffee mornings, premises for the village shop or post office, lunch clubs for OAPs, drop-off points for vegetable box schemes etc.

Hesket Newmarket is another example of a village where several community facilities are provided through a social enterprise approach, and where development has been incremental.

Case Study 9:

Blisland Community Association, Cornwall

NAME:

Blisland Community Association Limited

DATE ESTABLISHED:

March 2006

Short description of trading activity:

A multi-use centre – the building houses a general grocer, post office, tea rooms, meeting place, internet café, GP's surgery one afternoon per week, a chiropodist, a beautician and three light industrial/office units, which are let to three local businesses employing local people.

SOCIAL ENTERPRISE DIMENSIONS**Ownership/legal structure:**

Industrial and Provident Society.

Social aim/purpose:

To strengthen the community of Blisland.

Profit/distribution of surpluses:

Retained and applied for the benefit of the community through a charitable foundation.

Enterprise (percentage of traded income):

100 per cent trading (Manager's salary funded for the first three years by Esmée Fairbairn Foundation).

FOCUS**Why and how was the social enterprise set up?**

Blisland lost its village shop in 1999. The villagers campaigned and raised funds for a new community shop.

What does the enterprise do, and how does it do it?

This community-led project has created a new multi-purpose centre in place of a closed shop. The project kicked off with a number of years volunteer-led trading from a rusting shipping container. The new purpose-built centre includes a post office, a village shop, tea rooms, a GP's consulting room (for one afternoon each week), as well as a chiropodist, a beautician, an internet café and three small business units.

The project helps rural people with disabilities retain a sense of independence by ensuring access to a shop, post office, medical facilities and a café in the village. It provides employment in a rural area and the installation of three computers ensures community access to the Internet.

Arthur Ludgate of Blisland Community Amenity Centre Management Committee said: "We tried to think of everything that the community wanted. We consulted with all groups young and old and we employed architects who understood not only our needs but also the requirements of the Disability Discrimination Act. By exceeding these requirements we have catered for the whole community."

How does the social enterprise structure contribute to success?

The Industrial and Provident Society encourages a feeling of community ownership through small scale individual share holdings. Linking the IPS to the Community Foundation (a registered charity) means that people know the shop is trading for the good of Blisland, not just for profit.

How does the rural location impact the enterprise?

The shop is three miles from the next village shop and five miles from the nearest supermarket. The elderly and infirm rely on the shop but those better able to travel rely on the supermarkets. Sourcing competitive product (for example, organic vegetables for a weekly box scheme) is difficult as there is no appropriate local supplier. The viability of the shop's winter trade is marginal as Blisland has a population of about 550, including people that do not live centrally within the village.

In the summer many of the village's holiday homes are occupied. Empty holiday homes in the winter exacerbate low levels of winter trade.

How is the business financed?

Local volunteers banded together to raise more than £50,000, which enabled them to secure an investment of a further £230,000 from the South West of England Regional Development Agency (SWRDA), with £157,000 from the Objective One Programme for Cornwall and the Isles of Scilly to fund the design and construction of a brand new multi-purpose centre. Additional funding for the building project has also come from Cornwall County Council, North Cornwall District Council, Blisland Parish Council, the Countryside Agency, the Post Office and Triodos Bank.

In addition, the Esmée Fairbairn Charitable Trust has awarded Blisland a grant to fund the first three years of the shop manager's salary to help the project trade through its early years.

A small additional income is earned by letting the three industrial units to local firms, to encourage further local employment opportunities.

DEVELOPMENT ISSUES

The Blisland community shop has three years to achieve full self-generated profitability. Summer trade is boosted by Cornwall's

tourist industry. However, in the winter the shop must survive on trade from its relatively small community.

In the seven years that Blisland was without a proper village shop, villagers became used to travelling to supermarkets and now rely on them rather than the village shop for the majority of their groceries.

Winning local customers back from the competing supermarkets is the main challenge facing the Blisland community shop. This is a particularly difficult challenge given the supermarkets' price competitiveness and promotional / marketing budgets.

What are the plans for developing your organisation?

Blisland is focussing its efforts on local promotional activity, such as improving its website and marketing itself to the winter tourist trade (people who rent holiday cottages in the winter). Trade possibilities include becoming a retail partner for an organic box scheme, becoming promotional partners with local holiday home owners and increasing local delivery trade.

What are the main barriers to the development of your organisation?

An extremely limited local population, competition from supermarkets and a relatively remote rural location.

What are the main barriers to development of social enterprise in this sector?

The community of Blisland had a long hard struggle to win the funding needed for the building project. The cost and commitment involved to secure retail premises is a significant barrier to the development of potential social enterprises in this sector, when confronted with competition from the supermarkets that have massive economies of scale, extremely competitive pricing, and deep promotional marketing pockets.

Suggestions to overcome this/these barrier(s)?

Win the support of your community, campaign for the support of governmental agencies local to you (regional development agencies, local authorities etc.) and be prepared to commit to a long hard slog.

Does your social enterprise model have potential to be replicated elsewhere?

Yes. Many interested potential social enterprises have visited and Blisland has already inspired and encouraged one similar community shop that is now trading.

In 5 years time, where do you see the potential for the development of rural social enterprises in your sector?

The impact of the likely rural post office closures is likely to be keenly felt. Establishing a community shop is not easy so it is impossible to say how many will be saved. The Blisland model provides a replicable model and we welcome enquiries from anyone interested in establishing their own community social enterprise facility.

REPLICABILITY

The Blisland Model has strong potential to be replicated anywhere in England. The main barrier with this model is that premises have to be suitable for a GP surgery. This increases both the cost and the difficulty of acquiring and adapting suitable buildings, or acquiring land and building from scratch. Unlike the Stonesfield case study, Blisland was not incremental in its development, but conceived and established all its facilities in one go, again adding to difficulty and cost. The Objective One Programme in Cornwall made this possible. However, the availability of funding through LEADER projects combined with the possibility of acquiring public sector buildings may facilitate the development of this model.

Bisland has a long-term sustainability issues as retail income falls during the winter months when the population of the area declines. This will not be an issue in all rural areas.



APPENDIX

The nature of social enterprise

Social enterprise is a term that started to come into more regular usage at the beginning of the new millennium. Since then there has been considerable debate across all sectors as to exactly what a social enterprise is. The following information is provided to illustrate some of the forms of social enterprise.

The Social Enterprise Coalition – see www.socialenterprise.org.uk – is the UK's national representative body for social enterprise, and it has provided the following definitions and commentary:

“The simplest definition of social enterprise - as business trading for a social purpose - allows for a wide range of interpretations, and there is still an ongoing debate among practitioners and academics over the exact definition of social enterprise.

The Social Enterprise Coalition's view is that a social enterprise is not defined by its legal status but by its nature: its social aims and outcomes, the basis on which its social mission is embedded in its structure and governance, and the way it uses the profits it generates through its trading

It is helpful to consider some characteristics common to social enterprises:

- *Enterprise Orientation - they are directly involved in producing goods or providing services to a market.*
- *Social Aims - they have explicit social and/or environmental aims such as job creation, training or the provision of local services. Their ethical values may include a commitment to building skills in local communities. Their*

profits are principally reinvested to achieve their social objectives.

Many social enterprises are also characterised by their social ownership. They are autonomous organisations whose governance and ownership structures are normally based on participation by stakeholder groups (eg employees, users, clients, local community groups and social investors) or by trustees or directors who control the enterprise on behalf of a wider group of stakeholders. They are accountable to their stakeholders and the wider community for their social, environmental and economic impact. Profits can be distributed as profit sharing to stakeholders or used for the benefit of the community.”

The Coalition also supports the UK Government definition – set out in *Social Enterprise: A Strategy for Success* (2004) - of the roles which social enterprise may adopt:

A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. By using business solutions to achieve public good, the Government believes that social enterprises have a distinct and valuable role to play in a helping create a strong, sustainable and socially inclusive economy.

Social enterprises are diverse. They include local community enterprises, social firms, mutual organisations such as co-operatives and large scale organisations operating nationally or internationally. There is no single legal model for social enterprise. They include companies limited by guarantee, industrial and provident societies and companies limited by shares; some organisations are unincorporated and others are registered charities.

One of the easiest ways to understand social enterprises is to clarify what they are not:

- They are not **investor-led enterprises**. In other words, they do not exist to provide a financial return to their owners, be they shareholders or members
- They are not **voluntary organisations**. In other words, they do not depend mainly on grants, public subsidies and voluntary labour for their viability, although grants and subsidies may form part of their business model

They are genuine enterprises, which charge for the products or services they deliver. They are distinct from the public sector because they are autonomous, entrepreneurial and earn revenue through trade in goods and services. They are distinct from investor-led businesses because they are driven by the aim of providing social benefits rather than maximising shareholder value for investors.

SOCIAL ENTERPRISES IN RURAL AREAS

The challenges faced by rural communities are heightened by greater distances, a more widely dispersed population and poor access to jobs and services. Increasingly rural social enterprises are stepping up to the mark and finding ways to overcome these challenges. Through a wide range of imaginative projects rural social enterprises are delivering key services including recycling of domestic waste, retail, housing and transport where there has previously been market failure.

Rural social enterprises - Broad characteristics

The Plunkett Foundation broadly classifies **rural social enterprises** as falling into three categories; *community service, rural collaboration and community development*. To aid understanding of these categories, the table below provides a brief description and examples of common enterprises that fall within each group.

Category	Description	Common types of businesses
Community Service Business	Community Service Businesses trade within a geographical area or with a defined interest group, and sometimes both. They typically provide goods or services which the private sector or state no longer provides. The term community business is often used interchangeably with the term community enterprise	<ul style="list-style-type: none"> • Community-owned village shops • Community transport operators • Community-owned pubs or cafes • Community childcare facilities
Rural Economic Collaboration	These types of enterprises are usually formed by groups of individual businesses (often sole traders) to procure common services or to jointly market similar types of products. They are self-help enterprises and often operate in a highly commercial manner. Many may not be regarded as social enterprises if they do not have explicitly social objectives	<ul style="list-style-type: none"> • Farmers' Markets • Craft marketing co-operatives • Agricultural co-operatives
Community Development Enterprises	Community Development Enterprises aim to provide broader social and economic benefits to their host communities through a range of commercial activities. They are often, but not exclusively, community-owned, but do not only provide services to their own members	<ul style="list-style-type: none"> • Development Trusts • Social Firms • Community Land Trusts • Community businesses

Rural social enterprises need to have a clear focus on the 'triple bottom line' of achieving economic, social and environmental objectives. This means that although they need to be financially sustainable, they will balance that with the delivery of clearly defined social aims.

References and further reading

Useful background documents:

Social Enterprise: It's business but not as we know it: An enabling framework for the South East, SEEDA/South East Social Enterprise Steering Group. Available at http://www.seeda.co.uk/Publications/Social_Inclusion/docs/SocialEnterprise.pdf

Social Enterprise Action Plan: Scaling New Heights, Office of the Third Sector, November 2006, available at http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/action_plan.aspx

Affordable Rural Housing Commission: Final Report, May 2006, available through <http://www.defra.gov.uk/rural/housing/commission/default.htm>

Enterprising Approaches to Rural Community Transport, Plunkett Foundation and the Community Transport Association, October 2006, available through the publications section at http://www.plunkett.co.uk/framesets/index_whatwedo.html

Other documents are identified in the references below

References

1. Social Enterprise: It's business but not as we know it – see Further Reading for details
2. See in particular the summary of commitments given in the 2006 Local Government White Paper at <http://www.communities.gov.uk/communities/communityempowerment/communityempowermentcommitments/>
3. Research for the Small Business Service in 2005 found 34 per cent of enterprises surveyed aimed to help both the environment and people by providing employment, goods or services. Cited in Scaling New Heights (see Further Reading above)
4. Source: South East Enabling Framework (see Further Reading above)
5. The Regional Economic Strategy 2006-2016, SEEDA, hereafter referred to as the RES, available at http://www.seeda.co.uk/res/RES_2006-2016/
6. Based on 2001 census figures. These and subsequent figures in this paragraph are quoted in the South East Rural Delivery Framework 2006-2009, published by the Government Office for the South East on behalf of the South East Rural Partnership and available at <http://www.gose.gov.uk/gose/environmentRural/regionalRuralPolicy/ruralDeliveryFramework/>
7. Source: Paragraph B7.2.3 of The South East Plan, the draft Regional Spatial Strategy for the South East, available at http://www.southeast-ra.gov.uk/southeastplan/plan/march_2006/core_document/002_seera_sep_b.pdf
8. As defined in the South East Plan, paragraph C.3.4.1
9. The Regional Economic Strategy 2006-2016: Implementation Plan, SEEDA, available at http://www.seeda.co.uk/res/docs/RES_implementation_plan.pdf
10. A description of local development frameworks is available at <http://www.communities.gov.uk/planningandbuilding/planning/regionallocal/localdevelopmentframeworks/>
11. See Chapter 8 of the White Paper on the reform of the planning system, Planning for a Sustainable Future, May 2007, available at <http://www.communities.gov.uk/publications/planningandbuilding/planningsustainablefuture>
12. The commentary in this and the following paragraph draws on work about achieving a proportionate impact in rural areas, carried out by Rural Innovation, a rural regeneration consultancy – see www.ruralinnovation.co.uk

Appendix: References and further reading

13. See Partnership in public services: an action plan for third sector involvement, Office of the Third Sector, December 2006, available at http://www.cabinetoffice.gov.uk/third_sector/public_services/public_service_delivery.aspx
14. In the RES, see section 8 of the briefing pack.
15. Updated material will be available on the SEEDA website at http://www.seeda.co.uk/Work_in_the_Region/Rural_Issues/Rural_Development_Programme_for_England/
16. See Annex B to Planning Policy Statement 3: Housing, published by the Department for Communities and Local Government, available at <http://www.communities.gov.uk/planningandbuilding/planning/planningpolicyguidance/planningpolycystatements/planningpolycystatements/pp3/>
17. This figure may be revised upwards when the Government confirms the final version of the Regional Spatial Strategy in the light of the recommendations of the panel that conducted an examination-in-public of the draft plan in 2006/2007
18. Policy H4 of the South East Plan. The breakdown of the target is 25 per cent social rented housing and 10 per cent other forms of affordable housing
19. Policy H3 of the South East Plan
20. Policy H3 of the South East Plan
21. Homes for the Future, July 2007, available at <http://www.communities.gov.uk/publications/housing/homesforfuture>
22. The terms of reference for the review are available at <http://www.communities.gov.uk/planningandbuilding/planning/planningpolicyimplementation/reform/matthewtaylorreview/>
23. As stated in Delivering Affordable Housing, published by Department for Communities and Local Government, and available at <http://www.communities.gov.uk/publications/housing/deliveringaffordablehousing>. This provides a useful overview of how the funding and allocation system works
24. A full prospectus is available at <http://www.housingcorp.gov.uk/server/show/nav.446>
25. Available at http://www.southeast-ra.gov.uk/our_work/planning/housing/strategy.html
26. At <http://www.housingcorp.gov.uk/server/show/ConWebDoc.7751>
27. Details at <http://www.communities.gov.uk/news/corporate/513236>
28. Under government proposals, English Partnerships and the Housing Corporation would merge into a single agency
29. This section is from The CDS simple guide to mutual home ownership, David A Rodgers, CDS Executive Director
30. This description is quoted in the study Enterprising Approaches to Rural Community Transport by the Plunkett Foundation and the Community Transport Association, available through the publications section at http://www.plunkett.co.uk/framesets/index_whatwedo.html
31. From Policy T1 of the South East Plan
32. Policy T2 of the South East Plan
33. Towards a sustainable transport system: Supporting economic growth in a low carbon world, Department for Transport, October 2007, available through <http://www.dft.gov.uk/about/strategy/transportstrategy/>
34. The Eddington Transport Study, HM Treasury, December 2006, available through <http://www.dft.gov.uk/about/strategy/transportstrategy/eddingtontstudy/>
35. The Stern Review on the economics of climate change, HM Treasury, October 2006, available through http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm
36. Page 138 of the State of the Countryside Report 2007, Commission for Rural Communities, available through <http://www.ruralcommunities.gov.uk/projects/stateofthecountryside/overview>
37. Source: Chapter 5 of Hampshire County Council's Local Transport Plan 2006-2011, available through <http://www3.hants.gov.uk/transport/local-transport-plan.htm>
38. See page 47 of Partnership in Public Services, referenced above
39. Source: RES Evidence Base, available through http://www.seeda.co.uk/res/RES_2006-2016/
40. Source: CEBR study for RES evidence base
41. Source: Department for Transport at <http://www.dft.gov.uk/pgr/regional/buses/busgrants/rbs/ruralbussubsidygrant0708>
42. Source: Enterprising approaches to community transport, referenced above
43. See for example plans from Buckinghamshire County Council in the second Local Transport Plan. Relevant chapter available at http://www.buckscc.gov.uk/transport_plan/LTP2/A1_BS_CPT.pdf
44. Monitoring Local Bus Service Tenders in England: Good Practice Guide, Atkins for the Department for Transport, February 2005 available through <http://www.dft.gov.uk/pgr/regional/buses/tendering/>

45. A “section 22” permit can be granted to a group concerned with the social welfare needs or one or more communities to provide a local service on a non-commercial basis which must be open to the public. The driver must receive no payment other than out-of-pocket expenses
46. See the CTA evidence to the House of Commons Select Committee on Transport enquiry into the draft Local Transport Bill, available at <http://www.publications.parliament.uk/pa/cm200607/cmselect/cmtran/692/692ii.pdf>
47. There are various “standards” for access to services, but these are neither as detailed nor prescriptive as housing and transport plans
48. See para 2.19 of the White Paper Strong and Prosperous Communities, October 2006, available through <http://www.communities.gov.uk/localgovernment/currentagenda/strongprosperous/>
49. See Section 2.2 of the 2007 report, referenced above
50. See The Real Choice, published by CPRE in association with Plunkett, June 2006, available at <http://www.cpre.org.uk/library/results/local-foods>
51. Government statement of 17 May 2007 available via <http://www.berr.gov.uk/sectors/postalservices/index.html>
52. For details, see <http://www.postoffice.co.uk/portal/po/content1?catId=57600693&mediaId=57600697>
53. Details of support from ViRSA are available at <http://www.virsa.org/>
54. See <http://www.defra.gov.uk/rural/communities/halls/funding-sources/default.htm>
55. See press release of 15 May at <http://www.communities.gov.uk/news/corporate/councilsurged>
56. These two facilities are combined at the garage in Kielder, Northumberland – see http://www.ca-north.org.uk/contray/media/community_renewable_energy/REALL_Kielder.pdf
57. Proper Job Ltd, Chagford, Devon. See <http://www.users.zetnet.co.uk/westden/Pages/co-op.htm>
58. title <http://www.dft.gov.uk/about/strategy/transportstrategy/pdfsustaintransssystem.pdf>
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60. See for example the National Housing Federation/Housing Associations Charitable Trust report An Opportunity Waiting to Happen at http://www.housing.org.uk/Uploads/File/Policy%20briefings/BCAN_summary_final_A4_website.pdf
61. See An ever evolving story published by the Community Alliance, [available through <http://www.comm-alliance.org/Communityanchors/Anchorsbook.htm>
62. See ACRE briefing note at <http://www.acre.org.uk/Private/RCC%20policy%20briefings/Community%20anchors/Summary%20Rural%20Community%20AnchorsJune%2007.pdf>
63. For information on community interest companies, see <http://www.cicregulator.gov.uk/>
64. See Business Link in the South East: phone 0845 600 9 006 or on line <http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1077475650&site=210&r.s=sl>
65. Details at <http://www.futurebuilders-england.org.uk/content/Home.aspx>
66. The categorisation is based on a study entitled Mapping Regional Approaches to Business Support for Social Enterprises by Rocket Science for Office of the Third Sector and the England RDAs, February 2007, available through http://www.cabinetoffice.gov.uk/third_sector/news/news_stories/070629_support.aspx
67. <http://www.setas.co.uk/index.asp>
68. Source: South east enabling framework (see Further Reading above)
69. Research on Third Sector Access to Finance, SQW for the Office of the Third Sector, May 2007, available at http://www.cabinetoffice.gov.uk/upload/assets/www.cabinetoffice.gov.uk/third_sector/finance_access_report.pdf
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72. Para 7.17 of SQW Access to Finance research, referenced above.
73. Some examples are available as finance case studies from the Social Enterprise Coalition at <http://www.socialenterprise.org.uk/Page.aspx?SP=1771>
74. More for your money: a guide to procuring from social enterprises, Social Enterprise Coalition and New Economics Foundation, available through <http://www.socialenterprise.org.uk/Page.aspx?SP=1893>
75. See <http://www.idea.gov.uk/idk/core/page.do?pagelId=6583598>
76. See para 7.56 of Strong and Prosperous Communities (referenced above), and the comments of the Minister for the Cabinet Office in the House of Commons on 18 October (Hansard col 982) available at <http://www.publications.parliament.uk/pa/cm200607/cmhansrd/cm071018/debtext/71018-0006.htm>
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78. The Financing of Social Enterprises, Bank of England, May 2003, available at http://www.bankofengland.co.uk/publications/financeforsmallfirms/financing_social_enterprise_report.pdf
79. Lending to the Social Enterprise Sector, DTI Small Business Service, May 2004, available through http://www.socialenterprise.org.uk/Resources.aspx?WCI=htmPublication&WCE=Show&WCU=RESRC_PKEY=1022
80. Finance for small and medium-sized enterprises: comparisons of social enterprises and mainstream businesses, University of Warwick, June 2007 available through http://www.cabinetoffice.gov.uk/third_sector/Research_and_statistics/social_enterprise_research/access_finance.aspx ; and Research report on third sector access to finance, SQW, May 2007 (referenced above)
81. See http://www.neweconomics.org/gen/newways_socialreturn.aspx for details

Notes

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