



NBEI-EDT North Working Paper

**Learning from Bristol: Reflections
from EDT North's study trip**

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**DELIVERING SOCIAL CHANGE
THROUGH THE SOCIAL INVESTMENT FUND**

Outline of the working paper

This paper is based on a study visit to Bristol in August 2016, which aimed to: examine asset based social enterprises and how they have developed; assess the relationship between social enterprise growth and the enabling environment; evaluate the role of market intermediaries in scaling asset based social enterprises; and examine the role of social finance and related products in creating a resilient and sustainable sector. The social enterprise sector in Bristol can be traced to the regions history in the trades union and cooperative movement, a strong ethical and green economy tradition and the led taken by the City Council to support the sector in the 1980s. The sector now produces innovative community enterprises and scalable social ventures, which have a presence in regional, national and international markets. With the growth of Triodos Bank, the developing Bristol Bond 'Backing our Bristol', Bristol Pound and a range of ethical finance providers (see later), the city now has the largest social finance sector outside London. By 2013, the sector was one of the most developed in the UK and included 601 social enterprises, with a turnover of £378m pa and supporting 10,333 jobs. (SEW, 2013, p.8).

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1 The enabling environment

1.1 Bristol and Bath Social Enterprise Network (BBSSEN)

The ecosystem for the social economy in Bristol has evolved over time and across sectors and its key strengths include; a strong inter-sectoral partnership focused on the business needs of enterprises; advanced, hierarchical educational and skills programmes; and regional social finance supply as well as intermediaries well connected to national capital funds. Bristol and Bath Social Enterprise Network (BBSSEN) is not unlike SENI and offers user-oriented services including: information, access to support and policy advocacy; training and development to support growth; connecting social entrepreneurs with peers, potential partners and other sectors; initiatives to seek out and support new contracts, marketing and promotion; and a forum to problem-solve, discuss issues and collaborate on specific policies and programmes.

1.2 Social Enterprise Works

Social Enterprise Works is a specialist support agency offering business advice, training and consultancy across the region. They work with individuals and groups to established Community Interest Companies, charities, coops and community associations. SEW has also developed a strong partnership with local and national support organisations, universities, housing associations and the public sector. They have prepared a *manifesto for the sector* in Bristol aimed specifically at politicians and which stresses the need to create a strong environment for the growth of the sector. However, their focus is on: technical assistance to start-up social enterprises; supporting existing firms to access training as well as social (and non-social) growth funds; and business advice and mentoring; and networking.

Source: <http://www.socialenterpriseworks.org/programmes/sse-bristol-business-support-programme>

Social entrepreneurs would like the next Bristol Mayor to...

- 1 Support the development and growth of social enterprises in Bristol, acknowledging the importance of building innovation and social value into our economy by encouraging more socially and environmentally responsible businesses.
- 2 Engage and represent Social Enterprise at both the local and national level by lobbying for Social Enterprise to be recognized and promoted as a priority sector for Bristol.
- 3 Create and support a clear connection between Bristol's 'Social Enterprise City' and the existing businesses community, ensuring social enterprise involvement in all city-wide initiatives, including Green Capital, City of Learning and Resilience City initiatives.
- 4 Ensure that all Bristol City Council officers are well informed and aware of the social enterprise sector in Bristol, along with how best to signpost and support the needs of local social entrepreneurs.
- 5 Include social enterprise as a key part of local employment and job creation strategic plans, since Social Enterprise is a growing, locally-rooted form of sustained employment and by nature employs more of those furthest from the labour market.
- 6 Ensure that public sector spending and the implementation of the Social Value Act are as effective as possible by working with local social enterprises, social investment intermediaries and other support bodies, to gather more regular data from the frontline to identify individual cases and more general geographical or industry areas of concern.
- 7 Work more closely with social entrepreneurs to tackle Bristol's most entrenched social challenges. This could include working with social enterprises to unlock empty homes; create opportunities for homeless people back into work; or support more resident led community development.
- 8 Ensure that social enterprises have the greatest chance of survival, introducing measures to create a level playing field for social businesses, including providing business rate relief to social enterprises and reducing 'red-tape' to support growth of community organizations.
- 9 Establish and facilitate affordable co-working and social enterprises incubation space in all neighborhoods across the city, to support more resident led social enterprises.
- 10 Create more opportunities for young people to experience social entrepreneurship, supporting the notion for Bristol to be the UK's first city to pioneer the introduction and delivery of social enterprise apprenticeships.

Social Enterprise Works has developed the *SSE Bristol Business Support Programme*, which is delivered with the School for Social Entrepreneurs and offers support to early stage social ventures to move to the next level. They are also leading the development of an enterprise support service in *Lawrence Weston and Avonmouth*, one of the most disadvantaged areas in Bristol. The service is free to users and is part of a new project called *SevernNet Working*, which is a partnership between local organisations to strengthen the provision of employment and enterprise support. **Do It For Real** also operates in Avonmouth and Lawrence Weston and supports 16-30 year olds with cash awards up to £500 to start a social enterprise. These are aligned to local needs identified in the local *community plan* that include: arts and creativity; outdoor activities and sports; and wildlife and nature.

1.3 SEE Change Cluster

SSE Change Cluster is a joint initiative with UnLtd and HEFCE to strengthen and broaden higher education support for social entrepreneurship and business start-up. The partnership involves the University of Bristol, University West of England and Social Enterprise Works. The *cluster strand* funds the formation of sub-groups led by HEIs across geographic regions

and/or working on the same theme (a similar approach to the Basque Country, see the Mondragon case report). The aim of these clusters will be to increase innovation, exchange knowledge, develop networks and enhance the resilience of the social economy and the programme includes:

- Work with 10 social entrepreneurs or enterprises from University of Bristol or UWE to scale up their activities;
- Organise 5 clusters to showcase current activities across themed areas including: health and social care; youth services; creative industries; environment and sustainability;
- Create online resources and support the growth of the Bristol and Bath Social Enterprise Network (BBSSEN); and
- Support the development of an effective ecosystem of support for social entrepreneurs and enterprises in the West of England.

2 Space, co-location and clustering

2.1 The Engine Shed

The Engine Shed is a collaborative development between Bristol City Council, the University of Bristol and the West of England Local Enterprise Partnership at the heart of Temple Quarter Enterprise Zone. Their overall aim is to stimulate long term economic growth by supporting business, inspiring young people to get involved and to showcase the area to investors. The space is not exclusively aimed at social enterprises but its model of development has implications for partnership working, creating synergy and creativity between sectors and experts and accessing resources including skills, finance and space.

They work on accessible employment in the high-tech, creative and low-carbon sectors, incubation activities and improving policy coordination across the region. A particular emphasis is placed on the maker sector, which has relevance for the development of the FabLab but stresses how the technology is integrated with collaborative space, expert support and access to investment finance. The revenue generated through rent and sponsorship contributes to an operating surplus, which is divided in three ways: 70% to Bristol City Council and University of Bristol to pay back the capital they put into the building; and 30% of the surplus goes into the *Engine Shed Enterprise Fund* which is used to reinvest in the facility and seed projects.

2.2 The Watershed

The second asset based project evaluated was project is the Watershed, which is the leading film culture and digital media centre in the south west, based in a prime commercial site along the regenerated river front. The *Pervasive Media Studio* (a city-centre research space) is not unlike the Mondragon Team Academy model and offers incubation space to develop creative arts projects in a collaborative environment. It brings together a network of over 100 artists, technologists and academics to explore the future of mobile and wireless media. Rent is the main form of income and the building includes: three cinemas, a café/bar, flexible conference and events spaces and the Studio. The case demonstrates that elite development sites, especially along the waterfronts that have traditionally outpriced social enterprises or effectively excluded community interests, can accommodate ethical businesses.

Again, the project managers reflected on the culture of the solidarity economy in Bristol and the acceptance across the public and private sectors that community enterprises, involving civic society and creating a better ethical image of urban development were all important.

This is reinforced by the **Bristol Community Ferry Boats** which started in 1977 as a private business but faced liquidation in 2012. In early 2013, a group of local people restructured the company as a community benefit society, with around 900 shareholders, the majority of whom are Bristol residents. It is now profitable and operates a regular public transport ferry service, organised tourist trips and corporate hire and they plan to extend their fleet in the next 18 months.



Reclaiming the waterfront; the Watershed



Reclaiming the water; Bristol Community Ferry

3 Community Land Trusts

Community Land Trusts (CLTs) are local organisations set up and operated by communities and groups of people to develop and manage homes as well as related community enterprises (and in Bristol food growing or workspaces are especially important). The CLT ensures that homes are affordable and based on what people actually earn in their area. There are now over 170 Community Land Trusts in England and Wales, half of which formed in the last two years and the largest have over 1,000 members each. CLTs are not a legal form in themselves but they are defined in law and must comply with specified regulations:

- A CLT must be set up to benefit a defined community;
- A CLT must be not-for-private-profit. This means that they can (and should) make a surplus as a community business but the surplus must be used to benefit the community;
- Local people living and working in the community must have the opportunity to join the CLT as members; and
- Those members control the CLT usually through a board being elected from the membership.

3.1 Ecomotive

Ecomotive is a CLT in Bristol which has developed *SNUG homes* to support people to custom-build their own affordable, adaptable and environmentally-friendly houses. The concept is based on a simple timber-framed module, which can be used as a single unit to create a *tiny home* or joined with others to create a larger dwelling. Residents can choose the number, size and arrangement of modules for the size of home they need and the part-finished modules are delivered to site for residents to complete themselves according to their own specification. Northern Ireland faces particular legislative challenges with both Community Asset Transfer and Community Land Trust, again reflecting the importance of a permissive regulatory environment, progressive officials and a strong policy commitment setting out a uniform approach across agencies and communities. EDT should consider, given the ethical property focus, whether there is scope to lobby for legislation on the issues that have helped in Bristol including social value, community land trusts and right to buy.

4 Retailing and adding social value

4.1 Emmaus Communities

Emmaus communities offer homeless people a home, work and the chance to rebuild their lives in a supportive environment. Emmaus was founded in 1949 in Paris by a priest and now operates in 36 countries, across four continents. Today, it is a secular movement and at the end of 2011, at full capacity, Emmaus could house 525 clients or 'companions.' Companions are involved in all aspects of the business – collecting, sorting, refurbishing and selling furniture – but they also cook, clean and look after the premises. This supports the *Community* financially but also enables residents to develop skills and build their sense of autonomy. As well as receiving full board, Companions get a small allowance of £32-40 per week and a further £6-10 a week that is saved on their behalf. They can take these savings with them if they leave Emmaus. In addition, they are given an allowance for holidays of around £200 per year and to develop their potential, such as help gaining a driving licence. All Communities aim to be self-sufficient, although not all achieve this. Their main income source outside trading is housing benefit, which is claimed on behalf of all Companions. Most Communities offer 'solidarity places' to those who do not qualify for housing benefit, such as asylum seekers.

The main business activity for Emmaus communities is collecting donated furniture and household goods and selling them in their shops (see below). Some items are refurbished or in the case of electrical items, PAT tested for safety and they also upcycle old furniture and clothing. Their SROI research showed that for every £1 invested in an established Emmaus community, £11 is generated in social, environmental and economic returns (Just Economics, 2013). The benefits included, for example: keeping people out of hospital; savings on hostel accommodation, drug and alcohol services; and keeping people in work and out of prison. The majority of Emmaus Communities are based in Europe, although they are also located in West Africa, Latin America and East Asia. Since 1971, regional and national initiatives have been grouped under a parent organisation, Emmaus International, with over 300 Groups to date. Emmaus International acts as a means of liaison and mutual aid between its members worldwide and a *Universal Manifesto* has been created for Groups reflecting the scale of the global network and capacity to create solidarity with other places and people.

4.2 Co-Lab

Co-lab is a retail outlet, established as a social enterprise for Bristol's independent art sector and it currently works with over 100 local artists, designers and tech companies. They sell unique clothing, art prints, jewellery, gifts, cards and accessories and are located in the heart of Bristol's Shopping Quarter. The outlet clearly has the volume of supply and demand to support a city centre facility and whilst the creative sector is an important spine of the social economy in Bristol, the extent of the market in Northern Ireland would require more detailed analysis. Certainly, participants, including from Ulster University, felt that there was an interest in the design community for start-up enterprise and whilst it is less clear whether these would be social firms (or say more appropriate forms such as cooperatives), the whole sector is worth further analysis, especially in the context of the art and design group at the York Street campus.



Emmaus retail outlet for homeless work project



Co-Lab high street outlet for community artists

5 Space for rent and work

5.1 Hamilton House

Hamilton House was a vacant and neglected office block in the Stokes Croft area, a disadvantaged part of the inner-city. With the property recession, the developers invited local community groups to consider developing it as a facility for use by the local neighbourhood. Coexist was established to create a space in which the 'community can grow, share, collaborate and learn what it is to live in coexistence with each other.' Hamilton House currently hosts over two hundred users including: painters, designers, illustrators, environmental groups, charities, radio stations and community groups. They also run the Coexist community kitchen, dance studios, the wellbeing therapy centre, a restaurant/community café and the Bristol Bike Project. Groups and individuals can also rent studios or offices or co-work and hot desk in the Hamilton Hub. Coexist is setup as a community interest company and have incubated new creative projects and social businesses from conception to sustainability. **Redbrick House** is also a new creative coworking/studio space operating in Stokes Croft. The building consists of two floors of coworking space that enables both solitary and interactive working, open plan art studios and fixed desk floors for enterprises. The aim of the space is to encourage individuals to interact and collaborate with others in the industry by gaining contacts and generating opportunities in different areas. They plan to host 100 makers in the building over the next year.

6 Community energy

6.1 Bristol Energy

The Bristol Community Energy Fund is a scheme created by Bristol City Council to create a community energy movement in the city. The Fund will support local groups through grant and loan offers to fund their energy efficiency and sustainability projects and is part of the wider green agenda promoted by the city (Bristol was European Green Capital in 2015). Bristol Energy (operating in the Watershed, see above) is a gas and electricity company that offers fair and transparent electricity and gas tariffs for domestic and business customers across Bristol, the South West and nationwide. It challenges the *Big Six* energy companies who have dominated the energy market by engaging customers with an alternative way to buy their energy. They can offer electricity and gas at a fair price and is one of the UK's first municipal energy companies, wholly owned by Bristol City Council. This year the *Smart meter trial* will see 1,000 homes in Bristol given free access to some of the latest technology to help them save energy and spend less. By working with partners, community groups and

local charities they have a specific brief to reach some of the most vulnerable people and help them out of fuel poverty. Given the problems with energy prices faced by the manufacturing sector in Northern Ireland, it is important to note that they also launched a tariff for business customers, which will initially focus on the micro and SME business sectors.

7 Social finance and asset development

7.1 Bristol and Bath Regional Capital

We reviewed two examples of regionally bespoke social finance. Bristol and Bath Regional Capital's (BBRC) has been established recently to offer bespoke investment opportunities that provide both a financial and social return. It is a recognised CDFI (Community Development Financing Initiative). They work with local projects and social enterprises looking to grow, offering expert advice and access to loan and other finance at competitive rates. However, there is some concern that social finance lenders are taking a liberal view of *social* and will lend to any enterprise that can identify some form of ethical benefit. For critics, this is diluting the principles of social finance but for lenders, the pressure is to make bankable deals.

7.2 Bristol Together

Bristol Together is a Community Interest Company, who purchase, renovate and sell residential properties in order to provide construction training and employment to ex-offenders and long-term disadvantaged people in Bristol. The programme aims to create pathways to meaningful employment and thereby halt the cycle of re-offending and social exclusion. Their Corporate Finance team secured £1.6m of funding across two fundraises, both in the form of a five year bond issue. By recycling the proceeds of property sales, the funding will enable Bristol Together to acquire up to 40 properties over a five year period. Once refurbished, the formerly empty homes will be sold and the proceeds reinvested in the scheme, allowing further properties to be acquired and redeveloped. As the company is an accredited CDFI, individual private investors were able to attract Community Interest Tax Relief (CITR) on their investments, thereby creating a strong financial return.

An interesting political campaign has emerged around space in the city centre with the **Abolish Empty Office Buildings (AEOB)**, which has a mission 'to challenge the pattern of office and commercial buildings standing empty while there is a need for housing and to promote their use as an efficient alternative to building new homes.' There is 2.2 million square feet of unused office space in Bristol and AEOB aimed to raise £400,000 through donations and Community Shares. By March 2016, the Community Share issue had raised £360,000 and this has led to matched funding from Tridos Bank for the same amount and they are moving ahead with a small office block conversion to create four flats for approximately 10 people. The organisation hopes to develop another similar sized property which will provide an asset base of £1 million. They propose to offer 3% dividend on the share, which could make the organisation attractive to pension funds (Allen, 2016). The Stokes Cross area (see Coexist above) was in the news recently as one of Bristol's longest running squats has been removed to make way for a new development centred on restaurants and cafes. The new owner claimed that 'this is not gentrification; it's creating employment which is great for the area,' reported in the social enterprise arts paper **Bristol 24/7**. These examples illustrate the importance of lobbying around the rights to property and land in the city, especially in the Northside area. The overarching private property scheme has largely failed and there may be value, working through elected representatives in North Belfast, in mobilising a local campaign aimed at specific sites in the area.

8 Implications for EDT

- The **maker community** is a sector that needs to be researched further. In Bristol, there is profitable supply and demand, sufficient to support a high street retail social enterprise outlet. The art and design programme at Ulster University, IT and sonic arts and Queen's, the tech capacity and experience of the FabLab and the arts emphasis in the Cathedral Quarter highlights the need for a closer analysis of the sector.
- The business concept might be **maker space for rent** (such as Redbrick House or Hamilton House); tech based support with equipment related to the FabLab; and/or an accelerator product that could combine equipment, technical support and seed capital. The outcomes might be private businesses or hybrids in which existing social enterprises might have equity or wholly owned CLG/CiCs.
- There are a number of dimensions to housing including the **potential of a CLT**, although their legal scope would need to be evaluated. The technical assistance budget could be used to get a legal opinion on the interpretation of Northern Ireland law. This could link with the proposal for a housing refurbishment (training, design, build, rent/sale) social enterprise in North Belfast. Some of the financial models including the use of community shares and bonds could be explored in this work.
- **Retailing products from social enterprises** in communities and high street locations are also dependent on a volume and quality of supply as well as demand. Leakage from the neighbourhood economy is highest for comparisons and convenience good and interest in community supermarkets also suggests that this is an area for further analysis. To some extent, this will depend on the nature of the sector developed and the products being marketed.
- The success of the social economy in Bristol is influenced by a progressive policy and regulatory environment. The extent to which EDT **should lobby on legislative** change on say, CLTs, community asset transfer or social value in procurement is an issue that should be evaluated. It was noted that there are organisations already established with a policy brief but the idea of a more focused political campaign on the rights to Northside is an issue that might be considered.
- The **cluster based approach** in Bristol (and the Basque Country) highlights the importance of business-to-business relationships *within* the social economy; the importance of supply chains; collaborative tendering; and sharing resources. A better understanding of how sub-sectors work as clusters (if they do at all) will be important in thinking through the next generation of tech based social enterprises and how they might develop.

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