

日欧社会的企業比較研究センター  
サンダーランド SES シンポジウム

Japan-Europe Social Enterprise Comparative Research Centre  
Symposium with 'Sustainable Enterprise Strategies', Sunderland

英国インフラストラクチャー組織の成功に学ぶ—雇用創出、自治体との協働、ネットワーキング—

## Lessons from the Succession of an Infrastructure Organisation in the UK: job creation, collaboration and networking



2014年11月1日 14~17時  
明治大学グローバルフロント 2階 4021 教室  
**1<sup>st</sup> November, 2014 14:00-17:00 at Global Front 2F 4021**  
**Meiji University, Tokyo, Japan**





**Moderator of the symposium:  
Professor Takashi KOSEKI, Meiji University**



**Professor Yuichiro NAKAGAWA,  
Meiji University**



**Director, SES, Mr. Kevin Marquis**



**Professor Atsushi FUJII, Rikkyo University**



**Director, SES,  
Mr. Mark Heskett-Saddington**



**Professor Kohki HARADA,  
Rikkyo University**



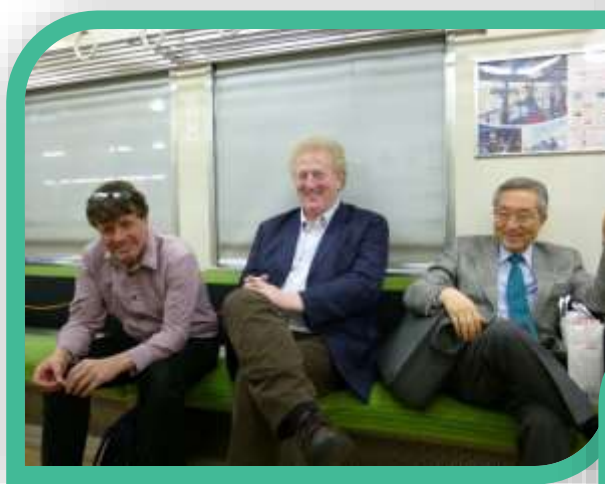
**Professor Toshikatsu YANAGISAWA,  
Meiji University**



At Palsystem (a consumer co-operative) in Tokyo ↓ →



At Kyoto Foundation for Positive Social Change



On a train in Kyoto



Study meeting at Kurashitokyo Research Institute in Kyoto

## Lessons from the Succession of an Infrastructure Organisation in the UK

英国インフラストラクチャー組織の成功に学ぶ



1<sup>st</sup> November, 2014 at Global Front 2F 4021, Meiji University, Tokyo

2014年11月1日 於 東京・明治大学グローバルフロント 2階 4021 教室

## Foreword

In 2012 a research centre on social enterprise in Japan and European countries was set up at Meiji University as a 'designated research project unit.' Initially, we named this centre the 'Japan-UK Social Enterprise Comparative Research Centre'. But as some distinguished practitioners who engage in business and movement of social enterprises and co-operatives in UK and Korea, not just researchers in Japan and UK, including graduate students at our University, have come to take part in our centre, the research area and content have grown more broad and diverse. Therefore the coverage of the countries we targeted for social enterprise research has spread, to France, Italy and Spain (mainly the Basque autonomous region). So we changed the name of our centre to the 'Japan-Europe Social Enterprise Comparative Research Centre'. It is this kind of theoretical and practical research process of our centre, actually, the ethos, that has been creating opportunities for 'consciously interlacing lively research activities and practical activities at home and overseas by every member' and this was what we have been aiming for.

And so, our centre organised an international symposium on 1<sup>st</sup> November, 2015 named 'Lessons from the Succession of an Infrastructure Organisation in the UK: job creation, collaboration and networking' with Mr. Mark Heskett-Saddington and Mr. Kevin Marquis who run an infrastructure organisation for social enterprise mainly in Sunderland in England. We would like to feel proud of having demonstrated, in some point through this symposium, the economic and social function of social enterprise at home and overseas and the entity of civic governance in local communities. Nevertheless, this international symposium is, if I may, a 'first try' for our centre. Therefore we must co-create the 'process of effort' which enables us to visualise future international symposiums and crystallise the 'capability' to share those fruits.

The international symposium above was developed based on the composition of 'reviews of subject, presentations and comments' as below:

Review of subject 1 **Impact of the Discovery of SES**, Yuichiro Nakagawa, Meiji University

Presentation 1 **SES's Business: How to set up Business and Assess its Value?**, Mark Heskett-Saddington, SES

Presentation 2 **SES: Promoting, developing and supporting Co-ops and Social Enterprise**



**in the North East of England**, Kevin Marquis, SES

Comment 1 **Public policy in the city of Sunderland**, Kohki Harada, Rikkyo University

Comment 2 **How we see the advantage of SES?**, Atsushi Fujii, Rikkyo University

Review of subject 2 **SES: Implications for Japanese researchers/practitioners**, Toshikatsu Yanagisawa, Meiji University

This book was compiled as a report of this first international symposium. The anterior half is written in English and the latter half is in Japanese. The reason of the compilation of these two languages is basically that our membership demand it though more than that. That is because of our goal of universality: we hope to contribute to the development of social enterprise (including co-operative and not-for-profit organisation) at home and overseas by transmitting the achievements of our 'Japan-Europe Social Enterprise Comparative Research.'

February, 2015

Japan-Europe Social Enterprise Comparative Research Centre  
Professor, Department of Political Science and Economics, Meiji University

Yuichiro NAKAGAWA





## はじめに

日本とヨーロッパ諸国の社会的企業の研究センターが「特定課題ユニット」として明治大学に登録されたのは2012年のことである。当初、われわれは本センターの名称を「日英社会的企業比較研究センター」としていたのであるが、本センターのメンバーシップとして、本学院生を含む日本およびイギリスの研究者だけでなく、イギリスと韓国において社会的企業や協同組合の事業と運動に指導的に関わっている著名な実践家にも参加してもらうようになるや、社会的企業の研究領域と研究内容が次第に広がりかつ多様となり、したがって、社会的企業研究の対象国もイギリスの他にフランス、イタリア、スペイン（特にバスク自治州）と増えたことから、われわれは本センターの名称を「日欧社会的企業比較研究センター」と改めた。本センターのこうした社会的企業の理論的と実践的な研究プロセスこそ、じつは、本センターが目標としてきた「すべてのメンバーによる国内外での活発な研究活動と実践活動の成果を意識的に結び合わせる」という機会を創り出してくれたエートスなのである。

本センターは、こうして、2014年11月1日（土曜日）に本学のグローバル・フロント（4021教室）において、イギリス・サンダーランド市を中心に社会的企業のインフラストラクチャー（中間支援組織）を担っているマーク・サディントン氏とケヴィン・マークイズ氏を招聘して、「英国インフラストラクチャー組織の成功に学ぶ：雇用創出、自治体との協働、そしてネットワークング」と題した国際シンポジウムを開催した。われわれは、このシンポジウムを通じて、国内外の社会的企業の経済的、社会的な機能と地域コミュニティにおける市民的ガバナンスの役割の実体（entity）とをある程度示唆することができた、と自負したいところである。とはいえ、本センターにとってこの国際シンポジウムは「最初の試み」という一少々遠慮した一位置づけであり、したがって、われわれとしては今後、次回および次々回の国際シンポジウムを透視し得る「努力のプロセス」を共に創造し、かつその成果を共有する‘capability’を具体化しなければならないだろう。

さて、上記の国際シンポジウムは「解題・報告・コメント」を中心に以下のような構成に基づいて展開された。

- 解題 1「SES 発見のインパクト」中川雄一郎（明治大学）
- 報告 1「SES の事業：ビジネス立ち上げの方法と社会的インパクトの測定」マーク・サディントン
- 報告 2「SES：協同組合の促進・発展・支援とイングランド東北部の社会的企業」ケヴィン・マークイズ
- コメント 1「サンダーランド市の行政政策」原田晃樹（立教大学）
- コメント 2「SES の優位性を見る視点」藤井敦史（立教大学）
- 解題 2「SES の実践が日本の社会的企業の研究・実践に与える示唆」柳澤敏勝（明治大学）

本書は、このようにして開催された第1回の国際シンポジウムの内容をまとめたものである。本書の前半は英語で記載し、後半は日本語で記載されている。英語と日本語の併記としたのは、基本的には本センターのメンバーシップがそうすることを求めているからであるが、それだけではない。それは、われわれの「日欧社会的企業比較研究」の成果を本センターから発信することによって国内外の（協同組合や他の非営利・協同組織を含め）社会的企業の発展に寄与したい、とのわれわれの普遍性を求める意識によるものでもある。

2015年2月

日欧社会的企業比較研究センター 代表  
明治大学政治経済学部 教授  
中川 雄一郎

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## Review of subject 1

# Impact of the Discovery of SES

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*Professor Yuichiro Nakagawa, Meiji University*

As the first speaker today, I am going to speak of “the impact of the discovery of SES”. This topic goes back to 2002. It began in September 2002, I visited SES with Professor Yanagisawa at Meiji University, Professor Oshio at Meiji University and Professor Sato at Ritsumeikan University. At the time, SES was called “Social Enterprise Sunderland” (at the present, Sustainable Enterprise Strategies). The main purpose for our visit to SES was to ask about “social enterprise”, namely, “what does social enterprise mean?”, that is to say, to understand SES’s various business activities, and its not-for-profit activities.



We visited them with the intention of starting the first full-fledged research on social enterprise in Japan, recognising that we would gather many different data and materials from SES as the first social enterprise that we would visit. The persons who attended to our first visit, and introduced to us activities are Mr. Mark Heskett-Saddington and Mr. Kevin Marquis, who will soon present SES’s work and strategies and their approaches, and Mr. Geoff Dodds who is in Sunderland.

Needless to say, we did not visit SES without first researching new approaches in British social enterprises. We also were familiar with a certain speech titled “Bringing Britain Together” given by Mr. Tony Blair in December 8th, 1997, who became the Prime minister after Labour’s landslide victory in the British general election in 1997, and we recognized to some extent the government’s socio-economic policy suggested by his speech. We thought that his speech was quite clear. I would like to read out a passage of the speech here.



My political philosophy is simple. Individuals prosper in a strong and active community of citizens. But Britain cannot be a strong community, cannot be one nation, when there are so many families experiencing a third generation of unemployment, when so many pensioners live on crime-ridden housing estates and are afraid to go out, when thousands of truant children spend their days hanging round on street corners. (Blair, Tony(1997) 'Bringing Britain together')

As is well-known, this speech was an appeal for establishing the Social Exclusion Unit to prevent social exclusion and to make social inclusion socially extend and penetrate. Indeed, just as Mr. Tony Blair thought, we also had the idea of linking “social inclusion” to “social enterprise”.

After four years, Ms. Patricia Hewitt, the Secretary of State for Trade and Industry in 2001, argued that “social enterprise is reforming the public sector and establishing enterprises in communities in extremely disadvantaged, underprivileged circumstances, and the government will continue to face challenges in these two vital areas”. This argument was linked up with the paper “Social Enterprise: A Strategy for Success” published by the Ministry of Trade and Industry in July 2002. Needless to say, “Social Enterprise” propounded positive strategies social enterprises might use to make a go of their businesses, arguing that they are dynamic and progressive, and that they may successfully perform their businesses in order to improve and develop the local community. It was in September 2002 that we visited SES, so it was two months beforehand, in July, that this “Strategy for Success” was released, and we, in our own way, came to learn a bit about social enterprise.

Now, we rented a car, had Professor Yanagisawa drive, and rode to Sunderland for our visit. It was the first time I had been there. Speaking for ourselves, though, I was involved in researching some experiments in community co-operatives, community businesses and community enterprises which were developing in Scotland in the 1970s, and in the ICOM—Industrial Common Ownership Movement—from the 80s to the 90s, so, based on that knowledge, I sent a letter saying that we would like to visit the SES. I got a reply to my request, and it was arranged for us to visit.

As you know, the SES is what we call in Japanese an “intermediary support organisation”, namely, an organisation that provides guidance to support social enterprises (in the present day, we call it “infrastructure organisation” rather than “intermediary support organisation”). I remember that in our first visit to SES in September 2002, there were only

19 social enterprises under the umbrella of SES. However, in the present day, there are about 80 under its umbrella, and I believe that SES has led about 250 related various social enterprises, including networks.

What our research team experienced in relation to the development processes of SES was that we were greatly impacted by the “Co-operative Identity” and “Social Enterprise Identity” which SES’s membership have continued to argue as their basic idea. For instance, Mrs. Margaret Elliott, the chair of directors of Sunderland Home Care Associates (SHCA, and at present, Care and Share Associates) —which is a care co-operative based on employee ownership—told us that the identity of SHCA is “to respect human dignity through community care”, and her words have deeply impressed us with the importance of “Co-operative Identity” or “Co-operative Ideology”.

I visited SES in September of the following year because a community primary school led and supported by SES was created in December 2002. The chair of governors in this community primary school was Mr. Geoff Dodds of SES, who told to me that the most important purpose of the community school is to “realise a regeneration of local community” over a long span of time. Mr. Dodds’s words, to “realise the regeneration of local community” strongly attracted my attention, and I recollected how important it is to have a good identity or ideology for the governors at the school and SES membership supporting them, in order to achieve and realise the purpose.

The full name of the community school is the “Valley Road Community Primary School” (VRCPS). I read the “School Prospectus of VRCPS” published in September 2003, and realised clearly that identity or ideology might constitute the most important part of movements for community regeneration. In other words, I understood that if we strive to build the co-operative movement or social enterprise movement, we may not be able to achieve and realise each purpose and goal without a more accurate identity or ideology of each movement.

I don’t have time, so I think I will end by reading part of this prospectus (“Chair of Governors Statement”).

The vision of the Governors is to create a school that is at the heart of the community and has the community at its heart. We wish to provide the building, staff and resources to provide the services that fulfil the whole community’s needs. The staff, building and



resources are of high quality and the users enabled to attain the highest possible standards of achievement.

We also believe that the building and site should be 'open all hours' and that the management of the school is open, transparent, representative, responsive and pro-active. In short, whatever needs a child or adult has in order to develop to their full potential will be embraced and developed, at the corresponding level of quality, at the school.

I received a comfortable shock rather than a great impact when I read the School Prospectus. I felt "ah – that's it". There are many social enterprises in Britain, and therefore, I believed that this vision of VRCPS was applicable to other social enterprises in view of circumstances of each local community and neighbouring country. When we consider what approach we should take, if we understand and recognise these identities and ideologies with VRCPS, then I think we should be able to nurture social enterprises that will act as "communication communities", and that will have an immense importance and a positive significance locally.

The name of SES changed from Social Enterprise Sunderland to Sustainable Enterprise Strategies, but I feel that its identity and ideology are unwavering. I continue to have high hopes for it.

It is a simple thing, but as the very first person on stage here today, I think that I could play my part to tell you something of the essence of SES, Thank you very much.



## Presentation 1

# SES's Business: How to set up Business and Assess its Value?

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*Mr. Mark Heskett-Saddington, Director, SES*

### Value and the Outline of SES

First of all I wish to thank Professor Nakagawa, Meiji University for inviting Kevin Marquis and myself to Meiji University, Tokyo, Japan. The visit has been informative and we have acquired greater knowledge and understanding of the social enterprise sector within Japanese economy especially in relation to realignment of public service delivery. It is with great pleasure to allow me to speak and present at this social enterprise symposium within Meiji University.



SES (Sustainable Enterprise Strategies) is a social enterprise company has been trading for over 3 decades; its history belongs to the housing co-operative movement of the 1970s within the city of Sunderland. SES's vision has not really changed for 30 years, namely to use enterprise in all its forms to challenge poverty and inequality within our society based on evidence-based impact analysis (Social Accounting & Audit Reporting)

We still have the same values, and those values are a 1) belief in a fairer and equitable society, 2) respecting individuals as individuals, what you shouldn't do is to force the individual into a government structure but to change structures to fit around individual needs, 3) we

believe that cooperation is a force for goals in self-help and positive for change, and finally 4) to be honest, open, approachable and accountable to our investors and stakeholders.

There are five main areas of work that SES deals with, mentoring, advice and guidance on all aspects of social enterprise and co-operative business; this includes one-to-one counselling and mentoring. This is then complemented by business support training providing formalised workshops in business plan preparation, accountancy, governance, tax, credit control (how to get money in), marketing, promotion, profit / loss, cash flow etc. We also carry out paid consultancy work, where we get paid to carry out business plans, to work with large co-operatives, to prepare business plan for investment, example include Seaham Harbour Marina CIC, Investing in Children Co-op. We design and build social enterprise workspace in which we rent to individual social enterprises and co-operatives, at present we have 2 social enterprise work space namely the Co-operative Centre in Sunderland and the Mission in North Tyneside. These workspaces act a catalyst and/or social enterprise Hub to develop and grow more co-operatives and social enterprises.

First of all, it may useful to paint a picture of the City of Sunderland in order to understand the context that we are working from. Sunderland has a population of 270,000, the City has a working age population of 178,000. Self-employment rate in Sunderland is very low compared to UK, 5.1% as opposed to 9.8% nationally. Unemployment is high 11.3%, nationally it's around about 7%. Key out of work benefits is 15% as opposed to the national average of 10%. A good example is that London's business start-up population stands 75% whilst Sunderland stands at 22%, so you can see the big chasm between London and North East. Sunderland is very similar in terms of economic / socio profiles to Warrington and Grimsby conurbations, yet both these areas have rates double to that of Sunderland, 44.9% and 46.9% respectively.

What we do is not new, Co-operatives have been around since 1848. However, I note that there have been 4 distinctive trends within co-operative and social enterprises over the last 100 years.

The first one, having the longest antecedents is the Co-operative Movement itself 1848, Rochdale Pioneers 1848, 'businesses' that are based on the 7 co-operative principles, in essence, the purest form of co-operatives, Spain, Italy and France providemany good examples.





The second trend is what I would call is the European Economic Inclusion Perspective , community enterprise businesses that occurred within the late 1970's within the backdrop of the decline of large scale industrial processes i.e. the decline of staple industries such as shipbuilding, coal mining, heavy engineering, de-industrialization of large scale regions such as North East England, Glasgow, South Wales which resulted in massive unemployment and poverty resulting in innovative policy interventions from Europe which concentrated upon employment / enterprise creation projects within these areas of de-industrialisation. At that time in the 1970s and early 1980's, unemployment rates were about 25% or 30% and even 70% in hard-pressed communities of the North East. What we witnessed was the emergence of community enterprise / community businesses which employed local unemployed people to carry out work – this provided the foundations for a number of innovative co-operatives such as Govern Workshops.

The third trend relates Tony Blair 1997 came to power and he defined social enterprise a 'not for profit', that is, a 'value-led', 'market-driven' organisation, However, I feel that this definition is rather limited owing to the fact that it means all things to all people, To me, it's too much of a wide description of what social enterprise is. In many ways what this model demonstrates is a celebration of the individual as opposed to the collective action of a co-operative tackling inequality and poverty via business trading activity.

The fourth model is what I would class as 'Municipal Mutualism', which is sponsored or championed by the Conservatives, Cameron's 'Big Society' and Respublica Think Tank, I have some sympathy for those indicating think that is a potential 'backdoor method' of privatisation of the public sector within the UK. However, the movement for 'Municipal Mutualism' has provided opportunities for co-operatives to start up and grow.

### **Distinctiveness of SES**

What makes SES special and different from other social enterprises is that we go out and prospect for business ideas and enterprise action. As they say in UK "Pennies do not come from the sky, you have to go and look for opportunities" - So we are very much pro-active not passive or reactive in generating social enterprise action.



We target those most disadvantaged within the labour market, women, long-term unemployed, ethnic minorities. We'll also look at the individual as a whole, there may be a business need to be addressed BUT potential issues / or problems within the family household such as Literacy / Indebtedness may also have to be addressed in order to successfully to manage the 'transition' from poverty or social isolation into a social enterprise or co-operative.

Our approach is not natural or passive; it's an **active** intervention. As they say in the UK We're are prepared to get or hands dirty, a hands on approach to the job at hand i.e. get on with it so we're not a passive player. We're quite partisan in our approach, we work with local people, encourage people, push people and support people into self-employment and social enterprise.

Because of what we do, we're are not seen as part of the system, part of government, we're seen as separate almost a trusted organisation and which is important. In addition SES has a federal view of sustainable development. At times it's best to place or plant a social enterprise idea, encourage and to provide support to the fledging social enterprise whilst devising an exit strategy for SES in order to ensure that the individual and/or group of people grow and develop their social business trading idea to become autonomous from SES although seeking technical business advice from SES on 'an as when only basis'.

Following two slides [slide number: 7, 8] are the images or pictures of SES's community anchors and/or Hubs. This is our office in Hendon made of recycled shipping containers where we rent space to social enterprises. The other example relates a social enterprise within Seaham Harbour – an old coalmine Harbour Town 3 miles outside Sunderland. SES provided all the technical business case development for this social enterprise, attracting £3.8m of investment to build a social enterprise workspace and Harbour Pontoon development. Seaham Harbour Marina CIC now exists and has a £300k yearly turnover from rental streams whilst providing a Hub or Catalyst for future social enterprise development that is sustainable – a legacy for social enterprise. This is a good example or SES Federal approach to Sustainable Development, Seaham Harbour Marina CIC is not reliant on SES, and they determine and set their own business development process.

### **Process of supporting entrepreneurs**

This next slide [9] tries to describe how we do our work, how we carry out work. The most important stage to me in order to facilitate and/or new business start-up's, how to capture the



imagination and engage the individual or group of individuals is the essential step to create a business, developing a supportive and partisan relationship with the individual is paramount. If you don't get that right, you will never get to here – you will not facilitate or create a social enterprise or a traditional business start up from the community.

If you don't get the people engaged in the first instance you never get a business started. The technical aspects of business are not difficult - it's about finance, it's about marketing, it's about tactics and strategy, those can be taught but if you don't capture the imagination and engage the individual who has driven, passion and vision to go forward, you'll never get a business. I refer you to the slide and you notice that we don't talk about technical business aspects here.

We plant the seed and nurture the individual then look technical aspects of business. The bottom line of the slide [9] just describes the traditional business cycle from pre-startup to startup, to starting up and growth.

This next slide [10] tries and reinforces that message above. The first and the most important stage of our business development process is the stage one, the **pre-pre-start-up stage**, how you capture the person's imagination, how you relate to and support the individual (almost developing a 'personal' relationship) use of local people who started a micro enterprise as positive role models (We don't use powerful business people here rather just simple local shop owners and/or local plumbers etc. who are known and are recognised within the community). The idea at this stage is the development of 'trust' and addressing actual and perceived barriers with the individual, at this stage many of these barriers or obstacles do not relate to 'technical aspects of business' but rather family / household issues, indebtedness, lack of confidence etc. This stage is the most important stage of our approach; we invest more resources within stage 1 of SES business start-up approach than any other of the 4 stages.

Stage 2 (**Ideas Stage**) is about planting the idea, the seed, trying to get people to visualize that it can be done, reinforces the view that person could be in business for themselves in a year's time or two years' time. At this stage, we try and develop a co-produced action plan with the individual identifying the barriers or obstacles whilst designing pathways or routes of action to overcome identified barriers and/or obstacles on the road to starting their business idea.



Stages 3 **Start-up Stage** and stage 4 **Post start-up stage** are I would suggest the easier elements of the business start-up process. It's about financial management and control, business management, marketing strategy and promotion plans, governance arrangements of company /business, design tender library and control systems, identifying USP's and added value of your products and services.

Stage Five, **Growth Stage** is about supporting the individual and their business in relation to sustaining and growing their business, developing metrics to assist in identifying new markets, products and/or services, refining investment readiness of the business, explore replication and/or collaboration opportunities.

However within all these 5 stages of business start creation the 'individual' is the essential person. The following slide [11] demonstrates our business-training matrix that we utilise throughout the 5 stages of SES's business start-up process. Most of this work is via one-to-one business support, with the occasional training workshops it calls for business planning, to commercial modeling and testing, proofing financial assumption, sale levels and costs and then financial planning etc. It increases the intensity as you go across.

Next slide [12] is our performance, 2012 to 2014. On the left hand side, it is 324 new business starts. They were the sole traders, not social enterprises, of which 82% were unemployed people from hard-pressed poor communities, of which 45% were female business starts, which is treble than the UK national female business start rate of 14%. Survival rates of these new business starts are between 70%-75% after 2 years, so that's quite a sustainable business. The impact of which we would argue is substantial given the fact that 85% of these new business starts were long-term unemployed. These micro businesses are very small, 1 person based businesses employing 1 or 2 members of staff, they have small turnovers but they are sustainable business i.e. good survival rates after 2 years.

On the other section of the side, the social enterprise it shows that we have 215 directly supported SES social enterprises, of which they have a combined yearly turnover of £35m and employ 2,000 + local people, largely from hard-pressed / poverty based communities of Sunderland and Tyneside.



As you can see social enterprises usually have bigger turnovers when compared with SES's traditional small business start-ups. 78% of SES social enterprises are women-led /women directors, so that might explain something about North Eastern women or how SES's method of work is effective in working with women. The UK national Social enterprise Female rate stands around 50%, so we are out performing this national metric.

## Social Impact

SES designs and implements independently verified Social Accounts & Audit reports. These accounts demonstrate that SES does make a difference, for example, 87% of the businesses reported that SES made a difference to their lives, 89% of these businesses reported a better understanding of business, so I think, we do make a difference to the people in the community.

Next slide [13] reflects a number of drivers for co-operative / social enterprise starts and business growth. As previously noted Public Sector reform within the UK, is a potential a backdoor method to privatisation however new public service delivery methods and austerity measure can and do provide opportunities for co-operatives and social enterprises. I think that what's happened in the world over last 7 years, people are reflecting upon the effects and impact of global capitalism - a sense that it's not working, it's not delivering the goods! As a consequence, people are 'rethinking' on how goods and services are distributed within communities - looking at self-help micro economic solutions to micro community problems, the public and/or private sectors of the economy are ignoring such local issues. I think the 'Green Agenda' i.e. energy when recycled is a great driver of social enterprises, creative industries, health and care, ageing population, increasing demands of health, leisure, sport, housing are great drivers for social enterprises within the UK.

Two minutes on social impact measurement. Why would we carry out social impact measure is important. We have four stages of social accounting and it's very important to use that because it demonstrates the impact on the individual, on the family and society of your activity. The four stage of our Social Accounting and Audit methodology are as follows: First stage is *Understanding the changes*, that's about the theory of change, about the causal relationship, about your action and what the inevitable consequence is, both positive and negative, so that's understanding change, that's to understand who you are, what you are and that's called 'Theory of Change'.



The Second stage: is *How do we know that we'll make change, or make a difference?* Is that all stakeholders get together and agree on data capture methods, common metrics and indicators to track and measure the intended and unintended change and impact.

The Third stage: *What is the difference that you are making?* Relates to data analysis, metrics and report drafting that incorporates your theory change, findings, observations and recommendations.

The Forth Stage: *Can you prove that you have made a difference?* Relates to the role of the independent Social Audit Panel which verifies the observations and findings of the draft social accounts. So, it's not just what we are saying, we get an external body who integrates and examines the data and records it order to verify the work we carry out. That's very important to us.

SES Social Accounts contributes to SES business planning approach, the approach helps to develop and refine our central management systems and procedures, aids our marketing strategy and promotion by providing metrics and stories, helps SES to identify and/or refine new products and services, our Social Accounts aids internal and external communication whilst demonstrating the impact and difference SES activities have upon individuals and communities.

Thank you for your time, please contact me any time if you require additional information and/or clarification [Mark@ses.coop](mailto:Mark@ses.coop) or have a look at our web site <http://www.ses.coop>



# SES Work & Impact

Symposium on 1<sup>st</sup> November, 2014 at Meiji University  
***Learn From the Succession of an Infrastructure Organisation  
 in UK: job creation, collaboration and networking***

Center for Japan-UK Social Enterprise Research

Meiji University Tokyo

[cse@meiji.ac.jp](mailto:cse@meiji.ac.jp)

**Mark Heskett-Saddington**

**Director SES**

[mark@ses.coop](mailto:mark@ses.coop)

<http://www.ses.coop>



1

# SES Vision & Values

**SES:** A Social Enterprise, registered as a CIC with Shares, trading for over 32 years within Wearside and the North East. SES is embedded within Wearside Co-op movement of the early 70's

**SES Vision:**

*To use enterprise in all its forms to challenge issues of poverty and inequality within the North East of England – underpinned by an evidence-based approach to our work.*

**SES Values:**

- A belief in a more equitable and inclusive society
- Respecting all people as individuals and recognising their worth
- A belief that co-operation and self-help are creative forces for change
- Being honest, accessible, approachable and accountable



2

## SES Core Services

- **Mentoring, advice and guidance** – on all business planning aspects of Mutual & traditional business start-up and growth – SFEDI
- **Business support Training** – In all aspects of running a traditional business, co-operative, mutual, social enterprise and CVS
- **Consultancy** – on business case development, project feasibility, measuring impact, project evaluation, business plans, identifying and researching potential business drivers
- **Workspace** – a range of meeting rooms and business units to hire or rent within North Tyneside (The Seaman's Mission) and City of Sunderland (The Co-operative Centre)
- **Community Anchors**



3

## Profile of City of Sunderland

<http://www.labourmarketnortheast.co.uk>

S/land Population 276,100  
Working Age Population 178,200

	<b>S/L</b>	<b>GB</b>
Self-Employment	5.1%	9.8%
Unemployment	11.3%	7.2%
JSA	3.7%	2.4%
Key out of Work		
Benefits	15.6%	10.6%

8.6% fewer Bus starts compared to last year 2014 in S/L

[http://www.centreforcities.org/assets/files/2014/Cities\\_Outlook\\_2014.pdf](http://www.centreforcities.org/assets/files/2014/Cities_Outlook_2014.pdf)

<http://www.centreforcities.org/research/2014/06/24/businessoutlook14/>

### **B/S per 100,000 pop**

London	75.5%
Grimbsy	46.6%
Warrington	44.9%
S/land	22.5%

### **Business Density**

London	463.8
S/Land	175.5
last (64 out 64 Uk Cities)	

### **JSA**

S/land	4.4%
Cambridge	1.4%



4



## Social Enterprise: Not New!

**Co-operative / democratic management: (Rochdale 1848)** This particular definition has the oldest antecedents. It views social enterprises in terms of mutualism / co-operative principle and with democratic forms of enterprise collective management. Europe very strong on Co-op ie Italy Spain

**European economic inclusion late 70's – 90's : (Delors)** Strong in European policies for the last 3 decades. This is rooted in social inclusion agenda, positive employment interventions, community engagement, enterprise & co-operatives action - routes to promote learning, working and enterprising localities.

**Social Enterprises (Blair)** wide definition of 'not for profit'. It views trading enterprises operating in a relatively normal market place '*Value led – market driven*' ethos. – move from grant to income , CIC structures & celebrating individual!

**Municipal Mutualism: (Camron Big Society Republica)** Public sector transformation – global financial crisis, a view that state is a less effective deliverer. Commissioners inevitable have to look for fresh, more effective ways to purchase products and services. New models of service delivery re Mutuals, Coops trading charities – move from grant to income – embedded in New EU **2014-20**



## SES USP's - Capture Imagination!

- Pro Active approach to Enterprise
- Targeting hard-pressed or under-represented
- Evidence based work - SA & SROI
- Providing a holistic & integrated package
- Providing more 'hands on' 'intensive' 'dirty' approach
- Promoting Social Enterprise as a business model
- A greater reach than mainstream
- Seen as not part of the 'system'
- Are local, accessible and trusted
- 'Enterprising' identities that address market failure
- A sense of ownership, self-help & autonomy
- A Strawberry Field Approach



## SES Mutual Enterprise Anchors: Strawberry Field Approach



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## SES Mutual Enterprise Anchors: Strawberry Field Approach (SHCIC)



8

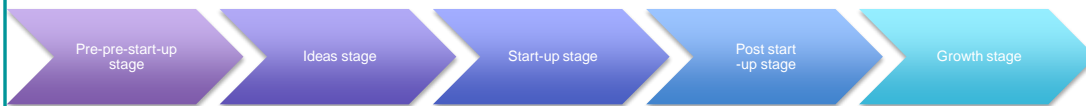


## SES: Prospecting for Enterprise™ – Process & Business cycle

### Process



### Businesses Cycle



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## SES: Prospecting for Enterprise™ 5 stage Business Support

### 1) Pre-pre-start-up Stage

- Targeting, engaging and generating interest from residents through:
  - Peripatetic, estate-based engagement model
  - Identifying 'local' enterprise heroes
  - Providing 'taster' workshops
  - Discussing opportunities & Barriers
  - Money MOT Check – benefit transition

### 2) Ideas Stage

- Developing trust and assessing needs,
- Delivering targeted Enterprise workshops
- Providing 1.1 individual business support
- Ideas bank – generating, testing business ideas
- Financial capability – 'benefit transition'

### 3) Start-up Stage

- Developing the business plan by:
  - Reviewing skills & resources
  - Financial Capability – 'benefit' transition
  - Drafting Business Plan
  - Investment readiness
  - Compliance, Tax, NI, Health/safety, Banking

### 4) Post start-up stage

- Implementing the business by:
  - Starting to operate the business
  - Community Enterprise mentoring
  - Maintaining motivation & business support

### 5) Growth stage

- Maintaining motivation & business
- Monitoring, identifying strengths and weakness
- Sustaining growth

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## SES: Prospecting for Enterprise™

### SES: Prospecting for Enterprise Matrix™

Primary Discipline	First Level	Second Level	Third Level
Business Planning	Business Plan	Commercial Modeling	Financial Planning
Legal advice	Legal Structures	Contract planning	Contract delivery & compliance
Market Research	Opportunity Identification	Opportunity Evaluation	Market Testing
Marketing Sales	Marketing Strategy	Marketing Design	Marketing Implementation
Financial Planning	Budget Writing	Cash flow / Profit Loss	Credit Control
Performance Indicators	Contingency Planning	Strategy Management	Business Review
Impact USP's Analysis	Capturing Metrics	KPI & performance monitoring	Analysing added value, products, services
Policies and Method Statements	HR matters and advice	Managing & Compliance	Learning & evaluation

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## SES Performance 2012-14 SROI & Social Accounts (pending)

- 324 new business starts
- 265 (82%) of these were unemployed
- 45% of these business starts were female (nationally 15%)
- 375 local jobs created.
- 73% survival rate @ 52 weeks
- 71% survival rate @ 78 weeks
- 69% survival rate @ 102 weeks
- £6.7m turnover among these businesses
- £529,000 worth of tax to HMRC by these businesses
- £2.39m welfare saving to DWP by these businesses
- £1.2m increased disposable income
- **Average turnover after 2 yrs £23,789**
- **Average number of staff after 2 yrs 1.26**
- 36 new social enterprise
- 215 social enterprises
- Combined £35.4m annual turnover
- 2040 employees of these SE's
- **Average turnover after 2 yrs £168,565**
- **78% Female led**
- **Average number of staff after 2 yrs 8.5**
- 87% of businesses reported SES made a difference
- 89% of businesses reported better understanding of businesses
- 89% of businesses reported increased performance via SES

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## SES Drivers for Co-ops

- Public Sector Reform – e.g. Co-operative Council Network - *Mutualisation*
- Economic Realignment – A rethink!
- Green – Energy/ Wind / Recycle /Upcycle
- Creative Industries, arts, music, culture
- Health & Care services
- Leisure / Sport
- Housing – HA, RSL's

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## Why is assessing social impact important?

- Tell a compelling story of what we are trying to do?
- Paint picture of change & Impact that is verified
- Evidence based methodology to **Prove, Improve & Account**
- Social enterprise's core business is about social, environmental and economic impacts and values – so demonstrate it.....!
- Some other reasons.....

### Internal...

Strategic planning  
New USP's, products & Services  
Learning/development  
On-going improvement  
Communication

### External...

Attracting investors  
Accreditation/regulators  
Tendering for contracts  
Return on Investment approaches  
Building relationships  
Identifying partners / consortia

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## Why Measure Impact?

- Tell a compelling story of what we are trying to do.
- Mutuals – evidence based methodology to *Prove, Improve & Account*
- Investors seeking Value & Impact
- Creating Investment Bids
- Social Value Act 2012
- GP fund holding
- Public Health Integration
- Health & Social Care Act
- Open Public Service Act
- Externalisation
- Localism
- Differentiate mutual from 'for Profit'
- Improve Credibility of mutual
- Inspire Staff & Volunteers
- Attract Capital?
- Children's and Family Bill 2013
- Financial austerity
- Increased competition
- Very crowded train platform
- Identification of USP's
- Nurture business relationships
- New consortia / partnerships
- Good source for Marketing
- Spending reviews = Mutuals

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## What is the difference that SES activities make? – SES 4 stages of Social Accounts

**Understanding the changes.** Undertake stakeholder analysis (beneficiaries, users, investors, customers and visitors) and agree to a SES Theory of Change, vision, mission, values, inputs, activities, benchmarks, indicators outputs, outcomes and impact.

**How do we know that SES is making a difference?** All Stakeholders (investors, users, beneficiaries, businesses and suppliers) contribute to the design of data capture systems (focus groups, user questionnaires, structured interviews) to track and measure via agreed indicators the causal relationship of SES activity to our intended impact.

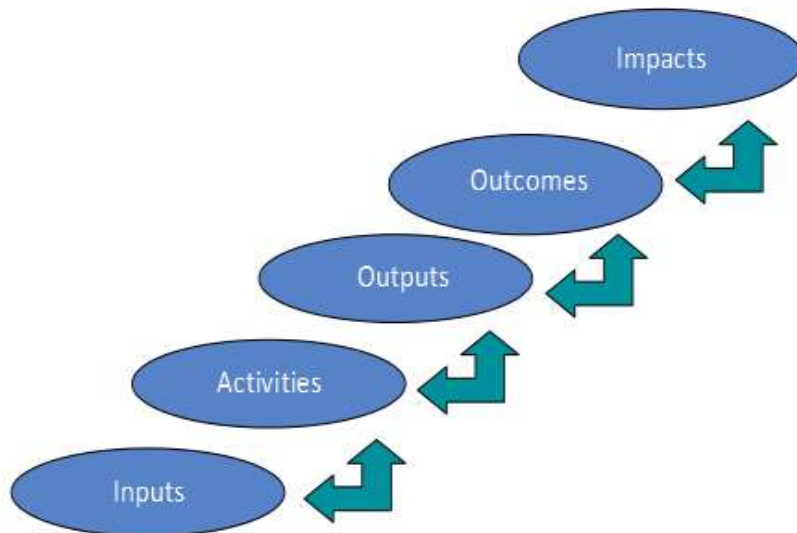
**What is the difference that SES is making?** Analysing data and drafting the Social Accounts, which incorporates the above theory of change, scope, omissions, performance, benchmarks, stakeholder questionnaires/interviews, case studies, focus groups, attribution analysis, key findings and recommendations.

**Can we prove that we have made a difference?** An independent Social Audit Panel then verifies the Social Accounts by interrogating the evidence base. The Panel issues a signed statement that identifies issues that can be addressed in the next Accounting Cycle, i.e. the following year.

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# SES Theory of Change

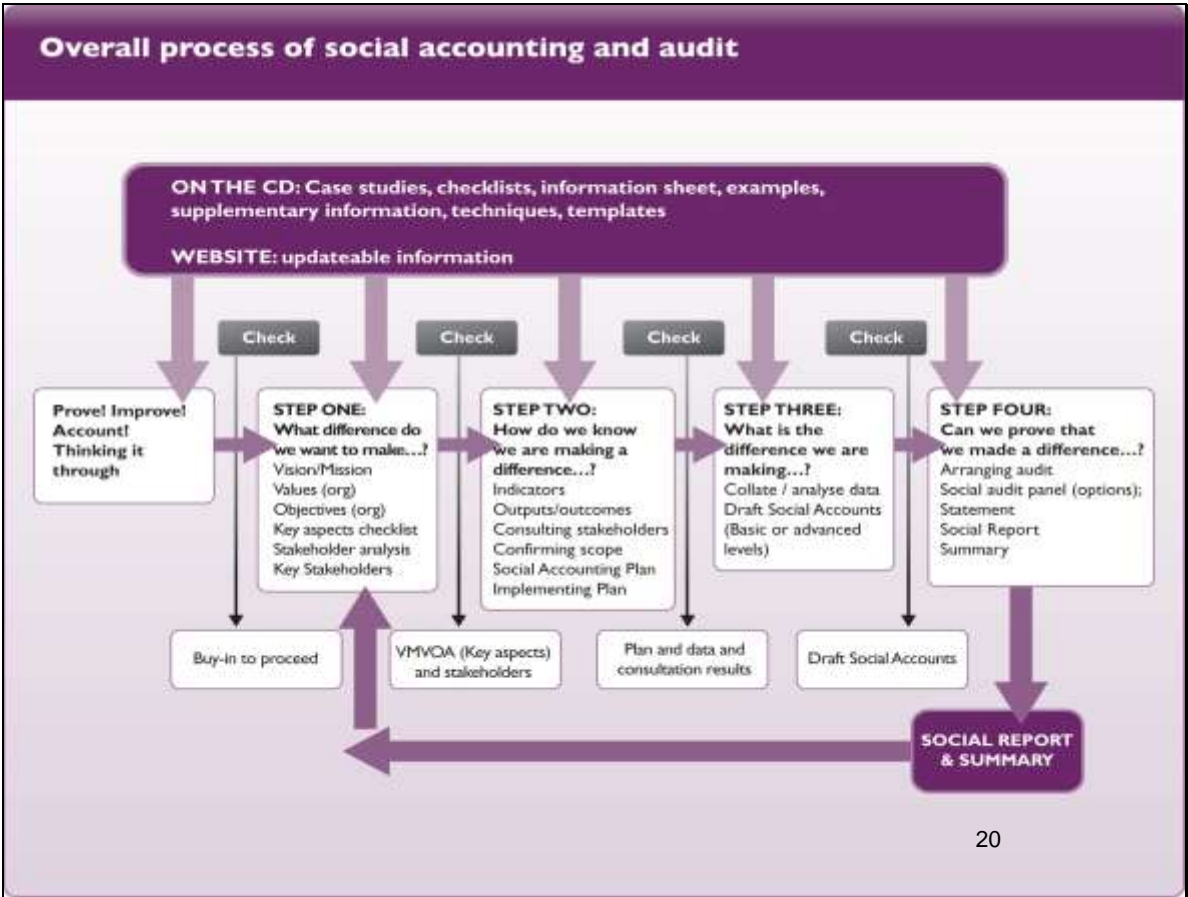


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## SES Theory of Change 2013-14

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
Staff & Management costs £295,000  ERDF £120,000  MSP Cabinet office £30,000  NEA £26,000  Capital Build £1.8m	Business Start-up	324 new businesses 265 business starts went unemployed 145 Female business-starts 375 jobs created £6.7m turnover among these businesses	Reduction of shadow economy  Increased economic resilience  Increased self-employment growth	69% survival rates @ 24 months 87% of starts said SES made a difference to them 89% had a better understanding of business £1.2m increased disposable personal income £2.39 welfare benefits saved (Treasury)
	Social Enterprise Start & Growth	36 new social enterprise (SE) start-ups 245 Social Enterprises Supported SEs have £24.2m annual turnover SEs employ 1,438 people	Increased personal wealth  Increased NE jobs created among unemployed	93% survival rate @ 24 months 186 (76%) female directors/managers 89% reported increased performance via SES
	Asset Development	SES Co-op Workspace Open Sefton Harbour Marina CIC opens	Increased spend in the local economy	28 social enterprises trading 87 jobs created
	Mutual Externalisations	3 LA Externalisations £967,000 turnover 19 Employees 1 LATIC = 1,300 employees £33m annual turnover	Increased confidence  Increased business growth in the local economy	1,235 sqm new Workspace opens 29 SME workshop units for rent 1 x 75 berth pontoon 1 heliport of land purchased 4 hectares of brownfield site improved





## Example of SE Outcome

**C) Commissioner / Business Perspective**

**Overall Aim:** To enable organisations to become more effective and efficient in delivering services that reflect the specific needs of children and young people.

**Activity 1: To enhance the efficiency and effectiveness of the organisation's service delivery**

Specific Aims	Outcomes	Outcome Indicators	Data Collection Methods	By Whom?
a) To increase the reach and involvement of strategic investors in service development and delivery	<ul style="list-style-type: none"> <li>Customer / organisation will gain;</li> <li>Verified evidence based work.</li> <li>Increased opportunities of working with CYP to improve service delivery</li> <li>Increased national recognition of quality mark</li> <li>Increased understanding of Result Based Management</li> <li>Increased knowledge of social impact measurement</li> <li>Increased consortia opportunities</li> <li>Increased USP's / added value</li> <li>Increased understanding of best practice / guidance in service delivery</li> </ul>	<ul style="list-style-type: none"> <li>Extent to which customers report they have;</li> <li>improved access to young people centred research</li> <li>Quality of research reported by external organisations</li> <li>improved services that meet the specific needs of children and young people</li> <li>improved monitoring and assessment skills</li> <li>improved knowledge of social impact measurement</li> <li>improved partnership working and increased opportunities for partnership working with other members</li> <li>No. of kite mark awards/reports</li> <li>Customer data base Profile analysis</li> <li>Increased recognition of evidence Results Based Management via quality mark</li> </ul>	<ul style="list-style-type: none"> <li>Membership data Base</li> <li>Representative sample of Structured Interviews with customers</li> <li>Membership Survey</li> <li>CYP satisfaction Surveys</li> <li>Minutes of Customer Focus Group</li> <li>Mystery shopper reports</li> </ul>	<p>???? to delegate and monitor methods of data capture to respective workers</p> <p>??? to provide monthly/quarterly membership report</p> <p>??? via monthly /quarterly reports ensure compliance and direction</p>
b) To increase CYP voice in shaping future service delivery.				
c) To enable CYP to become active citizens				
d) To increase access to kite mark awards among membership organisations				

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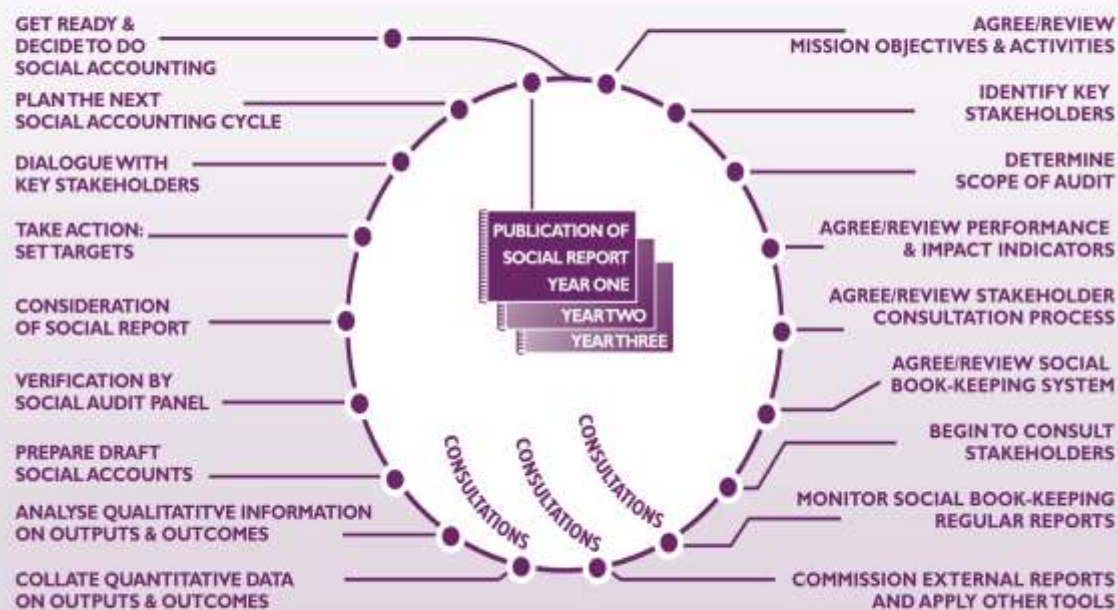


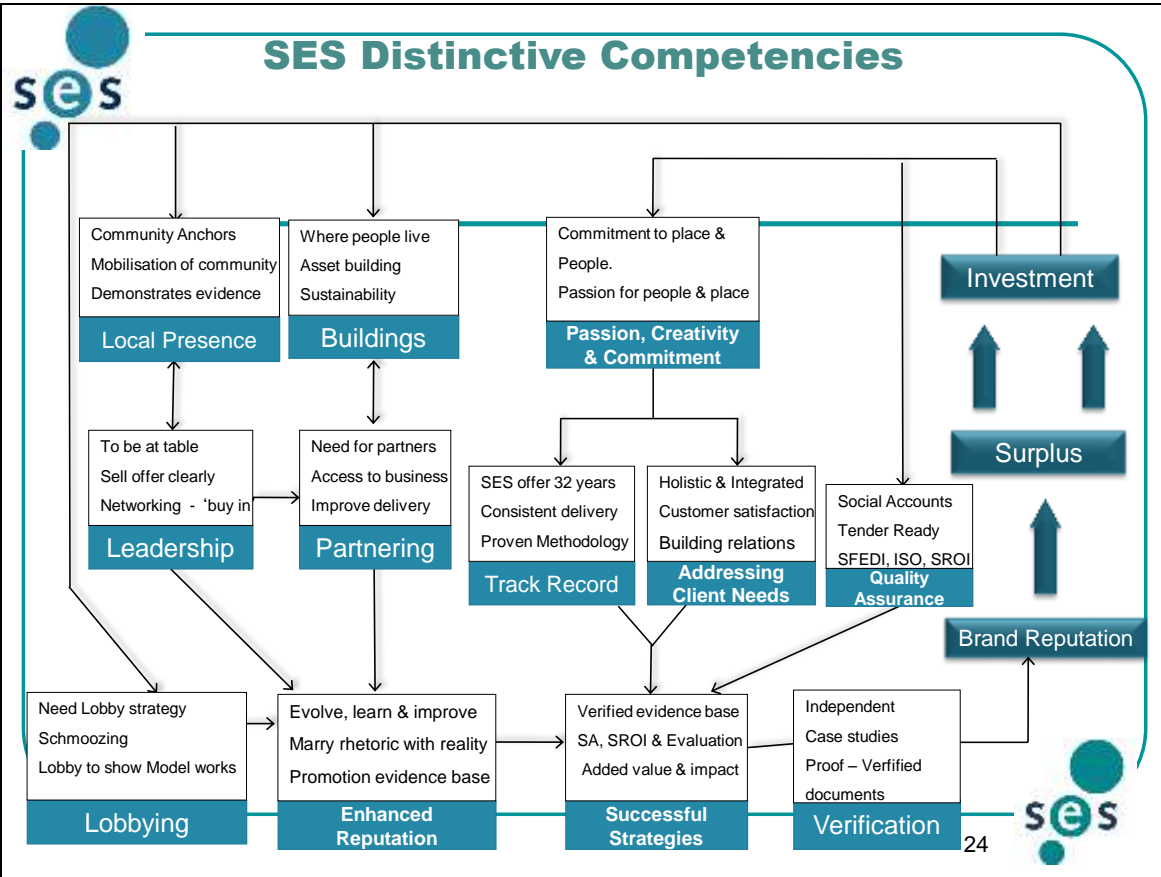
### Social Accounting and Audit on One Page!

An example of a **vision**: We shall always and constantly work to improve the quality of life of our residents  
 An example of a **mission**: We improve the quality of life for residents in the area through creating local employment and providing services.

Step One: What difference do we want to make...		Step Two: How do we know we are making a difference...		Step Three: What is the difference we are making...	Step Four: Can we prove that we made a difference...
Objectives (social, environmental and local economic)	Activities	Social Bookkeeping Records/Indicators		Draft Social Accounts	Audited Social Accounts or Social Report
		Outputs	Outcomes		
For example... <b>1.To create jobs for locally unemployed people</b>	For example... <b>by:</b> Providing jobs in the businesses Helping unemployed people find work	For example... The number of people employed; employment details, etc The number of business advice clients, etc	For example... <b>Changes:</b> Opinions, views of clients, staff, etc. from annual questionnaires/ Interviews, etc Evaluation forms, etc	<b>Collating and analysing:</b> Collect and collate information throughout the year and analyse it. Gather all the information together and ensure it can all be located.  <b>Draft Social Accounts:</b> All the <b>social bookkeeping</b> records and the results from consultation with stakeholders are gathered into <b>Draft Social Accounts</b> . These Social Accounts explain the performance and impact of the organisation.  The completed <b>Key Aspects Checklist</b> is attached to the Draft Social Accounts.	The <b>Social Audit Panel</b> is chaired by an approved <b>Social Auditor</b> who checks the Draft Social Accounts. They verify the data, findings from the consultation, the economic and environmental impact  The <b>Social Audit Panel</b> is impartial and checks that the draft Social Accounts are based on data which has been competently gathered and reasonably interpreted and a true reflection of what the organisation has done in the social accounting period  The organisation makes alterations and presents the revised social accounts or <b>Social Report</b> .  The Social Auditor will approve the Social Report and issues a <b>Social Audit Statement</b> on behalf of the Social Audit Panel  The <b>Social Report</b> may be condensed into a <b>summary version</b> and distributed widely.
<b>1.To be a good employer</b>	<b>by:</b> Providing training for staff Giving career guidance	Amount of training Number of career guidance sessions, etc	<b>Changes:</b> Opinions, views from the staff questionnaires/ Interviews.		
<b>1.To provide services for the community</b>	<b>by:</b> Checking on elderly and housebound; etc.	Number of visits; amount of time spent; etc	<b>Changes:</b> Opinions, views from a survey, or feedback sheets, etc		
<b>1.To.... etc</b>	<b>by:</b> Etc...	Etc...	Etc...		
<b>Values (which underpin everything you do)</b>		Collect information on values			
<b>Stakeholders</b> For example, customers/clients; local community; directors; staff; volunteers; partners; funders; suppliers etc.		<b>Records:</b> Quantitative information kept monthly or quarterly... Questionnaires and interviews annually... Feedback and evaluation sheets collected throughout year...  Keep methods of recording SIMPLE and don't keep irrelevant information; use a variety of consultation techniques; ensure questions are clear and relevant.  <b>Key Aspects Checklist:</b> Keep annually			

### Social accounting and audit cycle





## Useful Contacts for Impact

[www.socialauditnetwork.org.uk](http://www.socialauditnetwork.org.uk)

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## Presentation 2

# SES: Promoting, Developing and Supporting Co-ops and Social Enterprise in the North East of England

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*Mr. Kevin Marquis, ,Director, SES*

### Foreword

Thank you. Can I also repeat what Mark said about SES and our relationship with Meiji University – Mark and I are very proud to be talking here at Meiji University today. We are very proud about our relationship for over 12 years with Meiji, and it has quite a place in our display

cabinet showing Professor Nakagawa’s books and all the things we’ve done with you, and the gifts we’ve had. It is also probably because, as we read in the Meiji prospectus, the principles and values of Meiji are no different to ours or the co-operative movement that we belong to - liberty, independence, self-governance, and to empower the individual - they are shared, common principles that drive ourselves, Meiji and the co-operative movement.

Mark has talked much about SES’s works, our strategy and our approach. My contribution is more about the practicalities of our work, details of the social enterprises we support, the work we do to promote, support and develop co-ops and social enterprises, and what that’s resulted in. So, my part of the presentation is about the co-ops and social enterprises we’ve helped set up and how they are now involved in creating jobs and wealth in North East of England. I will also talk about the new initiative of Co-operative Councils (local authorities) which are mainly Labour Party controlled and how we have worked to support them. I also



touch on the UK Co-operative Group's initiative, The Co-operative Enterprise Hub, which I hope will be of interest to many people, and you'll be happy to know I'll be quicker than Mark.

Well, this is just the starting slide [slide number 3], as Mark has already told you, SES has been using social accounting now for 10 years, and it has had a major impact on our business. In 2012, our social accounts showed that we had 215 social enterprises, which turned over of £23.3 million and employed 1,334 local residents.

We now do social accounting over every 2 years, so at the moment we're doing our social accounts for 2012 to 2014 so these figures are an estimate. I will not go in to too much detail because Mark has already talked about it, but the 2014 figures now show those social enterprises having a combined turnover of £35.4 million employing over 2,070. That is a significant growth and - a growth of 50% in turnover and 30% in employment over 2 years - we've got a momentum going.

In fact we've never had a retraction of the SES co-operative and social enterprise sector for 30 years

### **Social Enterprises SES supports**

As you can see, they are primarily concentrated around care and wellbeing, childcare, sports and health, creative industries, community development, and I will also talk about Co-ops of significance from other sectors later on. And all the examples I give in my presentation are the ones that I have actually worked with.

Care and wellbeing (social services for adults) is the biggest employer. Of the 215 social enterprises, around a third are working in this sector. The services they provide include care and support for the elderly and disabled for example Sunderland Homecare which we will talk about, counseling services which includes Derwentside Counseling Co-operative, substance misuse like NERAF CIC which provides a service to address alcoholism delivered by reformed alcoholics, work with ex-offenders or offenders, for example Make Your Way CIC, and working with families and parents with problems, for example IMPACT North East.

A point of significance which came out of discussions we had yesterday is that all these social and co-operative enterprise I'll talk about are first and foremost businesses. They are not



grant funded. They are businesses who charge for their services or enter contracts with the public or the private sector to deliver their services. They may get some grant money to do a particular piece of work but primarily these are businesses trading in the marketplace selling their services. They are not grant maintained, they are businesses.

And the jewel in the crown which has already been mentioned is Sunderland Homecare Associates Ltd. We shall go on and talk a bit about them now. Sunderland Homecare was launched in 1994 by Margaret Elliott who is the founder, and is still the inspiration of this employee ownership. The service they started was to provide domiciliary services for the people in their own homes, mainly the elderly, to try to extend their independent living, which will benefit the individual as well as to save money for the state. They started as a worker co-operative and they had a very clear goal to create and build a very big co-operative in Sunderland to show that co-operatives can compete with the private sector. Their main aim was to create a big co-operative to show that co-operatives can 'do the business.'

In 2000, they converted from a worker co-operative to an employee ownership business, and set up an employee benefit trust, which basically means that the employees that own the company can have shares in the company, and they can be rewarded and share in the success of the company. So the longer they stay within the company, the higher the value of their share in the company, and the bigger the 'golden handshake' when they leave. They have obviously diversified over the years. They continue to provide services for elderly, disabled and vulnerable people to remain in their own homes, that's the domiciliary care services. But they now also provide academic and mentoring support for students with disabilities who study at Sunderland University, providing 24/7 support. They work with clients who have children with disabilities, supporting their families.

An interesting, more recent diversification is the launch of 'Independent Futures' where they support people with learning disabilities that have moved out of long stay units into their own homes, and they provide 24/7 support. Part of that support is to work with the client and their carers to give them support and training to help them set up a businesses with the help of Sunderland Homecare which then employs them. These new businesses include cafes, garden centers, car cleaning and stuff like that. As you can see, Sunderland Homecare now employs 470 and the turnover is £6.7 million, and made a profit last year of half a million pounds. Again, I'll say they employ over 470 employees who own the business. And a proportion of profits is invested in the Employee Benefit Trust which then increases the share value of the member or employee.



In 2003, Sunderland Homecare set up CASA, 'Care and Share Associates', with intention to replicate what was clearly a very successful employee ownership model. CASA has now developed 5 commercially viable replication units which are set out in the table presented with Sunderland Homecare at the top, Care and Share Associates which is a development replication company, and then you've got the 5 employee ownerships, CASA-North Tyneside, CASA-Newcastle, CASA-Manchester, CASA-Knowsley, and CASA-Leeds. All the CASAs are self autonomous businesses, are employee ownerships in their own right, and they are all linked through CASA. And as you can see the CASA group is now a significant employer, it employs over 1,186 people and has a turnover of £16 million.

My next slide [9] shows other examples of care and wellbeing co-operatives and social enterprises which you may particularly be interested in because of the aging population you have in Japan. You've got B Active N B Fit CIC, which is an exercise business which provides support for people on the verge of going into care, and giving them appropriate seated exercise can extend their independent living. Sunderland Dance CIC uses dance to improve people's health and they've got 'dance on prescription', so if you go to doctors and get a prescription, you can go and join their dance classes.

And there are other ones like Fuscia which works with families which are being almost destroyed by a member of the family becoming a drug addict, and also for organisations like About Turn which works with veterans and ex-veterans of the armed forces.

The next slide [10] shows another big area for us. There are a number of co-ops and social enterprises in childcare, nursery schools, extended services, in play. Giving you some examples, Shiney Row Childcare has been trading since 1999, has 22 employee members - it's a workers co-op, and turns over about £200k per year. They deliver all the childcare and mobile crèche services across Sunderland. There are also 2 long-standing nurseries, Claremont Nursery and Stepping Stones Nursery, worker co-operatives going back 30 years. You've got others like Playdays for Kids, Get Set Kids, Success4all which work with children and young people, offering play and childcare, and also deal with issues of underachievement in education.

My next slide [11] shows others which are in sports, health and leisure. Again about 15% of the 215. The big one is Raich Carter Sports Center which is £1.2 million, 55 staff company. It



is linked to local authority but has its own board of management, and is seen as a national leader for using sports and leisure as a means of addressing deprivation in a poorer area of Sunderland. And the others shown are just good examples of co-ops and social enterprises doing similar work.

Creative Industries, a big part of what we do, 25% of the businesses we support are involved in the creative industries. I always think it's probably my own background which has helped us grow this part of the sector. I've got a fine arts degree, I was a fine artist at one stage, but anyway we do a lot of support for the creative industries. Again, those listed are just examples of the different types of creative businesses that we support. Using Monumental Music CIC as an example, that's been at the center for the music industry in Sunderland for 30 years. It's grown, it's developed, it's now using music as part of employability training for unemployed people. Its turnover is half a million, and employs 18 people. Media 19 is the oldest co-op that we've worked with, it set up in 1984, a year after SES started, and that's still going. It's got a turnover of a quarter million and employs 6 people. The others listed are just good examples.

Community Development, again another area where there was a lot of social enterprises. Again these are examples. Sunderland North Community Business Centre is a good example. This community businesses started in 1980s, it's been always involved in job linkage programs, employment programs, it's now involved in the Government's Work Programs, its turnover is £3 million, and employs 90 people. And there are other examples including Fiscus which was the externalisation of a SES service. We used to employ a benefit advisor to advise people about their 'in-work' benefit entitlements before going on to set up their businesses. We floated out that service to become an independent social enterprise, which now turns over £370,000 and employs 9 people doing benefit advice.

Others of note, Compass Community Transport Limited, a community transport service that's grown over the years and is now a very significant community transport company of national significance, with a turnover £1.2 million and employing 30 people. We've got the Bridges Credit Union, which was Wearside first credit union, a large savings co-op. Other examples include North East Sharing Fair Co-operative which imports goods from developing countries whether it be in Nepal or Africa, and selling them in the British market to maximize the value of the product for the producer.



## Co-operative Council

I hope that gives you a good feel for the 215 co-ops and the social enterprises which SES we support and give you an idea of what they are. The second area I would like to talk about is 'Co-operative Councils'. Certain Councils (mainly Labour Party controlled) across the UK have declared themselves as Co-operative Councils. The two that we are working with is Newcastle and Sunderland which have declared themselves as Co-operative Council. We're also doing a lot of work with Durham County Council. They've not declared themselves as a Co-operative Council, but are externalising some of their services as independent social enterprises and co-operatives.

The support we're giving involves working with Council employees and officers, with the trade unions and so forth, giving my advice on what co-ops and social enterprise are, and how they can meet their requirements, what it means to be a Co-operative Council, so we're heavily engaged in how they can put being a co-operative council in to practice.

And probably a good way to explain what a Co-operative Council is using what's known as the 'Oldham Spectrum'. Oldham is a City in the UK, which has also declared itself as a Co-operative Council. This slide shows the Oldham Spectrum the four stages related to being a co-operative council. The first is for the council to look at how it can organise its services in a much more co-operative way. So departments work together rather than working in 'silos', not as individual departments but collectively together. It also looks at how they can use their buying power. Councils have massive buying power, as do universities, and that spending can be used to support the wider co-operative and the social enterprise sector by buying from it. So this is how the council can work co-operatively by themselves.

I'll put the next two stages together, these are about how the Council engages with their users, engage with all other stakeholders and how they involve them in the development and creation of their services - to involve the residents, the communities, the staff who are employed within the council, the elected members who are elected to manage the Council. It's all about making sure that the Council services are engaging all the stakeholders, rather than just being officer and management driven. So that's about how they work with stakeholders.

Although we were advising on the first two, the next - externalisation of Council service into coops and social enterprises - is where we come into our element. This includes helping the





Council look at the services they deliver, and to look at whether they would be best placed by externalising and leaving the Council, and becoming independent social enterprises. So this is about taking services out of the council and externalising them as co-operatives or social enterprises because it's a better way for that service.

It's also about, as Mark was talking about, the National government's drive to privatise public services. Although we do not agree with these policies, there are opportunities that arise from them and we believe we should make the most of them. So, this is where we are actually creating new co-ops out of the externalisation of council services.

Now I've been shown the 1 minute warning, and I do want to go on to Co-operative enterprises which have resulted from this externalisation. The next number of slides [17-22] I'm going to go through are examples of public sector externalisations. We start with Sunderland Homecare in the early 90s when the Council wanted to externalize its domiciliary care service. Hendon Community Care Centre limited is another example from this period.

The next slides are examples of externalisation of public sector services which are relate to recent Government policy – these are nearly all co-operatives.

They sent a paper, which may be translated at some point, because I've used co-operatives and what we've got here, Community Interest Companies. They are two different forms of social enterprise legal structures, and why we provide some information on that, it's quite important to understand what Community Interest Company and co-op is, but all of these are primarily co-operatives because even Success North East is a co-operative CIC, these are all co-operatives.

### **Collaboration with Co-operative Enterprise Hub**

The last three slides [23-25] are about Co-operative Enterprise Hub, which was initiated by the UK's Co-operative Group. And the Co-op Group was one of the biggest Co-ops in the UK, its services including Co-operative Food, Co-operative Funeral Care, Co-operative Bank, Co-operative Insurance, Co-operative Pharmacy, Co-operative Farms, Co-operative Travel. This business has been brought down by the collapse of the Co-operative Bank. They are selling off everything but Co-operative Food and Co-operative Funeral Care to plug the £1.8 billion deficit



in its account created by the Co-operative Bank. The Co-operative Bank is no longer Co-operative Bank, it's been taken over by investors. Why I mentioned it is because the Co-operative Group in 2009 launched a Co-operative Enterprise Hub, which is the biggest investment in co-operative development for 2 decades, giving consultancy support for people wanting to set up a co-operative business, or to grow existing co-operatives.

It's been instrumental in creating a national network of co-operative development organisations. They devolved the development and consultancy work to those local organisations. It's brought in professionalism, a register of co-operative practitioners, a commitment within the sector to continue professional development. It's professionalized it. It's put money into it. It's now being stopped because of the demise of the Co-operative Bank.

That concludes my presentation.

Thank you.



ppt slides of Mr. Marquis

**SES: Promoting, developing and supporting Co-ops and Social Enterprise in the North East of England**

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Symposium on 1<sup>st</sup> November, 2014 at Meiji University  
***Learn From the Succession of an Infrastructure Organisation in UK: job creation, collaboration and networking***

Center for Japan-UK Social Enterprise Research

Meiji University Tokyo

[cse@meiji.ac.jp](mailto:cse@meiji.ac.jp)

**Kevin Marquis**

**Director SES**

[Kevin@ses.coop](mailto:Kevin@ses.coop)

<http://www.ses.coop>



1

**Areas covered by this part of the presentation**

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- 1 **SES's directly assisted network of Co-ops and Social Enterprises in the North East of England**
- 2 **Co-operative Councils and SES's work to support them**
- 3 **The UK Co-operative Group's initiative: 'The Co-operative Enterprise Hub'**



2

## SES's directly assisted network of Co-ops and Social Enterprises in the North East of England

- In our Social Accounts, May 2012:  
The 215 'SES' supported social enterprises had a combined turnover of £23.3m and employing 1,334 local residents.
- Our 2014 figures will show a significant growth (as they have done for the past 20 years). October 2014 estimate:  
Combined Turnover £35.4million, employing 2,070.
- The Social enterprises cover all sectors but are concentrated in:
  - Care and wellbeing
  - Childcare, nurseries, extended school services, and play
  - Sports, health and leisure
  - Creative Industries
  - Community development
  - Others of significance
- All the examples I give are the ones I have personally advised and assisted

3



## Care and wellbeing

- Care and wellbeing cover health and social services for adults
- Of the 215 social enterprises, around 33% are working in this sector, and the services they provide include:
  - Care and support for the elderly and disabled e.g. Sunderland Homecare Associates Limited (an employee ownership)
  - Counselling Services e.g. Derwentside Counselling Co-operative Ltd
  - Substance Misuse e.g. NERAF (North East) CIC (Community Interest Company) – services to address alcoholism by reformed alcoholics
  - Working with (ex) offenders e.g. Make you Way CIC
  - Working with families and parents with problems e.g. IMPACT (North East) CIC
- Our 'jewel in the crown' from this sector is Sunderland Homecare Associates Limited.

4





## Sunderland Homecare Associates and the launch of the Brand - CASA – Care and Share Associates

- Sunderland Homecare Associates Ltd (SHCA):
- On 4<sup>th</sup> July 1994 SHCA started providing a personal care service to the vulnerable people of Sunderland in their own homes. The service was to help people remain independent in their own homes for as long as possible.
- The Board of Directors was elected by the members at the Annual General Meeting. As a Board they consciously decided to get 'big'. They wanted people to take workers co-operatives seriously and being a large company would help do just that.
- In 2000 they decided to change their structure from a workers cooperative to an employee owned company. That meant that workers could be given shares in the company in an 'Employee Benefit Trust' (EBT). The longer they worked for the Company, the higher the value of their shares they have in it.

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## Sunderland Homecare Associates and the launch of the Brand - CASA – Care and Share Associates

- Their Services now include:
  - Help for older, disabled and vulnerable people to remain in their own homes to live as independent a life as possible for as long as possible, by providing a personal care service
  - Academic and mentoring support for students with disabilities who study at Sunderland University
  - Work with children with disabilities, supporting families
  - Independent Futures (IF) supports people with learning disabilities that have been in long stay units and are now in their own homes. They provide support and create job and placement opportunities for their clients by launching a range of businesses – cafes, garden centres, car cleaning etc
- **SHCA NOW EMPLOYS 470, HAS A TURN OVER OF £6.7MILLION, AND MADE A PROFIT LAST YEAR OF £.5MILLION**
- A proportion of the profit is invested in the Employee Benefit Trust which increases the share value of the member / employee.

6





## Sunderland Homecare Associates and the launch of the Brand - CASA – Care and Share Associates

### The benefits of employee ownership

Engaging staff in the management of the Co-op, and giving them a 'stake' in the company's success brings other rewards:

- SHCA has minimal staff turnover in an industry where the public and private sector haemorrhages staff due to low moral,
- SHCA has minimal absenteeism or sickness (3% compared to 20% in the public sector). This is now regarded as a 'fact' and for the 'externalisation' of public sector services to independent Co-operatives (Public Sector Mutuals), they calculate the savings the reduction of absenteeism and sickness will bring
- SHCA recruits local targeting often the most disadvantaged in the labour market. They then invest in them, train them and grow them in he company

**Most important of all - highly motivated and rewarded employees results in the best quality of service for the client**



## Sunderland Homecare Associates and the launch of the Brand - CASA – Care and Share Associates

Care and Share Associate (CASA):

- Since it's establishment in 2003, CASA has established a sectorial development organisation for the independent and democratic care sector.
- I has now developed 5 commercially viable replication units based upon the Sunderland Homecare Associates Model. These are:

Sunderland Home Care Associates Limited	470	6700000
Care and Share Associates Limited	10	530000
CASA - North Tyneside	110	1400000
CASA - Newcastle	250	3000000
CASA - Manchester	112	1800000
CASA - Knowsley	117	1,200,000
CASA - Leeds	117	1500000
<b>SUB TOTAL</b>	<b>1186</b>	<b>16130000</b>



## Care and wellbeing other examples

**Because Japan faces significant and growing problems of an aging population, there maybe an interest in other social enterprise services:**

- **B Active N B Fit CIC** – provides appropriate exercise to elderly people on the verge of going into care in order to extend their independent living (often by years). This improves the quality of life for the individual and reduces the costs of care to the state and their family by £1000's
- **Sunderland Dance CIC** – use dance to improve the health and wellbeing for their clients, and now deliver 'dance on prescription' aimed at the elderly, heart attack victims etc. Again aimed at 'prevention' for the benefit of the client and to save money for the state

**A number of social enterprises addressing substance misuse E.G.**

- **Fuscia CIC** – set up to support families who are trying to deal with a partner or child who has a drug addiction – to limit the destruction it can bring to any family, rich or poor

**Some work with veterans of the armed forces:**

- **About Turn CIC** – offers wide ranging support for veterans.

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## Childcare, nurseries, school extended services, and play

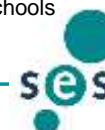
**There are co-ops and social enterprises delivering children's services (of the 215 social enterprises, around 10% are in this sector). They include:**

- **Shiney Row Childcare Co-op Ltd** – tendered for and won a contract (twice) to deliver mobile childcare services across Sunderland. This Worker Co-op started trading in 1999, now has 22 employee members and turns over £200k per year.
- **Childsplay Claremont Nursery Co-op Ltd** – a worker co-op '73 place' nursery in Newcastle which commenced trading in 1982. It has 23 employees
- **Stepping Stones Nursery Ltd** - a worker co-op '43 place' nursery in Consett which commenced trading in 1997. It has 25 employees.

**Others (briefly)**

- **Playdays for Kids CIC** – day nursery and creche which developed from a voluntary project – Grindon Community Centre.
- **Get Set Kids CIC** - an award winning magazine and web site for families with children, from birth to 11 years, in County Durham
- **Success4all (co-op) CIC** – Supports children who are not achieving their potential in schools

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## Sports, health and leisure

**There are co-ops and social enterprises delivering sport, health and leisure (of the 215 social enterprises, around 15% are in this sector). They include:**

- **Raich Carter Sport Centre Limited** – a Local Authority owned company with an independent Board of Directors. It is a sports centre, but is also recognised as ‘national leader’ for the use of sport and leisure to aid the regeneration, health and wellbeing of its surrounding, deprived communities. Turnover £1.2 million and employs 55 staff.
- **NE Sports CIC** – commenced trading in 2009, delivers sports and health activities in schools and community organisations to promote health and exercise. Turns over £150k, has 2 full time staff, 12 sessional workers and 20 volunteers

### Others (briefly)

- **Sunderland Young Peoples Bike Project CIC** – launched in 2009 by a local youth project, the CIC promotes cycling to get young people ‘out and active’,
- **Get Set Kids CIC** - an award winning magazine and web site for families with children, from birth to 11 years, in County Durham aimed at getting them ‘out and active’



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## Creative Industries

**There are co-ops and social enterprises working in the creative industries (of the 215 social enterprises, around 25% are in this sector). The following tries to give an idea of the variety:**

- **Monumental Music CIC** – history goes back 30 years as a music venue and a focal point for the Sunderland music scene. It now offers access to professional and affordable music services to all members of the community. They have now moved into ‘employability training’. **Turnover is £.5 million and they employ 18 people**
- **Media 19 Ltd** – Trading since 1984, it is digital media company with extensive experience of producing award winning factual programming for Television. **Turnover is £.22 million and they employ 6 people**
- **Jack Drum Arts** is one of County Durham’s oldest workers’ co-operative delivering since 1986 a wide range of high quality creative arts programmes across the region and wider
- **Media Savvy Training Solutions CIC** - Established in 2010, they promote employability, education and creativity through the medium of digital arts and media. Set up by Sunderland University Students
- **Deja Crew Ltd** – Launched in 2102, a group of professional heritage education specialists and craftspeople set up a LLP Co-op to help market their services.
- **Stage (Darlington) CIC** – Set up in 2007, it uses theatre and stage performance to work with those with learning difficulties
- **The Star And Shadow Cinema CIC** – shows ‘independent’ programme and films as cheaply as possible, as well as providing a venue for artists and musicians of all varieties.



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## Community development

**There are co-ops and social enterprises working in Community Development (of the 215 social enterprises, around 25% are in this sector). They include:**

- **Sunderland North Community Business Centre Ltd** – A Community Business trading since the 1980's. It provides employment services linked to the Government's work programme. It has a turnover of £3million and employs 90 people
- **Fiscus North Ltd** –Benefit and debt advice service with a specialism for those who are coming off benefit to start their own business. It has a turnover of £370000 and employs 9.
- **Greening Wingrove Co-op CIC** - is a community partnership project which has been set up to support the people of Wingrove ward and New Mills Estate, Newcastle upon Tyne, to live sustainably through growing, recycling and saving energy. This is a project over four and a half years which has been generously funded by the BIG Lottery's Communities Living Sustainably Fund (£1million).
- **ICOS North East Community Solutions CIC** – a multi-racial CIC working to improve the quality of life of people including asylum seekers and refugees by enhancing social cohesion in Sunderland and the North East.
- **Farringdon Community Shop** -a 'second hand' shop run by community volunteers who sell donated goods to fund projects in their particular neighbourhood of Farringdon, Sunderland.

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## Others of significance

**There are co-ops and social enterprises working in other sectors. Those of significance include:**

- **Compass Community Transport Limited** – turnover £1.2million, employs 30
- **The Bridges Credit Union** – turnover £1,000,000, employs 14
- **North East (UK) Sharing Fair Co-operative Ltd** – imports good from developing countries and sells them in the UK market to maximise the return on the goods for the producer
- **Co-operative Housing in Partnership Ltd** – a secondary housing co-op supporting the primary housing co-ops in Sunderland - the sector where SES emerged from.

14



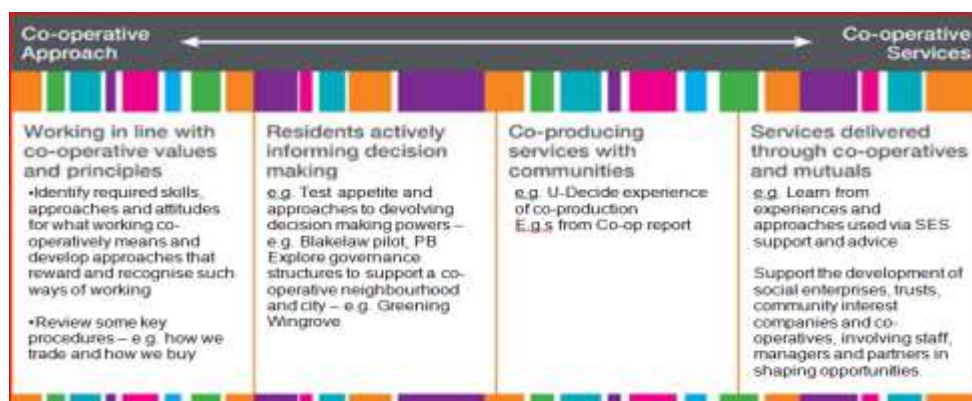
## Co-operative Councils and SES's work to support them

- SES is working with Newcastle and Sunderland City Councils, who have declared themselves as 'Co-operative Councils'.
- We are also working with Durham County Council who are also looking at externalising local authority services in to independent social enterprises but have not declared itself a Co-operative Council.
- We are advising them on co-ops and social enterprise. In particular this work has looked at how these Council's can use co-ops and the co-operative approach to help them deliver services differently as well as address issues around potential externalisation of services
- The range of approaches to make a Co-operative Council real has become known as the Oldham Spectrum (Oldham is also a Co-operative Council).



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## Co-operative Councils The Oldham Spectrum



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## SES advising on externalisation

- **Building a track record in Public Sector Spin-outs**
- Sunderland Homecare Associates Ltd was the result of the externalisation of public services in the 1990's. Another example of this is:
- **Hendon Community Care Centre Ltd**, commenced trading 1994, turnover £500,000 and employs 65. This emerged from the actives of Hendon Advise and Support Centre (now no longer with us). It is another significant, Sunderland Domiciliary Care social business but tends not to get the recognition it deserves because of the profile of Sunderland Homecare Associate Ltd.
- Other 'SES' examples which relate to the externalisation of Council services into social enterprises:

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## SES advising on externalisation

- **Sunderland City Council Adult Services**
- SES advised on co-ops, mutuals and social enterprise has they considered the externalisation of the service.
- A key role for SES was to ensure the management team kept a 'commercial' focus for the development which was to be reflected in their business plan and financial projections.
- Sunderland Adult Services decided to opt for a transitional arrangement by initially becoming a LATC

Note: LATC (Local Authority Trading Company):

A local authority trading company (LATC) is a form of organisation which operates in the same way as a private company but is owned by a council (local authority). Unlike a council, a local authority trading company is a commercial organisation which has the ability to trade.

- The LATC was seen as an interim arrangement and they re-engaged SES to help them move towards a full externalisation and to launch it as an independent mutual. The move to become an independent social enterprise is ongoing.
- **Turnover is £33million, employs 900 people (not included in SES Figures)**

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## SES advising on externalisation

- **ITEC / Riverside Training Centres, Sunderland City Council**
- SES was commissioned to work with the staff of these two 'Council' owned and managed Training Centres to help them explore their options for the future.
- Our initial report concluded that they should remain as part of the Council but given the freedom to 'trade', and to remove them from some 'stifling' Council policies.
- A political decision was then made that the service would be 'externalised'. SES was then commissioned to help them prepare for externalisation, do the business plan and financial projections.
- We now use this as an example how not to approach an externalisation, years of indecision, not getting the involvement and 'buy in' of staff at the beginning, not involving the Unions, all of which fed conflict and mistrust.
- The decision was taken to close the Centres.

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## SES advising on externalisation

- **Investing in Children CIC (Co-op) (IiC)**
- Investing in Children was established in Durham in the mid-nineties, with the purpose of promoting the human rights of children and young people.
- Investing in Children is a Durham County Council service and was identified early on as one that could be delivered through an alternative organisational model that freed it from certain constraints of being part of the Council.
- SES worked with the management and staff on the issues relating to the externalisation, business planning and financial projecting.
- During the process the whole IiC team moved from a position of reluctance to one enthusiasm and excitement by the proposal.
- This work culminated in the 'service' management team using their business plan to do a business 'pitch' to the senior Management Team of the Council to get their final approval.
- IiC registered as a Co-operative CIC (multi-stakeholder) early 2013 and was fully externalised in June 2013.
- **It is a £600k business employing 12 people.**

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## SES advising on externalisation

- **Derwentside Counselling Co-operative Ltd**
- 6 counsellors working for the NHS decided with the agreement of the NHS to externalise their services into a co-operative following the decision by the NHS that they would put out counselling work to tender to find an external provider
- The co-op tendered for the contract and won it
- The co-operative (Consortium) was registered in April 2012, **now has a turnover of £175k and employs 6 counsellors.**
- 
- \* **SUCCESS (NE) CIC (Co-op)**
- This co-op was launched by a cluster of schools and extended services staff to ensure the continuance of their extended service provision in the face of cuts to the school budgets.
- The schools and the staff registered a multi-stakeholder co-operative which started trading in September 2012. **It has a growing turnover presently at £75k and employs 3 staff.**

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## SES advising on externalisation

- **PlayinNewcastle CIC (Co-op)**
- Newcastle City Council ended their funding for play work in Newcastle in June of 2012.
- 4 redundant play workers decided to set up their own social enterprise to fill the gap.
- They launched their co-operative CIC (worker co-op) in May 2013 and started trading in July.
- **They small but are starting to pick up contracts for around £5k - £10k.**
- \* **County Durham and Darlington Fire and Rescue CIC**
- SES helped Durham Fire Service to externalise its training team as a Community Interest Company (it is not a co-op).
- The aim was for the CIC to generate additional income for the Fire service by being able to attract funds and to tender for work in the wider 'training' market.
- **It projects a turnover of £250,000 in its first year (in its first 6 months it has already generated £128,000) rising to £750000 in year 3.**

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## The UK Co-operative Group's initiative

### 'The Co-operative Enterprise Hub'

- SES is the lead body for the North East, Yorkshire and the Humber for the Co-operative Enterprise Hub. This is a UK 'The Co-operative Group' initiative.
- The Co-operative Enterprise Hub was set up to support the development and growth of co-ops in the UK
- Launched in 2009, SES believes it was the biggest investment in Co-operative development since the 1980's in the UK
- The Co-op Group devolved the delivery to local co-operative development practitioners
- It offered up to 4 days consultancy support by Co-op experts to help people launch their co-op or to grow their existing one,
- It was backed by a small co-operative 'start-up' grant and a significant co-operative Loan Fund.
- It was integral in creating a 'joined up' national network of co-operative development bodies and practitioners
- A 'register' of Co-op practitioners was established based on qualification, experience, quality standards and a commitment CPD.



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## The UK Co-operative Group's initiative

### 'The Co-operative Enterprise Hub'

- SES assessed all the applications that came in for our Region and then allocated work to local practitioners in locality of the applicant.
- SES did undertake consultancy work in our area of operation - Tyne and Wear and Co Durham.
- Since acting as lead body, SES dealt with 249 applications:
  - Resulting in 68 new starts
  - Helping 49 existing co-ops become more sustainable, expand and grow.
- The Co-operative Enterprise Hub also worked at a national level promoting and funding its priority areas for co-op development. These are:
  - Renewable Energy
  - Co-operative schools
  - Employee Buy outs
  - Youth Co-operative Enterprise
  - 'Supporter' ownership of Football and other sports clubs
  - Community co-op shops and post offices



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## The UK Co-operative Group's initiative

### 'The Co-operative Enterprise Hub'

- In 2009 the UK 'Co-operative Group' was one of the biggest co-ops in the world turning over in excess of £13billion
- The group included:
  - Co-operative Food
  - Co-operative Funeral care
  - Co-operative Bank
  - Co-operative Insurance
  - Co-operative Pharmacy
  - Co-operative Farms
  - Co-operative Travel
- As a result of the near collapse of with the Co-operative Bank, the Group was facing a £1.8billion deficit. To fill this gap they are selling everything except Co-operative Food and Co-operative Funeral care
- The Co-operative Enterprise Hub was put on 'pause' in January of this year and no decision has been taken on its future. It is felt that it is unlikely to 'un-paused' any time soon

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# SES

That concludes my part of the presentation  
Thank you for listening

**Kevin Marquis**  
**Director SES**  
[Kevin@ses.coop](mailto:Kevin@ses.coop)  
<http://www.ses.coop>

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## Comment 1

# Public Policy in the City of Sunderland

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*Professor Kohki Harada, Rikkyo University*

### Poetical of Social Enterprise

My name is Prof. Harada, and I come from Rikkyo University. I specialise in local government and public administration, and so, in February, I made a nuisance of myself and went to visit these two and to interview local government officials. Today, I'd like to talk about some points that Japan's third sector organisations and Japanese government could learn from.



I have two comments for Kevin's talk. One is "what are social enterprises to begin with?". In other words, in listening to the two people who have spoken so far, even though there probably has been much published in Japan on the subject, the image of social enterprises they've presented might be a little different. At least, I think there seem to be a good many people who feel that way. As for what distinguishes a social enterprise, looking at the examples from Kevin and Mark's talks, the greatest is of course a social objective; in other words, the business of the enterprise is tied to finding solutions for regional needs and issues.

The second is that democratic governance is considered to be extremely important. This is not that present in the mindset of social enterprises in Japan—well, it might be present, but I don't think it's stressed a great deal.

The third is about worker participation in management. There seem to be a few variations on this issue.





Another point, and this is related to the above, is that if you take another look at where the social enterprise is positioned in Sunderland, you find that first, as a background, there are many classes of people that have been excluded from the labour market. There are younger people, older people, and immigrants among the unemployed—many different types of people. Second, the enterprise is located in an extremely problematic area, an area that reportedly has an extreme lack of the resources necessary for business development.

Of these, we can say that of course there is a huge opportunity here for something like a social enterprise, and on that point, I have two reflections. The first is on creating and weaving those often-mentioned democratic joint relationships and mutual aid relationships both inside and outside the organisation. The second, and Mark mentioned this in his talk on self-help and self-governance, is how much worker empowerment is emphasized. This is extremely distinctive, and could have the potential to be a hallmark of social enterprises, I think. I believe it can be said that the SES's support of this, and how the SES strives to increase the number of these business entities, can lead to the solutions for a great many social and unemployment-related problems.

This figure in this slide shows the co-operative council. Public service spin-outs, in brief, are to help public officers to launch their social enterprises. This might be different in today's point, so I'll skip it.

As was mentioned in Kevin's talk about co-operative councils, as a key proponent of public service, Kevin has lent his support to the establishment of these co-operative business entities, these sorts of co-operative organisations. But there's another dimension to that. Kevin and Mark saw potential. They took it to be an extremely promising business opportunity—but from hearing their actual stories and looking at the conditions, the environment surrounding SES is extremely difficult. I understand that during these past several years, the city has offered close to zero economic support, so they've unavoidably had to cut personnel.

To achieve results in the face of all this and to turn adversity into a sort of business opportunity in these difficult times is revolutionary, I think. For one thing, to position a mutual co-operative-type organisation as a new outlet for outsourcing is in a sense a revolutionary way of thinking, and to turn this into an opportunity, to increase the number of co-operative-type organisations and create that network—and through that, to create those sorts of social



values for the business entities and precisely communicate those values to local governments—I think this might be a good strategy to adopt.

### **The Role of Infrastructure Organisations and Social Account**

Then, from Mark's talk, I'm impressed by two points. The first is, in view of the actual support measures in place to help launch social enterprises, the initiatives are quite different from the image held in Japan of intermediary organisations. As was just mentioned, Sunderland has to create employment in an extremely difficult environment. To do so, we've said that a wide range of support is necessary every step of the way, from starting an organisation to developing members' potential. What Mark particularly emphasized at the outset was that, of the many various phases of business, what they put their greatest effort into at the beginning, the earliest phase, was developing the potential of the individual—empowerment, which was extremely stressed, I think. It's not just simply a matter of how a business should come in to an area and create employment; I believe we should take an approach that takes greater strides toward the empowerment of the individual.

Again, I'm always impressed by this, but they have just an astounding support system over there. Mark touched on this in his talk as well, but they started up so many new business, and then three years after, five years after, after the years go by and they follow up, I find that about 70% of them are still around. And then when you consider that a business is something that takes in total strangers and just dives right into operations. I just think it's a wonderful form of support, and I'd definitely like to hear more about that aspect of the enterprise next time.

When I looked at the organisation on-site, I thought, this is a thoroughly bottom-up approach to management. We were told by the workers that their relationships with the local people presented so many challenges and opportunities, and they were making an effort to externalize as much as possible the aspects of their mission that were difficult to accomplish with independent personal assistance, and then evaluate the results. I think that is a sort of social audit.

And I believe the regional network has SES at its core in two senses: in the sense of project coordination, and in the sense of creating political influence through establishing a variety of networks, and I've been told that this has been the result of great effort on SES's part. Therefore, even though its relationships with public organisations and its formidable partnerships from the Labour days have disappeared, its everyday relationships with each and



every frontline officer are viewed as extremely important, and it was mentioned how building relationships of mutual trust leads to public recognition of the value of co-operatives. I tried to think of whether there are infrastructure organisations in Japan that do things like this, but I couldn't find many examples.

The second thing I felt was that corporate social responsibility is measured by a great many different evaluation methods, and we're taking a look at in what ways social responsibility is actually measurable. By using something like SROI to measure the SES's results quantitatively, we're measuring not only output but also outcomes and impact. These ideas, though, are introduced and used so frequently even in Japan, but what's decisively different about this case is that this sort of quantitative impact evaluation is conducted under widespread public scrutiny or within a social accounting framework.

In other words, an environmental impact statement that doesn't concentrate solely on results, solely on the results of a project—a process-oriented evaluation in a sense, we've mentioned it here already, but in every aspect of support, there has to be feedback, the opinions of users or regional stakeholders, and in order to objectify that feedback, we introduce methods of external evaluation. Community scrutiny, which is liable to turn into a form of self-evaluation, is objectivized as much as possible, and yet, we're still making an effort to put hard-to-understand personal evaluations into numbers. Therefore, this is just my opinion, but we shouldn't put out numbers for the sake of numbers; we should instead use them to discover a process. I also approve of how rather hard-to-decipher evaluations were being put into comprehensible formats.

What this means is that, like the co-operative councils mentioned previously, by networking with the government and then creating a variety of social enterprise networks, first, we can exercise political influence with donors of government funds. By using these networks to get things approved, and by visualizing these projects through numbers, you make an impact. Second, by enabling those working on-site to look back objectively, in numbers, on what their own actions have accomplished, you're enabling them to appreciate the meaning of what they're doing, its significance. As Prof. Nakagawa said at the beginning, by using the community evaluation method, stakeholders themselves can understand the value of SES co-operative, its ideals. I believe that that is of extraordinary significance.

The second is that, in addition to the above, how we can codify social values—for example, in a social contract. My impression is that there might be considerable barriers to this, but in



looking at conditions on-site and speaking to numerous people, we see that the frontline officers understand the values held by Mark and Kevin quite well, and they're really agonizing over this, really making an effort to think about how to spell them out in a concrete contract.

So Mark and Kevin say that they always provide information on their everyday activities and on related organisations and make an effort to ask about their needs. This might be part of it, but those who supervise commissioners in the field of social service have said that according to the laws and regulations—the EU directory, for example—“they have to make it an open market,” but by, for example, carving up the markets by area and trying to make it so that major multinational corporations can't enter the market, or withholding information on the region and de facto making it so you can't enter the market, or supporting the creation of a consortium between the third sectors. And then basically using a menu of services that varies according to information on the region and user to append an inflexible set of extra conditions to that support—through these methods, businesspeople in London have been trying to make it difficult to enter the market as it is.

Therefore, one possibility is to incorporate the values of co-operatives into the public contract through co-operative councils, or by expanding the intermediary support network. These values aren't always formalized in current policy, but I feel it might be possible to do so, to record these ideals as a framework. I believe this is greatly emphasized in Japan as well, and might be something to suggest.

### **Challenges for Japan's Social Enterprises**

Finally, about the two points I raised as challenges for Japan's social enterprises, one of them was about individual social enterprises, how they can represent their own values. Particularly in Japan now, the main battlefield of public-service NPOs is elderly care insurance service. Elderly care insurance service, I believe, is a quasi-marketplace, and you have to compete with for-profit enterprises in this open market. Services tend to be compared just by output, and when that happens, we can't really demonstrate our advantages at all, but the democratic collective relationships and mutual aid relationships not-for-profit sector and social businesses have actually provide added value outside direct service output, and the empowerment of the people who work there—and that includes people who aren't accepted into the general labour market—and the demonstration that they have potential, the verification of that, is, I feel, extremely valuable.



And the second point concerns the role of infrastructure organisations. I have already mentioned a regional network with the SES at its core is truly—and Mark also emphasized this—this case-by-case tailored business support, is in a sense something private consultants could provide as well. Otherwise, by creating a local network and lobbying the government, providing that sort of support could truly be a very important role for intermediary agencies, I feel.

So, while relationships with public institutions lack the structure of formal partnerships, forming informal relationships is also extremely important. This role is not stressed very much in Japanese intermediary organisations, I don't think. But personally, I feel very strongly about it, and that's why I've raised this point a bit.

We're almost halfway through our time, so I'll end here.

Thank you very much.



## Comment 2

# How we see the advantage of SES?

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*Professor Atsushi Fujii, Rikkyo University*

### Foreword

I am Prof. Fujii from Rikkyo University. I have followed coverage of infrastructure organisations in England for a long time. This year, in East London, I conducted an internship program at Account 3, an organisation to which Profs. Nakagawa and Yanagisawa introduced me. Account 3 does perform intermediary support functions, and I hope to have a discussion on that based on my own experience in that field. There are subjects on which I thought Kevin hadn't spoken enough previously, so from here on, I'm basically going to ask lots of questions in order to encourage Kevin and Mark to talk more about these subjects.



### What is the Sustainable Fundraising in Infrastructure Organisation?

I'd like to bring up two types of questions: two big questions, and some specific questions. The first big question is about the fact that England's intermediary organisations, usually spoken of as infrastructure organisations, are extremely varied. Not only are there co-operatives of this type but but also CVS (Community Voluntary Sector); which is closely tied to the local community; development trusts, the Social Fund UK; which specialises in helping the disabled. There is also something like Social Enterprise UK, which specialises in areas that could be called the domain of social enterprises.

In England, there are a wide variety of infrastructure organisations. But actually, under the Cameron administration, public funding declined precipitously, and in this situation, many organisations were plunged into an extreme state of administrative crisis. I myself know that intermediary support organisations like CVS were really at a standstill.

Amidst these conditions, many organisations have joined a quasi-commercialized network called Big Assist and entered a public management lottery fund called the National Lottery. But this is greatly intensifying competition, and affairs have gotten to just a horrible state. It is the current reality, I believe that the management of infrastructure organisations itself is in a terrible state.

In these conditions, regarding co-operatives, I think somehow they accomplished part of it. Because Co-operative Enterprise Hub, a co-operative group has been devoting a large amount of money, as Kevin had talked earlier. However, as was mentioned in his talk, the Co-operative Bank raised a few problems, and as things went on, the Co-operative Enterprise Hub stopped the flow of funds.

In these circumstances, how should an infrastructure organisation approach finding a sustainable means of fundraising? As Prof. Harada mentioned, SES's public funding has just about disappeared, and while I think they're hanging in there and doing their best. I'd like to pose questions about this topic. In these circumstances, how should an infrastructure organisation approach finding a sustainable means of fundraising? How should infrastructure organisations manage themselves; how should they obtain funding?

### **Co-operative Councils under Cameron administration**

For the second major topic, under the Cameron administration, like we've been discussing, a topic regarding "co-operative councils" has broken out. It became common for local governments to bring cooperativism into their management – it might be called as "municipal mutualism" - and I suppose laws of co-operatives have been enacted.

These events can be considered extremely positive. On the other hand, when I conducted an interview once at Co-operatives UK, I heard several negative comments: the government's understanding of mutuals is still weak, and perhaps they have no true understanding of co-operatives. Therefore, if we could also talk about the negative aspect of how co-operative policies under the current administration are being evaluated, I'd appreciate it.

### **Unique Selling points of Infrastructure Organisation for Co-operatives**

Thirdly, as I talked in the beginning of my talk, in England's third sector, there is an extraordinary variety of types of infrastructure organisations, but what distinguishes co-



operative infrastructure organisations? What are their unique selling points? I'd like to ask a bit about your thoughts on that.

From my experience, including with the internship program at Account 3 in East London, I've seen actual support methods. My own hypothesis is that the extreme force with which something akin to cooperativism in these partnerships is compelled become an extreme strength, I feel. For example, at Account 3, the relationships between Account 3 and the organisations it supported went on uninterrupted for a very long time, and the joint projects between Account 3 and those organisations were visible, and this really formed a strong sort of solidarity, in a sense, in the local community, and the focal point of this solidarity seemed to be Account 3.

Therefore, I believe that SES having built this sort of partnership cooperation in the region is actually a tremendous strength, and while this is just my own hypothesis, I'd like to ask you if you think I'm correct.

### **Supports for Starting Businesses and the "Strawberry Field Approach" in SES**

Those are the major points, and I'd like now to ask about issues directly connected to material covered by the two presenters here. First, there's something I'd like to ask Mark.

In Mark's talk, there were something came up regarding rather specific business support processes. At the time, there was a lot I didn't understand in looking at the presentation.

For example, one question I had was about the appearance of the phrase "Strawberry Field Approach." This same "strawberry field" phrase also popped up when I conducted an interview with social co-operatives in Italy. When I asked about it, I was told, briefly, that it referred to a co-operative not converting into one huge conglomerate organisation, but more like dividing the roots of plants, as one does to grow strawberries. When an organisation reaches a certain size, its roots are divided; in other words, a spinoff is formed, a consortium of these spinoffs is formed, and everyone develops and grows together in forming this network; this is what in Italy is called the "strawberry field" approach. I had guessed as much of my own accord, but I wanted to ask what the "strawberry field" approach meant at SES.





Another thing I found extremely interesting in his talk is that when starting a business or some such, he said that support is extremely important at the stage before you actually go into business. On the other hand, in talking with infrastructure organisations in Japan, usually we don't hear that at all. Basically, when starting a business, we tend to talk about where you got the money or how you're going to create your business plan, so today's talk was very interesting in that respect.

Also, in his presentation p.4, the phrase "profiling 'taster' workshop" appears, for example. This is another one of those phrases "Money MOT Check," and "benefit transition". And then there's the phrase "providing one-point-one individual business support," which I took perhaps to mean something like "one-point-one" or 0.1. All the reports went just so quickly today, though, and I get the feeling that there were lots of little hints hidden in the parts that he just ran right through. When I get the opportunity like this, I can't help but feel as if we're conducting an interview, and there are places where I really want to know a lot more detail, so I'd really like Mark to explain.

### **Mutualisation of Public Services**

Finally, there's something I'd like to ask Kevin about co-operative councils. On co-operative councils, there's something called the Oldham spectrum that was talked about previously, and from looking at it, I understand that it's not just simple outsourcing of public service in a co-operative. Rather, I understand that it actually has a format that stresses the co-operative's value and principles, that reorganises the public service itself, and that it has been greatly praised. It gets the local residents involved easily and smoothly, and starts co-production, and I think it's actually quite wonderful.

If this is truly doable, it would be a rather large reform in local government. Also, it can be supposed that the policy is going to cover something like transition of local government into a co-operative type organisation. How much have these kind of policies shown successful results as true mutualisation of public services? And if it does go well, what would make this success possible? SES probably has had rather powerful lobbying in this background, and I think that a lot has happened. I'd like to have you speak a bit about that.

### **How to Maintain Democracy in an employee-owned Company**

I have just one more question, about Sunderland Home Care Associates (SHCA). Kevin said they changed it from a worker co-operative to an employee-owned company. The "employee-



owned company” and a “workers co-operative” were fairly well connected in my mind. Then what does it mean to become an enterprise owned by its workers? For example, a legal form—for example, a CIC, or a CLS(a company limited by shares), or a company limited by guarantee—the change to that sort of legal forms to which corporate law applies, is that seen in this case? Also, it was emphasized that the workers hold stock in employee-owned companies. But if workers held stock, workers who hold much stock might come to have much power in decision-making finally, then it would seem to become a general company. Under these conditions, how do you preserve democracy? I wanted to hear a little bit about that.

Thank you very much.



## Q&A Session

# Q&A session: Mr. Mark Heskett-Saddington

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### 1. Is it possible to apply the SES model to other countries, other regions, and particularly developing nations? Also, do you have a specific plan that you're implementing?

I think, developed countries underestimate the knowledge and experience of developing countries, and we can learn a lot from developing countries, for example The International Labour Organisation (ILO) based in Geneva have developed a number of social enterprise / co-operative training modules, we even edited a couple of them. The strapline SES uses "improving livelihoods" is derived from international development methodologies it means using self-help solution such as co-operatives, social enterprise or micro enterprise to address issues of poverty or inequality within poor communities, generating surplus or profit to increase peoples and/or family disposable income. There are many Analogies within communities of Sunderland that exactly do the same, so I have learned practices from international development. So, I believe that it is the two-way process between international development practice and domestic (UK) community economic development, it shouldn't be seen as separate, as we can see and can learn from each other and improve the Livelihoods of all.

So I feel that I and/or we could learn from a social enterprise in Mumbai in India, where 1,000 women who have experienced domestic violence and abuse (via their partner's as a result of drug addictions) are employed within a social enterprise that designs and produces industrial work clothing. This trading social enterprise has allowed the women to earn independent money and help them to build a new lives with their children. The commonality of those women was that they suffered abuse by males and family indebtedness as a result of male drinking and drug abuse – moreover I can provide examples of women in Sunderland and North East England who suffer the same consequences but do not have trading social enterprise solution like the women in Mumbai! So I think we can learn a lot from India, as well as vice versa.



- 2. This is a question about the state of social enterprise. Is there any plan or scheme for social enterprise networks to create their own banking facilities, instead of social enterprises just being dependent on public assistance payments from public institutions, the government, local government, etc.? Do you have any plans to create a network like Mondragon in Spain?**

About social enterprise finance, we would love to see an example, in Mondragon in the Basque Region in Spain. At the present time within the UK, there is a lot of loan finance for social enterprises, so long as you have a good business plan that demonstrates viability of your business idea and that your social enterprise is investment ready, most submissions can obtain investment capital loans. Most social enterprises that we work with get social enterprise loans.

However, there are investment loans for social enterprises within North East England BUT if the social enterprise is not investment ready i.e. good governance, good financial management systems they unable to access such loan funds. There are no resources to enable these types of social enterprises to increase their capacity and capability to become investment ready – thus a real catch 22 situation

There are dedicated loan finances that the Co-operative Group has for co-operatives and for via the co-operative bank. But there is nothing like Mondragon within England

- 3. About how much are SES's yearly budget and finances? Also, from where do those finances come? How many members are on SES's staff? Where has your staff acquired their skills and expertise?**

We've got the annual budget of SES as it stands it's around £700,000 this year, it used to be 1.3, or 1.4 million about 3 years ago, but because of public sector being reduced, there is less money. In terms of staff, we used to have about 26 staff, that's been reduced because we make less money and now we have 12 staff of which 8 of them are front-line business development workers.

Our income is generated from our workspace provision via rental streams (140k), ERDF business training contracts (250k), traditional training contracts (80k), Consultancy work (150k), and externalisation contracts (80k).

How we obtain staff skills, we have an internal training program where skill deficits within staff are identified and addressed, most of our staff are degree post graduated educated, and all staff members professional development training we'll provide so they're quite knowledgeable all the time, especially about taxation, finance or management skills. Ideally, the fundamental criteria for our staff is that they share our values, vision and our approach this is the major prerequisite to SES employment, business technical skills are in many ways secondary, you can transfer this knowledge base to staff over time, but to get staff with the right values, vision and buy-in you cannot 'teach' these!

#### **4. What is the scale of social economy in the Sunderland area?**

The 215 social enterprises what we helped settle over the years is we directly supported them. There are other social enterprises within Sunderland, where we've not used our support, so we'll probably estimate 30% 40% may be added to the population of Sunderland, but we only report upon what we actually do with social enterprises.

The size of SES directly supported social enterprises is 215 social enterprise which have a combined yearly turnover of £34m whilst employing 2,070 local residents.

#### **5. You said social enterprises are all conducted as businesses, but is the income from the service sector really that big? You say you employ the unemployed, but you must put a great deal into training, correct? Also, could you talk a bit more about how the global economy does not create value?**

All those social enterprises that we worked with don't get grants, they sell their product or service within the open market, a small percentage of our directly supported social enterprises may have attracted some start capital investment in the first instance So, I don't know precisely what, for example, Sunderland Home Care Associates (SHCA) charges the university



to deliver care to the disabled students, or to the social work department of Sunderland City Council, all of SHCA income of £5 million plus income is derived from trading income.

In relation to page 13 of the presentation about economic realignment, I never thought I could see the day where the UK government, nationalized the banks in England. That's what I meant by economic realignment, that capitalist society, that financial global system actually failed globally in the West in 2007 to 2008. About crisis in global finance, it impacted upon England quite substantially. Poverty has increased, the extremes of wealth and poverty has widened, and that has an impact a way of people thinking, now in England said, "Well, there must be thinking better or an alternative to do".

## 6. About the questions from Prof. Fujii:

In relation to 'Strawberry Field', it's quite interesting. It's very interesting how that Strawberry Field got tied into the international development of the first question, Sunderland Strawberry Field from international development. What a strawberry plant does (- I'm not a horticulturist) but it sends out shoots that it goes on plants and then sends out other shoots, so it grows and then sets up another it and beyond it, strawberry plant that sets another one, sets another one.

The context of Strawberry Field approach is like federal concept of development and is very similar to the Italian definition, from an international development, the old fashioned, as it probably still happens, what you would do with international development, you build the dam and go out, which creates nothing. But what international development tries to do now, is to empower communities and empower individuals with the self-help, self-confidence, and the tools to actually generate sources of income for example, clothing water, 'green' power such as solar

The last question about pre-pre engagement, start-up. If I sat in my office in a poverty estate, nobody would come in. Because the concept of social enterprise, enterprise is quite alien, many local people have no concept of enterprise. Therefore you need to be pro-active go prospecting for business ideas and local people, you have to identify and capture the imagination of local people, in most cases, we don't mention enterprise or business as in the first instance in order not to put people off.



40% of SES income will be spent on the First Stage of our business start-up development process. The issue of one to one (1.1) - what I mean by that is tailored one to one advice, mentoring and/or face to face support, it's my abbreviation.

And the last point about Money MOTs. What we find in Sunderland and under North East the major cause of poverty is indebtedness, and in these areas it's very high. If we do not tackle the issues of indebtedness of the individual and/or family it becomes difficult to develop their business plan, we tackle this issue within the individual action plan where barriers and issues are addressed. So if you don't resolve indebtedness, the individual will find it very difficult to start a business – therefore its essential that we address indebtedness whilst preparing the business plan and business training workshops.



## Q&A session: Mr. Kevin Marquis

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- 1. Sunderland Home Care Associates, SHCA, is a large-scale business now, and you've resolved to make it capable of competing with private businesses. What will be the source of this ability to compete with private enterprise? For example, will it be funding, skill, manpower, or wages? (linked to Prof. Fujii's question)**

There is a divide between co-operatives and employee ownerships. The reason being is that in employee ownerships, the employees only have to own 51% of the shares. So that means that 49% don't have to be employees. In terms of Sunderland Home Care, however, it's an employee ownership where it has 100% employee ownership i.e. the employees own 100% of the shares. You can only be a shareholder in Sunderland Home Care if you are an employee. There is no provision for any other non-employee owners if you like.

And to answer the question of share value and power, the employees in Sunderland Home Care have different values of shares based on their length of service and on the work they have, but Sunderland Home Care works on the fundamental co-operative principle one member one vote - and that is not affected by the value of the share ownership. So, there is one member one vote, and the employees elect the -board of directors on this basis. The seven elected directors are also employees and so the employee members own the company and they elect the directors to work on their behalf.

That takes me now to the next question on Sunderland Home Care, it is large scale so what's its competitiveness? There is one slide that I think I missed in my presentation, it was unshown [slide number 7]. And that was the one about the benefits of being an employee ownership or worker co-operative. I may have skipped it by mistake or it may have not been there, but these benefits have now been accepted as a proven fact that you can actually factor in to the impact of being in employee ownership. What that means is that because the staff are engaged has a massive impact on the business. In terms of public sector delivering domiciliary care, it has 20% absenteeism or sickness due to low morale, but in Sunderland Home Care it is only 3%.





The industry that Sunderland Homecare works in tends to be poorly paid and has low morale, so most private and public businesses lose staff all the time, they leave. Whereas in Sunderland Home Care they don't lose staff. Also very important, because of all the benefits of being an employee ownership also results in the delivery of a better service. And because of this Councils and others now factor in the financial benefits of being an employee ownership, so if they externalised the service, they will know the £ value of the savings they will make.

And it's that, the employee buy-in, that gives it its unique selling point, its competitiveness. That's how it can outcompete with the private and the public sector.

**2. I can't really envision the co-operative council concept; could you tell us some of the distinguishing characteristics of a co-operative council? (linked to Prof. Fujii's question)**

We are working with Co-operative Councils and the ones where we are - Newcastle and Sunderland - are working quite well. In terms of externalisations SES's tend to be smaller ones which are driven by the staff. And because they are staff-driven, they have the buy-in of the staff and they have the support of the trade unions. They have the commitment and drive within them of their key staff and their key stakeholders for them to become a practical, successful business-based externalisation.

In the slides I will now move through quickly [18, 19] I've given a couple of examples of Sunderland Adult Services, and ITEC and Riverside Training, which are good examples of how you shouldn't go about externalisation. And – again because I don't get out much, my knowledge is Sunderland and the North East, but what we're finding, is with the bigger externalisations like Sunderland Adult Services, where you're talking about maybe 900 employees, £33 million turnover, they are led by the management or the senior officers within those departments, and are more or less becoming management buyouts. They are not engaging the staff.

So, to answer the question overall, what I tried to show in the presentation and talk is what Co-operative Council concept is about, but my personal view is (and I think it's been shown by result), that it's not happening. And there is money put aside to try to support these big externalisations but nobody is applying for it, it's just not happening. So the government is



very concerned about how it is going. And in our engagement with Co-operative Councils we make it very clear that we are like honest knowledge brokers, we will say what we think! That's why we not only get Councils and Council officers come to talk to us about social enterprise, but we also now get trade unions coming to speak to us as well about how they deal with this new concept of social enterprise, co-operatives and externalisations. This is because we're seen as honest brokers in the pay of nobody.

So, I don't think Co-operative Councils are a great success and I think, to some extent their importance is waning and there is less interest in it than there was 2 years ago.

**3. Does SES have an internal joint fund, its mutual fund, or the sort of joint fund that is a funding structure where its members can help each other out?**

In terms of SES having an internal mutual fund, "No", we don't have one.

**4. The privatisation of the public sector is always hounded by the image of subcontracting to external organisations for purely financial reasons. Do you encounter any problems like that?**

Privatisation and public sector, I think I've covered that. SES does have problems with it and I've talked about these problems when talking about Co-operative Councils. I think our standing now is shown by the fact that the unions want to talk to us as well.

**5. There are 215 social enterprises, but most of those social enterprises were managed without subsidies. But if you don't make service prices high, how, from a practical standpoint, can you manage your business? How do you establish businesses this way? How do you plan to do so?**

None of the 215 social and co-operative enterprises on our list are grant maintained. All the social enterprises we talked about are businesses. They survive as businesses, trading in the marketplace to make profit and deliver social benefit. That's how they get on our list. They're not a voluntary project, they're not from the CVS's, they are businesses trading for social



benefit, first and foremost they are commercial businesses, and that's how they get on our list. They are not grant dependant they are all trading businesses. And I don't know what more we can say on that, that's the reality, that's what they are.

### **\*Complementary comment to Mark's answer #2**

I would like to add to what Mark said there is a lot of loan finance to support the development and growth of social and co-operative enterprise.

In our view what this government has done, is almost dismantle the one-to-one business start-up and counselling support in the UK which is the basis of what me and Mark and our staff do. The money has been withdrawn from face to face, one to one business support for social enterprise start up or for growing social enterprise and to make them 'investment' ready to take up a loan and that's where the big gap is, and that's why SES has reduced in size because there is less money around for our type of work.

I was talking to Pal-System [a consumer co-operative in Tokyo] yesterday about how trying to promote co-operatives and social enterprises under the Margaret Thatcher government in the 80s and early 90s was like talking to the wall, it was impossible. And so there's a large period whereby SES had no money to promote co-operatives and social enterprise. What we did was we used traditional business support programs aimed at creating jobs for people in disadvantaged communities. We knew how to work with people who were workless, I mean we used the money from these programmes to cross-subsidize our co-operatives and social enterprise development work.

And so it's probably why we have survived so long is because we offer both traditional and Social / Co-operative business start up and counselling support. There are not many agencies like us, those who do both traditional business start-up and social enterprise development. It's because we have a diverse market, when there have been critical changes and the priority of funding has moved from traditional private enterprise to social enterprise we have been able to survive. At the moment we are making the most of our co-operative and the social enterprise work, where we're earning a lot of money from consultancies, when in other times we have not be able to get money for that type of work- so being able to use traditional work to cross subsidize our co-operative development work and vice versa, because we have that diversification, we've been able to continue to trade. And the core of this is that we are value driven so, what defines what we do is our values.

## Review of subject 2

# SES: implications for Japanese researchers/practitioners

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*Professor Toshikatsu Yanagisawa, Meiji University*

Thank you so much, Kevin and Mark, for your incredibly thought-provoking presentations. We really appreciate it. And to those who perhaps now most pertinently gave comments on Kevin and Mark's talk, Profs. Harada and Fujii, I would like to give my thanks as well. Thank you so much.



Regarding the details on how Kevin and Mark came here, I believe there was a discussion with Prof. Nakagawa at the very outset, and as for the reason they came here, I'd like to talk briefly about that.

As was mentioned a little while ago, for over thirty years, I followed the story of the deterioration of Sunderland, and nevertheless, it wasn't a tragic story; I think that how these two came so far is wonderful, and I think it's something of which to be proud. Particularly in how they're creating jobs, supporting these people, and on top of that to be tied to developing community—I think this sort of experience is something that's terribly valuable to us. Particularly I think there are few groups of specialists in our country to support those who are unemployed to start their own business and to pull themselves up by their own bootstraps, to support this kind of self-reliance. That's why I believe it's important for us to understand their experiences.

Especially in Japan, we're going to see a rapid aging of the population from here on out. In the year 2050, they say that over 40% of the population will be 65 or older. And not only that, but in a globalized market after the collapse of the bubble economy, Japanese society is deteriorating at a rapid, a really rapid pace.



Given these circumstances, if we believe that the commercial sector and the public sector alone cannot possibly cope with these circumstances, that it's impossible for them to cope as they have in the past, then won't what Mark and Kevin have accomplished be in great demand in the future? In that sense, it's extremely valuable to have an opportunity to be able to talk to them about those accomplishments, and that is the primary reason for having them here today.

I hope that we can continue to hold cultural exchanges with SES personnel like this in the future, and learn more about how on earth they've accomplished what they have, the philosophy they follow, and how they've come this far—particularly about how they started by building trust with the local people and expanding that into a network. Furthermore, I feel that we need the suggestions we will receive by continuing to maintain this relationship and continuing to discuss a wide variety of matters with SES.

Particularly today, those who take part in workers' collectives and workers' co-operatives, I think they certainly should talk with Mark and Kevin and deepen this exchange with them. It might not be bad for them to go all the way to Sunderland to invite these two from Sunderland and ask them a great many questions, I think it would be good. I'd be very grateful if we could continue this type of exchange in the future. It would take money. It would take time. I have a get-together scheduled for today after this with those who say we can't do that. I hope they participate and take this chance to talk with Kevin and Mark on a variety of topics.

As mentioned, their English is rather hard to understand, but I think that maybe we can communicate by the effort. Even though I myself and Prof. Nakagawa can hardly speak English, we've been able somehow to get by so far. I think it's because of Kevin & Mark's personalities.

Through this opportunity, or perhaps through deepening the cultural exchange between the people of Japan and the people of Sunderland in the future, I hope that the plans we've made today come to fruition. I'd be very grateful if we could do this again.

Finally, I would like to end by thanking you two once again. Mark, Kevin—we really appreciate this.



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東京都千代田区神田駿河台 1-1 明治大学グローバルフロント 410L

E-mail: [cse@meiji.ac.jp](mailto:cse@meiji.ac.jp)

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