Transcript of recorded conversation between Tor Justad and Dr Gillian Murray (Mercure Hotel, Edinburgh, February 2015)

Bio: Tor Justad trained as a community worker, and between 1978-1987 worked with community groups in Shetland. In 1987 he moved to the Scottish mainland, and based in Stirling, managed CESU, Community Enterprise Support Unit (Central Region) Ltd. As one of the regional Community Business Development Agencies set up in every local authority Region (except the Scottish Borders), CESU (Central Region) covered Falkirk, Clackmannanshire & Stirling District council areas. In 1994 he began working freelance as a Social Economy Adviser trading as Tor Justad Associates, with contracts in the UK, Sweden, Ireland and other countries. Returning to the Scottish Highlands, between 2000 and 2011, Tor was employed as a Co-operative & Membership Officer with the Co-operative Group covering the Highlands & Islands.

Thank you for agreeing to talk to me. I'd like to start by asking you at what point in your life did you become involved in social enterprise?

I suppose it's down to how far I go back, but my background before I got involved in social enterprise was in community development and I was working, when I first became directly involved, in Shetland from 1978 to 1987. During that period, I was working with lots of community groups of different kinds, everything from sports groups, elderly groups, music groups, etc, etc and I realised that because it was a rural area I was working in, that there was also a need for some economic activity. Although at the time it was boom time in Shetland because the oil industry had arrived there and so there was actually lots of employment. But, not everybody wanted to work in the oil and not everybody had the qualifications to work in the oil, so that's when I first began to take an interest in how could you bring in the same skills that people used to start up a village hall, or to run a voluntary organisation and apply them to running a community business or a co-operative.

So that's how it started and around about in the mid-eighties I was lucky enough to get something called an Arkleton Trust Fellowship and that allowed me to travel in several European countries to look at how, not just social businesses, but also private small enterprises started, particularly in rural areas. The Faroe Islands was one of the places I went to, and this is just one example, where a family had started up a small factory making gloves for the fishing industry. I took that idea back to Shetland and helped to start a small co-operative with two or three people making these gloves. Obviously then I had to learn all the skills of putting together a business plan and applying to the local authority for that particular project. That was the origins of my interest and then it moved on.

At the same time as that was when the community co-operatives in the Highlands and Islands were starting out, mainly started in the Western Isles because there was concern about lack of employment there and people leaving the islands. That same idea was then taken to Shetland and eventually to, sorry to Orkney, and then eventually to Shetland. I linked up with what was then the HIDB, the Highlands and Islands Development Board. They had a development worker who covered Shetland and Orkney and I started working with that person on other, what we would call, community co-operatives at that time and that included a shop in a local community where there was no shop at the time. Although again it was near to the oil activity, the shop had never been built for the local population so I helped to start up a local community shop based on a mixture of voluntary input and some grant assistance. So that was the second, the glove project, and then other ideas sprung up

out of that. Probably the next one that actually opened up and served the community for a number of years was a shop, a local community shop and I have had a lot of involvement with shops right up to very recent times. Community shops encapsulate everything that social enterprise is about because they are serving a need, they involve a mixture of voluntary input and paid employment and they need all the skills that you need to run a business but they are doing it for ultimately a social purpose. So those were just a couple of examples of my early involvement. That's a long answer to a short question but that was my first involvement and then it developed from those initial projects, my interests.

OK, interesting. I wonder, when you were starting these first initiatives, making the gloves and the shop, was there enthusiasm from the local population? How did you relate to them and get them on board with this idea?

The glove project was slightly different in that the idea was that it would be a worker co-operative. A worker co-operative is not so much involving the whole community, it's more involving the people who are directly going to benefit from the employment. The product might be of use to the wider community but the actual enterprise is not a wider community project. Although in that case, it actually came out of a course that I ran on how to start a co-operative so out of that course a few people then took an interest in starting something themselves and it could have developed into a community co-operative and as it happened that particular one was a worker co-operative.

In the case of the shop, that was very much engaging the whole community so that was the formation of a steering group which then became the board and so on. That was much wider, lots of public meetings asking peoples' views about whether that was the way to go in terms of a shop etc. In that particular case, every project is different, but in this case a lot of the people who got involved worked as firemen at the terminal so they had a kind of group structure already. You had various layers of authority within the fire service which, very effectively, they were able to apply within a committee setting and they were very committed. They also had a lot of skills themselves: plumbers, joiners and electricians so they were actually able to do some of the work themselves so that was very much the whole community involved in that and led by a group of very committed, mostly men, although there were women involved at a later stage, but the early stages was mostly these guys who happened to be work colleagues. That naturally transferred into them working as a group, as a committee to get the project off the ground, so that was very much a community. That was, as I said before, my own background was community development and therefore I saw it as a natural progression of work that I had already been doing so I knew a lot of these people in other contexts because they were involved in other groups that were involved in community activity of different kinds, whether it was sport, culture, music or whatever.

In terms of the committee skills and engaging with the community, a lot of those skills were already there so when they were ready to open as a shop then they advertised and employed people as a manager, and the shop staff they were all part time, paid employees. o really from the very start, sorry from the first maybe it was three months or six months, it was all totally voluntary until they'd built up enough surplus to start gradually employing people on a part time basis. At that time there were no specific grants available for that type of social enterprise and there was a particular issue in Shetland, and there would have been in other areas as well at the time, in relation to shops because the local authority couldn't fund an

enterprise that was in direct competition, or could be seen as being in direct competition, with another enterprise either in the same village or in a neighbouring village. That's why there wasn't a lot of grant funding available at that time so they had to build it up gradually from their own resource and that's what they did and that ran, as I say, for a number of years.

As a case study it is interesting because it traded very successfully and lasted for, I'd have to check my facts on this, probably about seven or eight years. Then they had difficulty in recruiting people to sit on the board and this is quite a common feature of community business generally. Once a business is up and running people don't always see the need to keep having a board that makes the key decisions because they delegate the authority to the paid staff, which is fine on a day-to-day basis, but it is not fine in terms of having the ultimate decision making about investment and about number of employees, which is more the strategic, management side and should still have a board to do that. If you get disagreements within a board, or if a community loses confidence in a chair of a board or the board itself then that can create difficulties which can lead to, in this case, eventually for the shop to close - not for commercial reasons but because they couldn't find enough people interested in serving as board members. It was sad in a sense because the community lost that facility and it was many years before a new shop ever appeared there. The new shop wasn't providing the same level of service as the community-owned one so this would make an interesting case study because of the particular way in which it thrived when it started up, the way it ran for several years and successfully, but then the demise of it. There have been failures in community businesses as there have in private business over many years so that in itself is not unusual -it's usually the commercial side that fails- it's not usually lack of a board willing to steer the whole project but in this particular case that's what happened.

I was also, thinking about it just as you were talking there, when the shop was running, what kind of benefits do you think it brought to the community?

Well, I've always maintained that shops are almost a perfect example of how a community business can operate because they offer benefits on so many levels. Obviously the first one is that you are providing fresh and affordable food to the local community but secondly, they have a very important social function. A shop, particularly if it has a Post Office attached, is very much a meeting place for people. People who might be living on their own get some social interaction in a shop, which they might not get if the shop wasn't there. I think that all the skills involved in getting it up and running are also important because from the shop you can have spin-offs, which very often happens in terms of tourist activity, tourist trails, or sometimes it can lead to caravan sites or chalets or whatever, or horse riding, horse trekking, hiring out bikes. So all these spin-offs can come from the hub of a shop. Selling local crafts for example, so you've got a market not just for local food, if there's local food being grown you can sell it through the shop but you can also sell local crafts and things. Sometimes cafes are very common attachments, you have a cafe running alongside a shop.

From out of that, later there was a very specific community-shop scheme which was run by HIDB so shops could then get specific grants to pay for a manager and pay for the start-up costs and all the rest of it, so those then developed in Shetland, Orkney, the Western Isles and some in the Highland, and Argyll and Bute as well. Those community shops are still

around, many of them are still in place. In fact, in Shetland alone now there must be three or four anyway still and some of them are quite new actually so it's not something that just happened then and kept going but there are new examples of community shops.

I later then worked for the Co-operative Group, the retail co-operative and they, for many years, they don't do it now, but for many years they were the suppliers to these local community co-operatives. There was a benefit there and that was inter co-operative trading so that's one of the seven co-operative principles is that co-operatives should trade with each other, obviously for their mutual benefit. So that was a big advantage that they could order and get their supplies directly from the big Co-op and in very recent times we had a European project which was about community stores in Iceland, Faroe Islands, Scotland, Norway, Sweden, and Greenland. Six countries were involved in the project for four years looking at how we could learn from each other and it turned out, certainly in terms of community ownership, Scotland was the leader still. This was in the 2000s, it finished about two years ago, so up until recent times Scotland has been a leader. There were other countries where the shops were more commonly owned privately, not community owned but in terms of community ownership, Scotland was very much still leading the way certainly in terms of they developed in the quality of service that was being provided. So lots of efforts from community shops.

How do you think it differs? Would a privately owned shop produce similar benefits?

It can do, yes. I wouldn't be critical of privately-owned shops. There are many cases, I can think of one in Laggan, for example -which is not there now- in the Highlands where there was a very progressive company who ran it, and had a huge supply of hardware as well as foodstuffs and was very responsive to community needs. So whatever people asked for they would try and get it into that shop. Sometimes you can get privately owned stores that can, in some cases, be better run than a community store so it doesn't always follow that one is better than the other. But obviously a community owned store, when it's working as you would want it to work, it will be responsive to the local community and in the case of the community co-operatives, they were based on community shareholding so most people in a community, typically in a small community, would own shares in that shop. Albeit that they weren't looking for a return on those shares, they were seeing it as an investment in their local community. In that sense there was even more reason why those shops should be responsive to their customers because they were part owners of the shop. Where they function well they certainly and generally would probably provide an equal or better service.

In cases where they were poorly run, maybe a manager that wasn't fully up to speed, then they weren't always doing that, but certainly they all had the potential to be as good, if not better, than a privately owned store. Also, they have, again because of this community ownership, they've got more control. A private shop could decide to sell up and sell the building on as a holiday home or whatever whereas a community shop, you couldn't do that without the involvement of the membership in that decision. It does have advantages in being community owned and the wider portion of the community is directly engaged in the ownership and they, in turn, can be elected onto the board so they can have a more hands on involvement in running the shop. I think, for all those reasons community shops are, there are lots of other very good community enterprises, especially now the trend is moving into

the care sector and so on. But I've always maintained that community shops in rural areas, and most of my experience has been in rural areas, have been a prime example of how community business and community co-operatives are the model that works best in those situations.

That's interesting. So that started around the late 1970s?

Yes.

And where was that?

The first ones were in the Western Isles because there was a lot of concern at that time, and still is, the situation hasn't changed, it has changed but the problem still exists, where young people, because they can't find employment in the Western Isles tend to move away to the mainland, either for education or a job and they tend not to come back again. So you've got depopulation, an elderly, ageing population and younger people moving away so that's where community co-operatives were seen as one initiative that could help to keep people in local communities and provide local services. Shops were often, as I said before, they were often the hub but out of that spun off other enterprises ranging from tourist projects to beet cutting, fish farming in some cases. All kinds of different types of enterprises spun off from that initial community co-op core. One of the original principles was that they had to be multi-functional, so in other words they had to have more than one business, because it was seen that one business might be marginal or even loss making but you would have others that would be profit making so the two balanced each other out at the end of the day.

They started in the Western Isles and the idea was picked up in Orkney and then Shetland but also there were some developed on the mainland. If you go, for example to Argyll, if you go to a small place called Port Appin in Argyll on the west coast, you'll find a thriving community co-operative there which has survived from the late '70s up to today and they built new premises and is still serving a quite vital need in that community. In Shetland you've got a place called Ollaberry, Hillswick, Bigton, there's at least three, there have been others in the past but there's at least three there. Orkney, you've got on the island of Papa Westray and Edie are the two main ones on Orkney and there are some in the Highlands and Argyll and Bute as well. Some of them have come and gone, some of them have continued right through from the late '70s, some started in the '80s, some are more recent like Bigton in the south mainland in Shetland started probably four or five years ago, so there have been some recent examples as well.

Is there a consistency in the values of these enterprises, or do you think some things have changed over time in the way these organisations have been set up?

No, I think the values remain the same or the principles in terms of their structures, that they are owned by the local communities, they are there to serve the local communities, any surplus is reinvested back into the community. Those principles remain as strong as they ever have been. Some of the structures have changed. The original community co-operatives used a model called the Industrial Providence Societies type of co-operative and that has been superseded by other models. Now you've got CICs [Community Interest Companies] and you've got charitable companies of different kinds and sometimes you've got local development trusts which will set up a shop as a subsidiary. The models have changed but

generally speaking the principles, and the values linked to that, have remained fairly constant. Models are legal structures and change all the time but the idea of trading for a social purpose is the kernel that is still there.

So to call itself a community business or now, more commonly used, a social enterprise, it has to be trading in some way, either reproducing something or providing a service which in turn brings in an income and that income has to be reinvested in the enterprise, not distributed. Where the community co-operatives differed and where sometimes they were ineligible, and this problem still exists in some cases, ineligible for public funding because, in theory, if they could repay some of the profits to the members, because in a pure co-operative that's what it's there to do, but in hardly any cases did they ever do that. But if you examined the legal structure you could see that theoretically they could do it and theoretically individuals could benefit financially from being a member of that co-operative, but in very few cases did they ever do that because, as I said before, when people invested, whether it was £500 or more than that, they were seeing that as an investment in their community and they weren't expecting a return from it. That was very important in many cases in starting the co-operative up because the original funding structure from the Highlands and Islands Development Board was that whatever you raised locally would be matched by the HIDB so that was a very important way of starting the enterprise.

Thinking about the Highlands and Islands Development Board, from my understanding, they were influential and inspirational in the community co-operative blueprint. Looking back, is there anything that you would do differently now, or ask them to do differently now in terms of restrictions?

Yes. One of the things in the early days was they spent extraordinarily amounts of money on recruiting people from outside the communities, because the thinking was they wouldn't find the expertise locally. A small island might have people with limited experience of running businesses etc and they went to ridiculous expense of flying people up from London to be interviewed for jobs. In some cases they were good and they made a good job of it, but in many cases they didn't stay for very long and they weren't suited to that kind of job and in nearly every case, if you look historically, you'll find eventually what happens is somebody who starts off say as a supervisor -so you've got your manager here who's got the overall management responsibilities and then you've got the supervisor who runs the shop on a day-to-day basis- you very often find eventually, and it could be after two or three years, it could be after ten years, this supervisor person or the equivalent then becomes the manager. So they may not be the all singing, all dancing person they were looking for originally but they're the person who knows how to run things on a day-to-day basis. They probably were doing it for legitimate reasons but slightly over-estimating what was really required to run these businesses on a day-to-day basis. Maybe they thought they were going to grow much bigger, quicker than they did and therefore would need to deal with lots of financial skills but generally speaking, to run the core business, it was usually, as it proved, there were local people there anyway who, with a bit of local in-service training and support, could actually run it just as well as somebody being flown in from outside of the area. I think that's certainly one lesson.

In terms of the link-up with the Co-op, looking at the other side of it -the things they did well- was that they made that link with what was called the Co-op, it's now called the Co-

operative Group, it was just called the Co-op then. To make that link between them I think it was the link-up between Chairman of the Board and the Chairman of the Co-op at the time met and that was the outcome of that agreement. That made a huge difference, because they were able to bypass buying from the local cash and carry -which was an expensive option- so they were getting direct shipments from the Co-op and also building up a dividend from that. A bit like your personal, private, individual dividend the shop itself had a dividend so related to the amount it purchased it also got an additional payment that went into the accounts and made it more viable to run the co-op and sell the products. It also gave them a wide range of products, they got the same range as any other co-operative store. So in that sense it was popular with local customers as well because they weren't just selling the cheapest, they were selling a wide range of branded and Co-op branded goods. Generally speaking, Co-op branded goods have a high reputation for quality and consistency so that was a popular move.

Apart from that recruitment thing, I'm sure there were other things at the time. Possibly the structure was Industrial and Providence Societies, I think at the time the structure worked well, it has been superseded, as I said, since then but at the time the structure was okay. They provided quite good training. They had to have a team of development officers, one was based in Orkney, Western Isles had their own development offices, so the back up for those early initiatives were very good. Historically, you might be interested as a historian, that the idea didn't actually originate in Scotland, it originated in Ireland. As you probably know, in the Irish speaking the Gaeltacht areas of Ireland in the '60s were suffering the same problem of depopulation and lack of economic activity. A Father, McDyre I think his name was, got the idea of, he basically said that we're not going to get help from Dublin, we're not going to get help from our local authorities. Our local authorities don't have the funding, so we need to do this ourselves and that's where the origins of the Co-chomun, which is the Gaelic word for a community co-operative, that's the origins of it. The HIDB sent a delegation over to Ireland to look at these examples and Glencomille was the first one. They went over there, they came back and they wrote up the model. If you're doing any other interviews on that specific one, there's a guy to speak to called Roy Pedersen who is based up on Inverness. He's retired now but he used to work for the HIDB and he was the person who was the main developer of that model within HIDB at the time. He's still around although he's retired from HIDB but he still works as a consultant these days.

I'm just wondering, you mentioned the HIDB as a kind of support. What other support was there out here for community co-ops and community business?

There was a local authority and in Shetland the local authority had a lot of money because they had an oil fund which supplemented their normal rates income but the models weren't very well developed then to support community owned businesses. You often ran into this problem of competition in support of a community initiative. They'd be quite happy to support a sports club or anything that was totally voluntary. As soon as you started getting into employment and providing a service, it became more problematic so the support was there but it took a lot of lobbying even to the extent of having to engage with politicians to get grant approvals and so on. That glove project that I mentioned, they did eventually agree to support that, and I think that -again it's a long time ago- but I think that the shop, after a lot of lobbying did get some support but certainly there were no funds in the way that there are now, either loan funds or grant funds specifically directed at those community

enterprises.

There would be money that would be available for local business development but for the reasons I've explained, that money was much more difficult to access, because it was seen as either competition or it was just a model that they hadn't been used to before so they were more reluctant to fund it. There was probably a thought that how could local communities run a business. Business was seen as something that business people did, it wasn't something that local communities should be tackling and I certainly, on a personal basis, had lots of battles within the local authority. I was employed by Shetlands Islands Council arguing with the department that was responsible for business development that this was equally valid for support as somebody starting up their own private business. It certainly wasn't easy and there were no other, as I recall, I don't remember much in the way of any external, there wasn't Lottery funding and there wasn't the external funds available that are there now. That was a challenge in those days to try and find some additional support, but there was the local fundraising because there was a model to support that. Now it seems to be crowd funding and that sort of thing seems to be more involved but in those days the idea of community shares was the way, from the shop projects that were on the go, that was the way they developed.

I'm just wondering, when you were working in Shetland, how much contact did you have with other communities in other areas. Were you networking?

Yes, very much so. We set up, or I helped to set up, you may have heard of ACEHI, A C E H I was the acronym which was the Association for Community Enterprises in the Highlands and Islands, and I was the first Chair of that. The idea of that was that it would be an umbrella body for all community enterprises throughout the Highlands and Islands and we, over the years, managed to get quite large amounts of European grant funding to support development of community enterprises. We also worked very closely with CBS, Community Business Scotland. I don't know if you've seen that little booklet, 'Ten Years On' [*The First Ten Years: A Decade of Community Enterprise in Scotland*] or whatever it's called, there's a picture of me there being handed a cheque for five hundred pounds from Community Business Scotland to help the start-up of ACEHI. In a way they were representing primarily urban areas -although they had some rural areas- and we were the Highlands and Islands area.

We had joint meetings and conferences, so there was quite a lot of link up there and I did that from when ACEHI started. I left Shetland, which was in 1987, so we must have started ACEHI in the mid '80s and then I had to stand down because I was moving. By then, I moved and became manager of a community enterprise support unit in the Central Regions as it was called then, which was Stirling, Falkirk and Clackmannanshire. I was based in Stirling at that time, and you'll have heard this from Alan and others, that's when every council, every regional council area in Scotland had its own development unit, apart from borders which was the only one that didn't have one. I was manager of the one, from 1987-1994, I was manager of that and that's a whole new era of a very exciting period in the development of community business. Most of our funding then came from Urban Aid which was the funding that was available then for areas of disadvantage and there were a number of pockets in Stirling, pockets in Falkirk and pockets in Clackmannanshire. Our remit was to work closely with those communities and over the years we've probably helped to set up

twenty to thirty community business and we also then moved into Credit Unions. Community businesses and Credit Unions were the main part of our work then through to 1994. 1994, this is my own development as it were, from 1994 to 2000 I worked freelance and that's when my experience in Sweden and other countries, that's where we exported the model to other countries. From 2000 to when I retired in 2011 I was working for the Co-operative Group as a membership officer for the Highlands and Islands. Although I didn't have a specific remit for working with smaller co-operatives, I did have a remit to maintain the links between the community co-ops who were buying from the Co-op and also helping any new ones to get into the Co-op buying system. That was where my origins were in those early days in Shetland, seeing it from a community development perspective. Moving on then to set up co-operatives within Shetland and then, on a personal basis, I became more and more interested in that which is why I applied for the job in Central Regions.

We had a staff of 15 in the end so it was quite a big organisation covering the central part of Scotland and then moving on from that to working as a freelance and then back into full-time, paid employment with the Co-operative but still that link between the big Co-op and the smaller community co-op shops and in that period was this European project with the community shops. Over the years Alan will have told you, I'm sure, of the various European projects that we've had as well. Their shops one was one I was heavily involved in but before that we had something called CEP CESA, which was Community Enterprise and Social Auditing. There were several European countries involved in that as well. My origins are in community development, seeing the links between that and economic development, linking the two together at a local level and then at a more international level and then more recently back into local level, but working from the Co-op's principles, supporting other co-ops, inter-co-op training. That's been my development and equally that tracks what's been going on within the movement all the way through that period, from the late '70s through to 2000, through to now.

When you arrived in Central Region, were there any differences in the challenges that you were facing in comparison to Shetland, in quite a different environment?

Yes, very much so. There were headlines in local papers about this bearded man flying from Shetland into urban Scotland so it was quite an interesting contrast. I had worked in my training as a community worker, I had worked in urban areas so I wasn't totally unfamiliar with the issues of urban areas but it was quite difficult. Although if you go into parts of Falkirk and parts of Clackmannanshire and Stirlingshire you've got quite rural bits there as well although that wasn't primarily where we were working because the areas of disadvantage were all in the big towns: Falkirk, Stirling, Alloa. It was difficult in the sense that your location was different, but what I tried to bring from the Highlands and Islands was that community engagement side which I always believed was a vitally important ingredient of the whole thing. You get some community businesses that become quite inward looking and they're simply there to trade and they tap into any grants that are available for providing insulation or whatever it might be. They operate well and they provide a service but they don't really reach out much to their local community. That perspective we continued because we were a completely new organisation, so from the beginning we used a community development approach in the sense that we always started off with local public meetings and tried to inform people about what a community business was. Rather than just gathering a small group of activists and working with them, we tried to

widen it out into local communities.

There is a difference, clearly. You don't often find the same buy-in in a bigger, urban environment where there may be social problems, maybe crime and drugs, other issues that people would see as more important. You don't always get the buy-in, but we had a team of development workers and we saw as their job as working, first of all, opening it up to the whole community. Out of that gathering a group who would take the project forward and also being aware of any local gaps in services. There were one or two places where shops where established although that wasn't the main activity. There was a great example we started at the time, CESU [Community Enterprise Support Unit] was on the go in Alloa. Alloa Community Enterprises does all of the glass recycling for the whole of Clackmannanshire which was unique at that time. It happens in more areas now. That was a good example of something where they were providing a local service, quite a lot of local employment and they had a board that ran the whole thing but there are other examples. You get some community businesses from day one are successful as businesses and that was a good example. The Chairman of that had worked at BP at the Grangemouth plant so he had a business background.

Then you get other ones that try to set up a local printing company, for example, in Tillicoultry, no it wasn't Tillicoultry, it was one of the villages near Stirling or in Clackmannanshire and that was more trying to answer the needs of local groups who needed posters made or annual reports printed and that wasn't so successful commercially, but it was successful in terms of engaging with the wider community groups. We had quite a mix of businesses there, some more commercial, some less commercial. It's not always the case, but you can almost say, that the ones who focus very much on becoming successful economically, viable, because their focus is on that, are not always so good at engaging the local community. It's not as clear cut as that. There's examples of both working well together but, as a general rule, that probably is the case. Cafes are a classic example. I used to say if one more person comes to me with an idea for a cafe I'll scream because you could almost tell from day one that they weren't going to be viable because very often local committees say 'we need a café' and you say 'yeah, sounds like a great idea', 'we need somewhere where people come together', 'yes, great idea - how are you going to make it pay?'. What they often say is, alongside those first two principles is, it must be affordable. Instead of paying two pounds fifty for a cappuccino we are going to sell our cappuccino for one pound then you say 'well, that's ok but how are you going to pay the wages'. There were lots of cafes but they weren't always successful.

One extraordinary one which we helped to set up, try and avoid the words setting up, is in the village of Cowie which is one of the ex-mining villages outside Stirling. They had a big factory which made medium density fibreboard which is used for flooding and so on. A horrible process that uses formaldehyde. There's constant pollution coming out of the chimneys and its right beside lots of housing schemes so the local community had an open day to see what the ideas were. The manager of the local factory came along and he was keen to do something for the community because it had a lot of bad publicity about pollution. What they came up with, and it's still going - you go out and see it today, it's still there. They came with using the waste product from the factory which they couldn't do anything with, to make into what they call bearers which are lengths of wood nailed together and when they load these big eight by four sheets onto a lorry, these bearers go in-

between them to separate them. It's a dead boring process but it's a job. They need those bearers and they were getting them done a long way away so the transport costs. They said we'll help you to build a factory almost right next door to the big factory. You can make those bearers. You can also diversify into other products but as long as we get our bearers we'll pay you x amount for those bearers. It was mutually beneficial and that's what they did. There are very few examples of community businesses in manufacturing albeit in this instance it was a fairly mundane, boring process. They weren't producing anything very creative and they did try and diversify into things like dog kennels because there was lots of spare board that could have been used. They found, in order to maintain this main contract, once you started diversifying it was difficult to keep that going. I haven't been there in very recent times so they may have cracked that one but that was the difficulty, trying to make other products in addition.

It shows the range from a local store to a printing business to manufacturing. It's all there but on a smaller scale than in conventional businesses and all started sometimes for quirky reasons - the fact that guy happened to come along to that meeting and was keen to business as it were, was how that business originated. I can remember going with the Chairman of the Board around to lots of manufacturers around Grangemouth, Glasgow buying saws. We didn't know one saw from the next. We were buying this very expensive equipment because we had to have very special saws to cut this board. They go blunt very quickly and you have to know how to sharpen them. We did get some professional advice but that was how we helped to start up that particular businesses which employs, from memory, about twelve people, full-time and well paid, not low wage, they're on normal production workers' wage. That's one we were very proud of, that we succeeded in and it was commercially viable pretty much from day one, once they'd repaid the loan for the building. They got grants because it was in a designated Urban Aid area, they got some assistance there for that.

That was also a very strong community because it was an ex-mining community so they set up a Credit Union as well as the Cowie Panel Processors Ltd. Once that manufacturing thing was up and running, apart from having its board which was elected from the community, it wasn't the kind of business like a shop where you have lots of people using it, it was slightly isolated in contrast to a shop where you've got people coming in all the time. So they then set up a Credit Union. They then tried a cafe which did run for a few years but eventually folded and I think there were one or two other businesses they tried as well. You get quite a lot of that, I'm sure you'll find when you talk to other people, where you get things that are tried don't always succeed usually because if it's based on grant money and the grant money eventually runs out. These days you're in a totally different scenario because grant money is so hard to come by, you've either got to take loans or crowd funding or some other way of raising money. Obviously the Lottery is a big source, a lot of money from the Lottery goes towards community businesses.

Let's talk about that changing money situation. The grants came to an end, was it early 1990s?

I don't know if there was an exact cut-off point but certainly in terms of the money that was available, the sources of money changed constantly. Urban Aid money was around through, when was it there, when the first Labour government came in, was it '97? Well, not the first but the first in recent times. So probably it was about then because Urban Aid was changed

then and you started seeing a decrease because local authorities had less money then. Central government has really waxed and waned in terms of its support over the years and then the Lottery. When I used to bring a lot of Swedish groups over to Scotland they were always amazed by this Lottery funding because they didn't have any equivalent to that in Sweden. It's true in rural areas as well. The Lottery took over from money coming from the private sector, that's as I recall it anyway. So the Lottery became more and more important. Then you began to see the development of loans, social enterprise loan funds which weren't available when I first started. Borrowing money became much more of a feature than it had been previously. In the early days we tended to raise money locally, no it was a combination of raising money locally and matching that with money that would come generally from the public sector. After that the model became more and more diverse so that you had Lottery funding, you still had the little pockets of public sector money. It didn't go away, it's still around now but it's very limited now. Now you have got public money but it's based on contracts so it's that contractual arrangement that wasn't so common in my early involvement to have these contracts and service agreements. That's become more common, and dedicated loan funds.

CBS [Community Business Scotland] started a loan fund at one stage and there were various bodies like the charities bank and the trade union bank that you could go to that were non-conventional sources of money and even in the early days of community business we would mercilessly use any source of money we could find. We'd go to oil companies or charitable, if you searched around you could find odd organisations that would provide some funding but was never big amounts of money. They were small pockets of money that might pay for an annual report or might pay for a training course. We were looking for other sources at that time but there weren't as many dedicated loan funds. European money has been a factory all the way through. There has always been European money available in various guises. The leader in rural areas through northern periphery programme which was how we funded the community shops projects, CEP CESA was normal EU rural development funding. There must have been other funding in that as well. It was the equal project which was urban and rural, it could be either. European funding has never paid for running costs or start-up costs, it's always been an additional funding that could be used to bring people together normally or to research a particular aspect of a business. European funding has been useful but it's not been for running costs or core costs in any way.

Do you think that having to work to contracts and service agreements has changed the nature of social enterprise?

Yeah. I think in many ways they've had to become more focused and more business-wise because the whole world of contractual agreements is complex and requires specific skills and knowledge of how you put in bids. We used to do some of that in the early days but we always struggled a bit because we didn't have the expertise to do that. Although, now I've said that, when I think of the early security businesses, for example in Glasgow, even at that stage you had very enlightened people within local authorities who could see that it wasn't a level playing field. If your community business in Drumchapel was bidding for a security contract against a multi-national company, clearly they weren't going to win it but they could see that you had to build in social factors and other things. If you gave this contract to Drumchapel what would be the ultimate benefits and in some cases they were successful because they were able to argue this was going to be local employment, you are going to get

more success with your security because there'll be more acceptance of a locally-owned business than of a multi-national coming in. So they built in these clauses which have now become more common again but they were there in pockets not as a general rule. That kind of thinking was around even in those days to make it possible for a small community business to be successful in getting a contract. So I think the nature has changed.

My interests and background in terms of engaging with the community as they become bigger and more complex, you've either got to run this business as a business and have people to do that but let's not forget that we're here to serve the community. Whether it's through a cafe or a shop, in an ideal situation you want to have both running at the same time because your business, let's say it's a cleaning contract or a security contract, apart from the people who are directly employed in it and the board are making the decisions, it's not something that's going to engage the local community very much. In my mind there's always got to be that community, both engagement and also a community benefit that's visible. That security company, depending on what they do with their profits, you could argue will benefit the local community by giving grants to local groups. It's less visible than a cafe, shop or second-hand shop or whatever it may be. Inevitably, because it's gone down that route it means that the nature of it has changed which in turn means that the community benefit is less visible and less tangible. In some cases, it isn't there, I would argue, as it was in the early days.

That sounds a bit presumptuous, but I don't mean it was necessarily better then because clearly we needed a lot of things that weren't viable economically and therefore in the longer term didn't benefit the community because they folded. We were perhaps more experimental, sometimes it worked and sometimes it didn't, whereas now I don't think they can afford to take those risks to the same extent. Although having said that I think that one of the issues with these contractual arrangements is that, in many cases, because these contracts are so big, community businesses aren't geared up to take them on anyway, but they try to and then they fail. There have been some spectacular failures, failure is the wrong word, but certainly they have failed to carry out the contract because they haven't had the expertise or they haven't had the back-up that you would get from a big company. I think there are problems with it, but it seems to be the only way that people in community businesses can get work is by bidding for these contracts. The contracts are often large, they find it a) difficult to get them in the first place and b) difficult to fulfil them if they do get them. There is work done on trying to break contracts down into smaller chunks so it makes it easier for community businesses to bid for them. It does change the nature of them because you then need an army of people, I don't mean that literally, but you do need more people who are very business focussed and there's a danger that you lose your links with your local community.

One way that people involved in social enterprises to grab hold of those problems is through social accounting.

Yep.

How have you seen that develop over your career?

I was involved with Alan Kay in the early days when the model was developing, when John

Pearce and others were doing that I was part of those early days of developing it. I remember, I can't quote the year off the top of my head, I was on a panel for Traidcraft, which is the social enterprise that imports goods and sells on to fair trade jobs. That was one of the very early social audits so I've had a very long involvement with it. I think it's absolutely a crucial part, the two go together. Any community or social enterprise that doesn't do social auditing is missing out, not just for the sake of doing them but because validates that they do have economic, social and environmental interests at their core and they can prove it, or not prove it as the case may be. That mechanism to prove that what they're doing fulfils what a social enterprise is really all about, it's vital. It's a disappointment that it's not been adopted as widely and there aren't as many social accounts produced as ideally many of us would like to have seen.

Having said that, where they are done, I've seen examples, I was working for many years in Northern Ireland and I can remember it was called the Verbal Arts Centre and a very innovative project, arts and cultural project in Derry. They decided to do a social audit. They did it and then they went, they didn't do it for this purpose, but they went quite shortly after that for a huge funding package and the crunch that decided them getting this money was the social audit because the funders could see that they were serious about proving and improving all the principles of social audit. Although they had to have their funding bid was here and beside it was the social audit and the two together made the difference in that particular case. Quite apart from being a nice and good thing to do it has a vital role to play in applying for funding or proving to the wider community that what you're doing is not just running courses or whatever. You can show the benefits to individuals, to the communities involved so I think it's crucial.

Along with exporting the community business I was also involved in exporting social auditing and in many cases they adapted it for their own systems and have made their own models. There's one in Sweden called 'Visa Varde' which means 'showing your work' which is the equivalent and simplified. They were keen, in Sweden particularly, to find methods that were computerised for example that could record all your information electronically. They are a lot more advanced in IT than we are in many ways, and I know we do it here, you can develop models that are easier to input the information and also are simplified from the model that we have developed. It's still valid and I know there's social return on investment and there's other models now. They grew apart for a while, now they seem to be coming together again and recognising that they are both different ways of doing the same thing. That would be my argument. I know there's probably more nuance and Alan Kay is more hands on involved in that than I am these days although I still am a qualified social auditor and have done a few in the Highlands in recent years, chairing panels or being part of panels. I still keep in touch with that but it's probably at this point that it's not more widely known and not more widely carried out.

Do you think that local authorities and governments who are dishing out the kind of contracts and service agreements, have they become more amenable to the outcomes of social audits? Do they recognise them?

I think probably in the hard pressed world of social care or whatever local authority service it is, they are very much looking at the bottom line first of all - seeing what the contract's going to cost. I'm sure in some cases they do recognise the wider benefits of a social

enterprise and the whole area of employee owned companies. In the Highlands we've got Highland Home Carers which is one of the biggest providers of home care in the Highlands, if not the biggest, and there the local authority recognises the value, or the added value, of their business as opposed to a privately-owned business. Highland Home Care also has done social auditing for the past five or six years and they do use those social audits when they're bidding for contracts so they'll inform the local authority that they're doing it. It is recognised but not, linked to what I said earlier, not more widely adopted in the same way. Local authorities overall don't recognise it or know enough about to be able to recognise it. There's definitely a gap there.

One last question. In terms of you being involved in doing social audits, thinking about the kinds of benefits that come out of social enterprises through that process, are they broadly comparable over different businesses or is it much more individual social benefits that you see coming out of the audit process?

You mean in terms of the wider community benefits?

Yeah. What kind of benefits do you come up with when you do an audit? Is that the same across a lot of social enterprises or a much more individual thing?

It's probably individual because the audit is focussing on the activities of that particular enterprise. For example, Highland Home Carers, they're very much focussed on how do the clients see the service that they provide so they'll go to all their stakeholders, which will include their own staff obviously, and also their patients or the clients, maybe the parents of the clients. They'll also approach the local authority and health board to see what their view is. Interestingly, I am came across this when I was more active doing social audits, often your public authorities don't respond when you ask them what do they think of the service that's being provided. Because of their layers of responsibility, you find that nobody's prepared to put their name to a document to say yes, we're a hundred percent satisfied or we're not because they see that as something that comes out of the contract, not something that's done separately by way of a survey. The enterprise that will continue to do it clearly recognise the benefits otherwise they wouldn't continue to invest because it's time and money that's involved and for a small enterprise it can be substantial if you start paying consultants. In most cases now they tend to move on and do it in-house because of the time involved and that is a cost, but they're not having to hire in consultants every time. Although when they do the actual audit itself there is some kind of payment involved in that.

The people who are giving out the contracts, there's probably less recognition of the value and I think that's going back to the fact that it's not as widely recognised as we would ideally like it to have been. If you look back historically at social auditing, when, a few years ago, the Scottish government chose SROI as their preferred method, I think there was quite a lot of money put into that. At various stages social auditing has received money to develop the model but it probably hasn't been on a scale to make it more widely recognised and accepted as something that's important. It varies from enterprise to enterprise because in general it's not as widely recognised as some of us would like to see it recognised. Those of us who have been directly involved in developing it can clearly see the benefits and see how it can make a difference. Because it's not been as widely developed, not enough people

probably know about it to reach the same conclusion as some of us have. So it's a kind of chicken and egg thing in a way. If there'd been a huge grant at some stage, Lottery or whatever, to really push it throughout Scotland or throughout the UK maybe that would have made a difference but it tends to have struggled a little bit in being recognised and it's being seen as a slight additional luxury - we'll have a go if we can find the money for it but we're not going to push out the boat to see it at the top of our agenda. Even the ones who accept it like Highland Home Carers struggle to fit it in to their day-to-day because their focus is on fulfilling these contracts and they can't do anything that risks, like all caring organisations they get a lot of sickness, they have to hire and get extra people in so trying to fit a social audit into that kind of schedule when you're a relatively small organisation can be difficult.They've got their own normal financial accounts to pick up as well.

I'd like to move on now, I'm aware of the clock ticking away. Just to talk a little bit about your work internationally and in Sweden, how did you get involved in that?

Most of my international work has been through meeting people. I have always been interested in finding out what goes on in other countries, in social enterprise, co-operatives. Over the years I must have attended quite a few international conferences from America to Malaysia to Europe and usually you meet somebody at a conference or an event. They ask you what you're doing in Scotland and you tell them and they say can you come and tell us about it. In this case, I think I met my contact in East Germany at the Bauhaus, which is the centre for social development, to the European conference there. He invited me to Sweden to inform people about community business because Sweden has a long history of co-operatives so it's not as though you're bringing in a new idea that people have never heard of. But the actual model of community business and community engagement that didn't exist in Sweden so I was invited to speak about it. That in turn led to being invited to put in a bid to do a whole series of workshops and actually developing community enterprise and also in social auditing. Both strands continued and originally it was with one organisation and then other organisations got interested. I pretty much covered the whole of Sweden except the very south of Sweden, although the majority was in the north of Sweden so very similar to the Highlands and Islands in geography and isolated rural communities. That was another benefit, or as they saw it, somebody who knew about remote rural areas but also knew about community business. That's how the Swedish work came about and a similar pattern probably in Northern Ireland and to a certain extent in England.

I've worked quite a lot, as John [Pearce] and Alan [Kay] did, in Liverpool. Various pockets in England became very interested in social auditing and community business and in Liverpool John and I were involved with a social auditing contract to deliver courses on social auditing and on local economic development in certain, what they call seed-bed areas, community based economic development areas, so I had contracts there. At one time I was working in Sweden, Ireland and England all at the same time which was a bit hairy, and living in Scotland. All the international work normally came about through meeting people working in the same field in those countries and being invited to speak at conferences or meetings and then from that developed contracts. That period from '87 seven to '94, that's what I was doing, working less in Scotland and more abroad. Although I never stopped working in Scotland but a lot of the work tended, and partly because I have Norwegian as a language, I could work in Sweden and speak Norwegian and they'll understand. They speak to you in Swedish so there's no language barrier.

The Irish work was mainly in Northern Ireland was a co-operative development agency in Northern Ireland but out of the work in Northern Ireland the interest developed then into Southern Ireland, the Republic, and I had a big contract with FÁS, which is the government training agency to go round to areas of economic deprivation to talk about help to start up community enterprises there. A lot of international involvement and a lot of it based on the origins of community co-operatives and community businesses and social auditing. Those three things together were what these other countries were interested in and now they have leapfrogged us in some areas but in others they haven't developed as much. At that particular stage in that particular period it was all new to them so that was why they were prepared to pay somebody to come and there were other people doing the same sort of thing.

[Phone ringing]

Well, I am ok for a few minutes so just whatever you need to finish off here.

Well first what I would like to ask is you mentioned some areas that you had been working in have now kind of overtaken Scotland in terms of their development of social enterprise. What areas would you say and how are they doing things now?

Its probably not so much over taken as maintained things that we used to have that we don't have any longer. So in Sweden, for example, every county has what they call 'companion' they call it now -it's a new name- but it's basically a co-operative development agency. Some are very small maybe just two or three staff others are quite big organisations so every county in Sweden has that and it's not something that Scotland has now. You have got your central bodies, you have got your co-operative developments in Scotland, you've got social firms in Scotland and you have got Strathclyde community of business. No, not Strathclyde what do they call it?

CEiS?

Yes, CEIS yes, so you have go those kind of bigger umbrella bodies but you have not got in Scotland now unless I missed something that exists that we have not got long haul agencies that are purely focused on community or social enterprise development so I think that was what necessarily... I am trying to think no. I don't think they are necessary good in terms of developing new ideas that we started and that the then developed. I think a lot of them the thinking is still here, but I think we have fallen behind in terms of providing support on the ground and if you think of, for example, Scottish Enterprise or Highlands and Islands Enterprise they have people in those organisations who are specialists, or supposedly specialists [*Laughter*], in this area but you know again they are centralised bodies and they are not locally based and although there are -Highlands and Islands Enterprise,, for example has offices based in Lerwick and Kirkwall and Stornoway and so on- they tend to be still; their focus is on main stream economic development and often very high-profile projects you so I think that the focus on local community owned businesses has been lost to a certain extent and I still think it is the case that, if you look at the legal profession, you look at

accountants and so on there is still a lack of knowledge of the various legal structures for example. I asked this question at a very recent seminar and a lawyer who was on the panel was quite open and he agreed that most solicitors have very little knowledge of community business or social enterprise structures, so when people are looking for advice to set up social enterprises it can be a hit and miss. I am not saying the advice is not there and of course there is a lot more online now than there ever used to be, but I think we are still missing out on local development.

Even co-operative farmers in Scotland I think should not have been part of certain Scottish Enterprise, it should have been a stand-alone agency, because as soon as you put them to Scottish Enterprise it inhibits what they can do basically because they are then tied into the wider Scottish Enterprise agenda and they are not able to localise and adapt and come forward with… then again they tend to go with the high profile, sexy projects that are going to hit the headlines and earn brownie points. Whereas I don't think they are so interested in half a dozen people starving out there in some community co-op in some remote part of Scotland that may struggle for a while before it gets established. So I think we had the resource probably in the '80s and '90s to support pretty much any kind of project that people came up with and maybe in some cases we weren't discerning enough -tried to go down tracks but mainly weren't going to get results- but I think it has gone the other way now, so I think there is more risk of us now tending to go for the more high profile ones that are going to create larger number of jobs or become shown up as examples of what's possible kind of thing which of course we did as well but on a much more wider -we were more inclusive I think in terms of people who perhaps had no business background but we tried to support them and encourage them into becoming more entrepreneurial and understanding business concepts- so probably it is just the approach is different and the outcomes now because of the tightening of funding and so on maybe that has led to a focus on things that are going to pretty much that can be sure of succeeding but that is just the perspective I am coming from [*Laughter*]. Looking back historically, if I was to compare what is happening now with what we were doing at that time we may have been just doing things just differently and maybe had a wider target group in mind than is the case now and there may be examples that I am not aware of where what I am describing is actually happening but I may not be as much in touch now as I was then with what is going on on the ground.

I think that is an interesting point. May I ask just one last question?

Sure

Where do you see the future of social enterprise in Scotland, are you optimistic? What do you think will happen in the next ten to fifteen years?

I am still optimistic but there needs to be some re-thinking I think about how you reach out to the most vulnerable groups, the groups who are struggling. We have now got food banks for example and a classic example the Demos -the think tank Demos- said the other day

why not turn these food banks into cheap community shops and I thought do you actually want shops that are going to provide a more limited range of goods and products to poorer people than you are to richer people? Or are you just going to have shops that are selling the cast-offs that supermarkets have thrown out is that really the way you want to go? Clearly if it was seen as Scottish wide, UK wide idea of starting real community owned shops that stocked as good a range of products as any other local store then I would fully support it, but the idea that you just come back on what is essentially an emergency doling out the food into a cheap shop I don't think is the way we should be going. So I think they have missed in a way they are trying to join A and B without seeing C and D that are all part of that whole multi-functional, engaging with local community side of it in my opinion anyway has to be part of it to be truly community owned and benefitting the local community. So any sort of attempt at top down and doing that I think is unlikely to work and a lot of community enterprises do start from, we have not touched on that so much, but they do start from needs that are not met by public or private enterprise and in fact enterprise is not touching them because they can't make enough profit. The public sector is not touching them because they don't have the money or they don't see it as their particular area of interest.

So I think social enterprise has always attempted to fill gaps in that sense and the food bank, yes it could be filling a huge gap, but not on the basis of just selling basic food at cheap prices. I don't think that that is going to serve the needs of communities or make us a more equal society, really. If you move more into the politics of it all [*Laughter*] so I think there is an issue there about how community enterprise can serve its social purpose through identifying gaps in products and services that otherwise would not be provided and it has always done that and I think it should continue to do that rather than if you set up a worker co-op, for example, there is one that is often cited that makes robots -I can't remember the name of it- something manufacturing and it's a great project. But coming from my perspective there is no big social purpose that you can see if you were to do a social audit of that company you could show that they are probably very innovative in terms of technology and it is a worker owned company, so workers are benefitting, but in terms of the wider social benefit and so on it will be difficult to show that that company. So I think that that is a different category or different type of enterprise from the types of enterprises that I have mainly been involved with and would continue to see as having an important role in society in the future. I think the need is still there and I am optimistic about the opportunities that are there for community enterprise to be developed. I think there needs to be some re-thinking about how you make that possible and I think that on the ground; support whether you want to call them agencies or units or whatever still is as valid now as it was in the '70s and '80s that unless you have that local hands on direct support they are not going to grow out of nothing or they might grow up but fail very quickly because the support is not there so I think that need is still there and if that was in place the future would be quite optimistic. [*Laughter*]

Great, if you are happy I will stop there.

Yes