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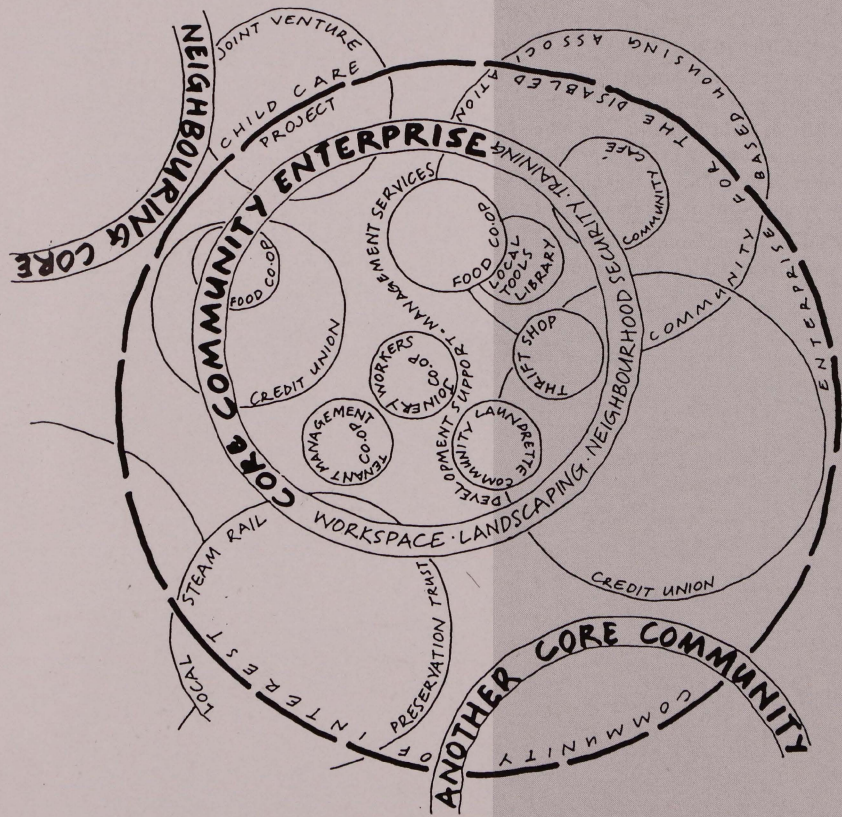
new
SECTOR

PAMPHLET SERIES: No. 1

The Community Enterprise Vision

HOW IT WORKS IN ANYTOWN

John Pearce



— COMMUNITY ENTERPRISE IN ACTION

John Pearce has been working in the field of Community Enterprise and Community Development for over 25 years in the UK and overseas. Until 1991 he was chief executive of Strathclyde Community Business which was the major support and financing organisation for community enterprise in the West of Scotland.

He now runs his own consultancy service and in addition to advice and training for community enterprise he has developed a Community Futures process to engage a cross-section of community stakeholders in the local development process.

He is a director of Community Business Scotland and chair of New Sector magazine.

This story has been written out of a growing frustration that the community enterprise debate seems to focus on the differences within the sector rather than on common ground, on what we are not rather than what we might become. This is a story of what can happen.

The story is based on fusing together many real life community enterprise activities and initiatives into an ideal: a vision of the powerful force community enterprise could be in the local economy. By showing how different types of community enterprise can inter-relate and collaborate, and by describing what could be possible it seeks to shift the community enterprise debate towards recognising its true potential and the common values which inspire the different forms of community enterprise which already exist in our society. Taken together these enterprises, whether they call themselves community businesses or development trusts, community companies or community co-operatives, social enterprises or voluntary enterprises, community housing associations or co-operatives, credit unions or community trading organisations, represent a powerful other way of doing things by seeking community benefit rather than personal wealth.

Anytown is like Shakespeare's Illyria: it's not a real place, but it is a backdrop for real action, an imaginary place which forms the setting for key actors, a setting within which decisions are made and things happen. But for the purposes of this story we suspend the dramatic unities of time, place and action. All of the events in this story have either really happened or are being planned, but they did not all happen within the timeframe of one story, were not made to happen by the people of a single community, and did not all happen in the one place. But they could.....

Anytown faced many of the problems of a modern town hit by industrial decline, recession and high levels of unemployment. There were few opportunities for young people and a rising sense of hopelessness which showed itself in increased crime and vandalism, void and boarded up houses, increase in drunkenness on the streets and domestic violence, a growing drug culture.....

A group of local people came together about ten years ago because they were increasingly concerned about the rising level of unemployment. They decided to form Anytown Community Enterprises (ACE).....

After some informal discussions at the tenants association committee and at the community council a small action group formed itself to explore "what we can do, rather than wait for someone else to do it". They called a couple of public meetings, put together a community profile which identified not only the problems but also the resources and opportunities in the town and gradually a plan of action emerged. A steering group was elected with the mandate to set up some form of community company "to take action".....

The local council were sympathetic to ideas of community organisation and action and certain councillors and officers were particularly excited by the idea of community enterprise action. They gave the steering group a lot of support and decided to employ a community enterprise officer. After about a year of discussions and planning ACE came into being.....

The first ACE initiative which got underway was to convert a disused primary school into a workspace: that is small offices and workshops made available to small (especially new-start) businesses on easy-in easy-out rental terms. At the time such ideas were quite new to Anytown and a lot of the old guard on the Council had to be convinced that this was a sensible idea and that businesses would actually consider setting up in what had been a school. Anyway, the school was converted with urban aid grant and leased on a peppercorn basis to ACE and the project was a resounding success, almost from before it opened its doors. There was clearly a strong demand for appropriate sized workshops for new start businesses within a supportive framework.

The workspace attracted a lot of attention and over the subsequent years the Council identified a number of other redundant schools in its area which it invited ACE to develop and run. Now ACE has four former schools running as workspaces in the town which gives it just enough square footage for the workspace enterprise to break-even. After five years peppercorn rental ACE has been able to agree the purchase of its former school buildings at an agreed unimproved valuation. This has given the group an important and gradually increasing asset base. ACE has become the Council's equal partner in this field and is seen as the key provider in the town.

BUSINESS PARK

Two years ago, following an introduction arranged through the Council's Economic Development Unit, ACE teamed up with a private developer to build a new business park on the edge of town. The basic deal is that ACE will operate a management contract, but having been in from the start the community enterprise has been able strongly to influence the style of the development.

Workspace is not just about property management. ACE's reason for going into workspace originally was in order to help local people set up in business and at least be able to earn their own living and maybe employ

one or two others. It was seen as a very practical way both of creating some new local jobs and slowly expanding the local economy. Therefore the ACE workspaces have always provided advice and training to existing and potential tenants, and also that informal "hand- holding" which is so important when people step out into the dark of self-employment for the first time, sometimes from the black economy.

A few years ago ACE was able to persuade the Council and a Trust to fund a special self-employment training scheme which also got the agreement of the DSS and the Department of Employment to allow a pilot scheme where long-term unemployed people are able to start up in business while still in receipt of their benefits. They have to register with the ACE Self-Employment Trust and their earnings are credited to their account with the Trust to be drawn down when and if finally they launch themselves into business without benefit support. This scheme has been very successful in making it possible for the long-term unemployed to try out a business idea without the fear of losing their income. It permits enterprise, and it has discovered that there are many ideas out there waiting to be tried if the right support structure can be put into place. In particular it has made it possible for some people operating illegally in the black economy to come out into the open.

All the workspaces also provide basic offices services not only to their tenants but also to individuals and organisations who need to access photo-copying, fax, word-processing and so on. ACE members receive these services at a discounted rate. The first workspace, known as the ACE Enterprise Centre, is located quite near the town centre and is still the headquarters of the ACE Group. It is a hive of activity day to day as people come and go to make use of the various business services, to attend training courses or to use some of the conference and seminar space which is available for sessional rental by any local organisations.

In addition to basic office services the ACE Enterprise Centre also offers a full management service to small businesses and

several make use of this for regular management accounting, for debt collection, for assistance with mail-shots and other marketing initiatives. Business advisers attend regularly at the Centre and tenants can make appointments to see them

BEST INTEREST

In the days of the MSC schemes such as the Community Programme, ACE acted as a managing agency and ran a number of community benefit projects. ACE found these to be a very good way of getting long-term unemployed people back into the way of working and the company made sure that their projects were interesting and included a training element. When CP was done away with ACE had a bit of a battle with the Council who tried to force the company to have nothing to do with Employment Training. ACE stood firm against this pressure because the directors felt that it was in the best interests of local people to make use of whatever schemes were on offer. (Interestingly the Council came to this view two years later and decided after all to collaborate with ET).

Under ET ACE found itself running the Enterprise Training programme which linked in well with its workspace and small business support scheme, many of its ET enterprise "graduates" becoming tenants of the workspace. ACE Training has also run a number of ET programmes, mainly in the area of community care and administrative skills, and continues to do so under Training for Work. As an Approved Training Organisation ACE Training has built up quite a reputation as a training provider and now regularly does job search programmes for the private sector when they are engaged in "down-sizing". Recently they have won Job Plan contracts from the local TEC and also provide personal skill development for persons attempting to return to the labour market after illness. Through the Industrial Common Ownership Movement ACE Training operates ESF financed vocational training schemes for the longterm unemployed and for women returners to the labour market. Work placements for trainees are usually with

companies in the ACE Group or with tenant businesses in the ACE workspaces.

In the early days of ACE's existence one of the biggest problems in the two main housing estates in the town was the level of vandalism and damage to empty council housing. As soon as a house went empty it was wrecked. The cost to the Housing department was great and the cost to the community was great also because vandalised houses could not be let and became yet another eyesore in what were already rather grim communities. Members of the ACE Board of directors came up with the idea of a community security squad which would employ local people and keep an eye on empty council properties by patrolling the streets 24 hours a day and 7 days a week.

PILOT CONTRACT

It was a difficult idea to get across both to the Council and to the Police but at last ACE was given the go-ahead for a pilot contract. Training was organised at the local FE College. Local men (no women at that stage!) were recruited. Communications equipment and simple uniforms were purchased. A base was set up within one of the empty houses....Another instant success! The impact of neighbourhood security went far beyond just keeping an eye on council houses; the whole community became a safer place as crime and criminals moved on, graffiti artists ceased to practise their skills, people could safely walk about at night, the guards kept in informal contact with the elderly and the housebound, problems with street-lighting were reported instantly to the Housing, used syringes were picked up, emergency services could be called up at any time of day or night, doctors were no longer fearful of paying night-time visits....

Neighbourhood security contracts now cover all the public sector housing areas of the town. In some places they are now more like estate caretaking with security but one element of a whole menu of tasks carried out to keep the area clean, tidy and safe. Housing associations and some private residential communities have started to buy into the

service, which ACE Security always recruits local people to provide. After all, that is part of the secret: local people doing local work.

In addition to neighbourhood security the company now provides a full range of security services throughout the town for the private sector. Indeed its reputation is such that it has virtually squeezed out the "cowboy" security companies by providing a quality service which companies are willing to pay a proper rate for. Recently ACE Security has bought over a long-established lock-smith's retail business in the town.

ACE has been criticised for its development of security and estate caretaking (and its related landscaping enterprise ACE Scapes) because they are low wage businesses with relatively low profit margins. The ACE Board point out that they pay comparatively well for the industry, that the jobs are the sort of jobs which local long-term unemployed people can do and take a sense of real pride from, that the services provided are essential, valuable and valued and that the company has a strong training policy which is always looking to improve the skill level and therefore employment potential of individual members of its workforce. And after all, creating employment for over 120 people who were previously among the long-term unemployed is no mean feat! ACE does not pretend that these types of business can solve the fundamental problems of the local economy but it does argue that they are the types of business that it is appropriate to have under community control, combining as they do business with service, and that community enterprise had demonstrated that it is very good at running such business.

A HARSH LESSON

Not everything that ACE has attempted has worked out. Some years ago they established a pottery manufacturing ACE Pots to the design of a potter who had been brought up in Anytown but who had trained and made his reputation in the far western tourist belt. The idea was that ACE Pots would make pottery items for sale to tourist shops in the west. The operation soaked up a lot of capital preparing

and equipping the premises. There were technical problems getting the product to look right. Worst of all was the failure to have done adequate market research: basically they had just taken the word of the designer's uncle, one of the ACE directors, that his nephew said there would be a strong market. There wasn't. And added to that the cost of transportation from Anytown made the ACE pots expensive relative to local producers in the tourist belt. A harsh, but salutary lesson. Luckily ACE were able to lease the fully equipped pottery to a local couple who make their own design pottery commemorating the industrial heritage of Anytown for which there seems to be a small but growing market.

Located in the ACE Enterprise Centre is commercial day nursery for children: ACE Tots. ACE Tots has been set up as a joint venture with a major local private company, Any PLC, and one of the new privatised government agencies, Nonquang. The capital cost of developing the nursery has been split three ways between the sponsors, ACE raising its share from the local Community Enterprise Fund. One quarter of the nursery places are reserved for each of Any PLC and Nonquang to allocate to their employees. For this service they pay a weekly rate sufficient to permit ACE Tots to offer the remaining places either free or at a discount to tenants and to trainees.

In fact the ACE Group has become involved in child-car provision throughout the town in quite a big way. The Council is keen to see a comprehensive network of different kinds of childcare established and has given ACE funding to employ a childcare development worker. The result is a wide range of initiatives: playgroups, after-school care, playschemes, a child-minders' co-operative. Few of these are commercial in the strict business sense, except the child-minders' co-op, but they all operate to a strictly enforced pattern of businesslike efficiency even where they depend on volunteer staff and community effort. The books have to balance in all community enterprises! Most of the projects are set up as local neighbourhood enterprises with their own local management committee but drawing on the ACE Group's management services team.

SUBSIDIARITY

For more than three years now the ACE Group and the local Council have been implementing a policy of subsidiarity as regards community enterprise development in the town - considerably before the rest of us knew what subsidiarity meant! One consequence of this policy has been that the Council recognises the ACE Group as the key community enterprise for the town and therefore its natural partner in setting up and running enterprises or projects which require to be done on a town-wide basis: things like workspace, security and estate caretaking, enterprise training provision. Also two years ago the Council decided to wind up its community enterprise unit and to transfer that function to the ACE Group, whom it grant-aids annually to employ two community enterprise development workers. None of this means that all community enterprise in the town is either run by or controlled by the ACE Group. Far from it. What has emerged is a growing range of community enterprises some created as subsidiaries of the ACE Group, some as joint ventures with other bodies and yet others as quite independent projects, of which some nonetheless make use of the management and other services which the ACE Group supplies through its management services unit and its community enterprise support unit.

One development of particular interest has been the growth of several neighbourhood enterprises in different parts of the town, running enterprises such as local laundrettes, community cafes and food co-operatives. One very interesting initiative is the pensioners' pub in the town centre, run by pensioners for pensioners and serving low cost bar meals, snacks and tea and coffees in addition to licensed drinks.

Most of these neighbourhood enterprises have their own management committee and draw management services from the ACE Group on a contractual basis. Most of them operate with volunteer labour although some do have paid workers as well - the pensioners' pub for example has a paid daily cook but all the rest of the work is done by pensioner volunteers. In this way important community

and neighbourhood services can be provided at low cost, but the enterprises still have to obey basic trading rules. ACE believes that these enterprises are an important part of the local economy, providing services, keeping money in the economy and making slender incomes go that little bit further. They have also been a good training ground for people who have learned about business for the first time and gained the confidence needed to consider having a go at setting up their own.

THE GREY POUND

Credit unions are another form of neighbourhood enterprise which the ACE Development workers promote. There are currently three in the town and it is expected that at least two more might be set up. One of the existing unions serves the local Council workforce.

Operating out of the ACE Enterprise Centre is the Anytown Local Exchange Trading Scheme (ALETs). Known locally as "the grey pound scheme" because it is coordinated by a group of active pensioners, ALETs facilitates the exchange of goods and services between individuals for "£ grey". Essentially a barter system with a computerised record-keeping, the scheme allows people to "trade" their skills for goods and services which others can provide. For some people this is an important way of expanding their domestic economy. For others it offers the chance to test out their ability to provide a service which eventually becomes the basis for a small business. For yet others it allows them to turn a hobby to advantage or to reduce their total dependence on one source of income.

DOUBLE PROBLEM

Another major issue which the ACE directors were concerned about right at the beginning ten years ago was the double problem hitting many local young people: no job and no home. It took a few years and many sessions in the pub after board meetings to get round to tackling this one but eventually an exciting idea emerged. Why not set up a scheme which

will allow young people to build their own flats, learn construction industry skills at the same time and then live in and manage their own homes at the end of the process? And so they did just that. The first scheme was to renovate a couple of terraced houses into one bedroom flats and these became the first properties of the ACE Youth Homes Housing Co-op. They now have more than 30 flats in the scheme and are currently involved in their first new build project, developing a "Foyer" to provide student type accommodation for young people who are not students but are in need of short-term housing. Along the way twelve of their past trainees have formed a small general building workers co-operative which works throughout the town and often wins contracts from the ACE Group. The co-op uses the ACE management services to do its management accounting and debt collection and is based in an ACE workspace.

Involvement with the young persons housing initiative led ACE to think about getting even more involved in local housing issues. Surprisingly there was no local housing association and the large national and regional ones that did operate in the town were perceived to be as remote and insensitive as the housing department of the Council. Discussions with a number of other people in the town led to a new steering group being set up to guide a feasibility study into establishing Anytown Housing Association (AHA). A number of opportunities presented themselves: renovation of older terraced properties, the development of special needs housing for the elderly and the handicapped and the development of some empty sites in or adjacent to the two main public sector housing estates. And so the AHA was born, a quite separate organisation from the ACE Group but with a number of common members and directors, a built-in link at Board level and sharing offices and administrative services at the ACE Enterprise Centre.

In its five years of life so far the AHA has become an important provider of social housing in the town and it is an open secret that the Council would prefer this local community-based provider to be the key housing organisation in the future if its own

role is to be curtailed. The local politicians see this as a good way of improving the quality of service but retaining local community control.

ACE DEVELOPMENTS

An exciting new departure for both ACE and the AHA has recently been to set up their own development company: ACE Developments. This company came into being initially as the way in which the local community could put together a new private housing development for a prestigious site between the town centre and one of the estates. ACE Developments were able to organise a package which included social housing developed by AHA and several small private developments all undertaken by local building companies, including one by a self-build group. It is ACE policy always to use local contractors and business men whenever possible: shop local for local jobs. Indeed ACE and AHA have always decided against setting up their own in-house building organisation, preferring to give contracts to local small firms.

An innovative part of this development was ear-marking a site for a town swimming pool. The people of Anytown have always wanted a swimming pool but all proposals to date have fallen by the wayside. The present scheme will be run as a community enterprise and the swimming pool development will include a Heritage Centre, cafe and entertainment area and fitness suite. These proposals have involved a wide range of local community organisations such as the sports clubs, local history societies and the local schools. Anytown Pool Enterprises (APE) is being established as a separate community enterprise to run this integrated leisure development facility for the town. Its constitution is based on directors being appointed by other local community organisations, including the ACE Group and AHA, working alongside a small group of independent directors.

ACE Developments has a number of other ideas in the pipeline. One very imaginative one concerns bringing back into productive community use the derelict land

under the raised section of the town bypass which was built some years ago and which has remained something of an unpleasing concrete jungle, a no-go area in the evenings and at weekends. Part of the development is likely to include a terminus station for the Anytown and Otherton Light Railway Society, a regional community enterprise which is refurbishing an old industrial railway line and running a steam train service throughout the summer.

Another new development which is well on in the planning phase is to establish and run a specialist day care centre for elderly persons with Alzheimer's Disease. It is likely that this will be another joint venture initiative in association with other voluntary sector organisations with ACE Developments acting as the catalyst and ACE Management Services having a service contract to manage the centre. It is also likely that this will not be the only community care initiative as the community and voluntary sector in Anytown are determined to get organised so that community care is not so much privatised as communitised in their area.

MULTI-NATIONAL

The other major initiative in which the ACE Group is currently engaged is researching a new manufacturing business which it intends to set up as a joint venture with a large multi-national, Califoods, which has a local plant. The business idea came from the management team at the local factory. Originally they put it forward within the company as an idea to be developed but it was turned down as not being directly relevant to main company policy. After one of the management team heard the ACE Development Worker speak to the local Rotary club he arranged a meeting to see if the idea could be developed locally for the benefit of the community. Califoods management in California gave permission for the idea to be "given away" and the corporate responsibilities department got very excited by the concept. The result is a brand new hightech food processing plant being developed by Califoods to be leased to an operating company, ACE Fresh, which is

jointly owned by the ACE Group and Califoods. The agreement is that profits after all costs, including a management services fee to the ACE Group and a royalty payment to Califoods, will be paid into the Anytown Community Enterprise Investment Fund (AEIF).

AEIF was set up by ACE and the Council to be the main source of financing for local community enterprises. It suits the Council to do this at arms' length and it has sometimes been possible to "off-load" year-end "slippage" funds into AEIF rather than spend them on unnecessary equipment just for the sake of spending the budget.

The ACE Group itself has quite clear rules about how its profits may be used. Each year at least 50% of profits must be retained as reserves or for re-investment in existing or new businesses of the group. Usually more than 50% is used in this way. Of the remainder, half is used to fund a profit-sharing bonus scheme to the employees of the group and the other half is divided equally between the AEIF and a charitable Community Benefit Trust Fund which the ACE Group has established. Trustees of the Community Benefit Fund are elected annually at the AGM and include representatives of the workforce, who after all generate the wealth. The Fund makes its own independent decisions about what to support. Most years the emphasis is on the elderly and the young but last year they gave a substantial grant to a new hostel for single mothers. The Trustees also act as the ACE Group's Social Committee and organise an annual programme of social events aimed at involving workers, members, directors and their families and friends in one way or another. The ACE Christmas Party has acquired quite a reputation!

NEW SECTOR

The ACE Enterprise Centre is a centre of community activity where over the years the distinction between social and economic projects has become progressively blurred. Many of the town's voluntary organisations have taken office and workshop space there so

as to take advantage of the facilities available and to keep in touch with other parts of the "New Sector". Indeed a plan which has just hit the drawing board is to develop a new workspace in the town, New Sector House, which will act as the home for the growing community enterprise sector. The idea is to seek funding from the new national lottery to finance such a project, although as ACE activists have pointed out if the lottery were to be run by a national new sector company, then the lottery would not have to pay out a surplus margin beyond the actual operating costs to the lucky private operator who wins the franchise and would so increase the amount available to support charitable activity in the country.

Anytown has an intricate network of community organisations, all of them enterprising, some more obviously commercial than others, all having to pay their way, some more successful than others, many intertrading and some independent.

Some organisations have large memberships, others small. Many have overlapping memberships and operating areas. Many residents are either involved with or use several of these community enterprises in the course of a year.

All are committed to community ownership and to the re-investment of profit into the community. All are seeking to better the quality of life for local people rather than to create personal wealth for individuals.

Such is the story of Anytown. It is a story of what community and co-operative enterprises can do to serve the local community. It is a story where the detail of models does not matter greatly, but where the human dynamic is all important.

Anytown presents an optimistic picture. Of course things don't go quite this well in a real community. But none of the problems Anytown and ACE have avoided are unavoidable.

Community enterprise action really could be this good.

New Sector pamphlets are designed to stimulate and develop thinking about the potential role and value of community and co-operative enterprise within the economy.

The series will cover a range of related topics, and manuscripts (5000 words approximately) are invited for consideration.

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