

# **CULTURAL SHIFT EQUAL PROGRAMME FINAL EVALUATION**

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## **1 Programme Context**

Cultural Shift is an action research and resource development programme for the social economy in South East England, which attempts to stimulate social changes and service improvements through socially entrepreneurial partnerships between the public, private, voluntary and community sectors. The programme is funded under theme D of the EU's Equal programme - *Strengthening the social economy (the third sector), in particular the services of interest to the community, with a focus on improving the quality of jobs.*

Cultural Shift is a partnership led by South East England Development Agency (SEEDA), who submitted the application for funding and is the lead development partner. The Development Partnership for Action 2 was made up of SEEDA, Portsmouth City Council, Portsmouth Housing Association, HMP Stanford Hill, Skoll Centre for Social Entrepreneurship at Oxford Business School, European Institute of Social Services and members of the South East Social Enterprise Steering Group.

Cultural Shift is also part of an international partnership – Third Angle – involving the UK, Poland and Italy, which has been undertaking joint learning in the very different context of the social economy in the 3 member states.

The Development Partnership Agreement (DPA) lists two aims for the project:

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

The project was based on two assumptions:

- That there is a problematic divergence in value systems, specifically relating to the interpretation of and appropriate use of both 'social good' and 'enterprise culture' exists not only within organisations but also between these sectors as a whole.
- That if working effectively, social enterprise and entrepreneurship will benefit from partnership working with the public, private and VCS sectors. Each sector has something significant to bring to the sustainable delivery of public goods and services through social enterprise.

## **2 Evaluation Methodology**

Over the last two years EOA has been undertaking a longitudinal evaluation of the Equal Development Partnership Cultural Shift. The dominant approach taken was participatory evaluation and in particular empowerment evaluation. The emphasis in this form of evaluation is on the evaluation being a learning process, with the evaluator being a critical friend to the programme, holding up a mirror for those involved to reflect on what they have done and what issues/problems exist that need addressing. This approach is entirely in keeping with the emphasis on empowerment within the Equal Programme.

At the core of the evaluation were a series of facilitated sessions:

- with the three demonstration projects (two workshops were held with each project at the mid-term and end of the programme, attendees included project staff, beneficiaries and partners),
- with the management team - evaluators, researchers, monitoring team and SEEDA's project team .
- with the Business Link Social Enterprise Group at the mid-term stage
- with a group of partners including some Steering Group members
- with the wider partnership – two workshops were held; one on communication (an issue identified as a problem at the mid-term evaluation) and a final one reviewing the partnership's performance against the crosscutting themes of equal opportunities, empowerment, innovation, mainstreaming and management.

In addition to the workshops and meetings, the evaluator attended the partnership meetings and the two national Cultural Shift conferences, and undertook a number of one-to-one interviews (with all the sector group leads, some steering group members, partners and management team members). As part of a more in-depth look at how being involved in Cultural Shift had influenced a mainstream public sector partner's views, the evaluator conducted a detailed interview with two managers at Portsmouth City Council.

Other evaluation activity included a review of the written material produced (including the research report, policy documents and protocols), a review of press coverage and other publicity, examination of monitoring data and meeting attendance, and a web-based analysis of dissemination (following the information workshop's decision to use electronic means as a major information tool).

This evaluation aims to operate at a series of levels:

- An analysis of the programme's performance against DPA objectives – including an examination of the assumptions/theories underlying the programme
- Analysis of the programme's performance against the Mainstreaming Partnership Agreement (MPA) objectives
- An analysis of the programme in the context of the EQUAL themes (Equal Opportunities, Innovation, Transnational, Partnership, Mainstreaming, Empowerment)
- An analysis the methods used to deliver and the structures used compared to those given in the DPA and MPA
- Lessons learnt.

### **3 Performance Against DPA Aims and Objectives**

In this section the evaluation examines the aims identified in the DPA and the concepts behind them as well as a third aim that evolved during the programme. The evaluation then moves on to examine the objectives. Unlike in the DPA the objectives are allocated to aims in an attempt to understand how they fit in to the thinking behind the project. In examining the objectives, the evaluation examines whether the activities allocated to them in the DPA have occurred and whether related outputs have been delivered and the degree to which the activities have been a success. In section 5 the DPA is

revisited in the context of the EQUAL principles of Equal Opportunities, empowerment, etc.

### **3.1 Aims**

As detailed above the aims of the programme are given in the DPA as being:

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

In empowerment evaluation the first focus is on examination the aim(s) and (consequentially) the objectives of the programme. This is because many projects run into problems because the aim is either not thought-through fully or because it is not shared or understood by those involved in the project. The evaluation workshops and interviews revealed that this was the case with Cultural Shift project.

#### **Aim 1**

**To model inclusive employment models delivered through independent social enterprises.**

The underpinning assumption appears to be that social enterprises (because of their social bottom line) are able and willing to structure their enterprises to provide inclusive employment to employees from disadvantaged groups.

In terms of evaluating performance against this aim it is appropriate to look at what models were used – these included an ILM programme (The Really Helpful IT Company – TRHITC), the setting up of community social enterprises through a support body (Social Business Solutions - SBS) and the creation of a social enterprise employing prisoners (in Standford Hill Prison). Comparisons were made with models in Italy and Poland.

#### **Aim 2**

**To create new protocols for entrepreneurial partnerships between mainstream public sector providers and social enterprises in the South East.**

This affords the most difficulty in interpretation – what exactly was meant by a protocol? Oxford English Dictionary defines protocol as “*Original draft of diplomatic agreement, esp. of terms of treaty agreed to in a conference and signed by the parties; formal statement of transaction; (observance of) official formality and etiquette; official formulas at beginning and end of charter, papal bull, etc;*”

The Skoll Foundation researchers were tasked with producing four protocol guides. A considerable amount of time was spent by Skoll and the then project manager trying to establish what was meant by this, with only limited success. Nor was it apparent how Skoll, given its function in the programme

and more widely, would be able to secure the protocols. Eventually what Skoll produced instead were a series of 5 theme papers rather than protocols.

This lack of clear definition also causes great problems in evaluating success against this aim. Arguably the aim can be read as being more than the production of the protocol documents referred to. Instead it is effectively the brokering of understanding between the different sectors, such an action is in many ways a mainstreaming activity in which SEEDA, of all those involved in the DP, would take a lead role. A model for such a protocol might be the COMPACT between the public and third sectors.

The problem of a lack of clarity over the aims was raised by the evaluator at the mid-term evaluation. The evaluator held a number of discussions with the partners and a facilitated session with the management group at the transnational meeting in Krakow, which identified a third aim:

### **Aim 3**

#### **To identify and understand the barriers to cultural shift within the sectors (especially the public sector)**

This aim effectively is testing the first basic assumption behind the programme and is the necessary precursor of the other aims – once this aim has been met, then it is possible to find approaches to tackle the barriers – thus creating the policy tools, models and lessons that were to be mainstreamed into regional policy.

In evaluating the success of the programme against this aim, a series of measures are possible – barriers identified, review of publications, interviews with those involved - all of which revealed significant progress against the aim.

### **3.2 DPA Objectives**

#### **Eight objectives are listed in the DPA.**

- 1. To draw on European experience to model inclusive social enterprise incubation and employment models in 3 UK enterprise teams over a 2-year period.*
- 2. To create at least 4 specific guidance protocols on key regulatory issues affecting the success of cross sector partnerships in the South East.*
- 3. To increase the understanding of the role and potential of social enterprise models to deliver inclusive enterprise in at least 3 growth market areas of the region by 2007.*
- 4. To complete an academic analysis on the cultural and organisational barriers to social enterprise development in partnership with the public sector within the south east, by the end of 2007.*

5. *To encourage the engagement of all sectors in socially entrepreneurial activity in the region through offering at least 8 specific opportunities for cross sector dialogue and networking throughout the course of the programme.*

6. *To provide cohesion and connection to the wider social enterprise capacity building initiatives in the region through a joined up approach of delivery through the strategic direction of all activities by the South East Regional Social Enterprise partnership.*

7. *To stimulate start up of new social enterprise in growth markets of the region through working with market focused learning networks and leading them through a process of partnership development arising through the course of the programmes development.*

8. *To empower individuals within 3 enterprise teams from excluded target groups to develop and drive employment and enterprise vehicles that are beneficial to a local community or community of interest.*

### **Aim 1 To model inclusive employment models delivered through independent social enterprises**

Performance against this aim and associated objectives has been mixed.

#### **3.2.1 Objective 1 To draw on European experience to model inclusive social enterprise incubation and employment models in 3 UK enterprise teams over a 2-year period.**

Comparative cross-national research into incubation models was undertaken and a report produced. However the research findings came late in the lifetime of the programme and so had limited impact on the three UK demonstration projects. Representatives of the demonstration projects (including beneficiaries from the target groups) attended transnational visits, however the feedback surveys and interviews indicated that learning was limited – more a case of helping those involved to understand their home projects better than gaining new ideas. One lesson coming out of the transnational work has been how very different the policy and structural contexts are for social enterprise in the three countries are and this in turn meant that whilst understanding was increased the potential for transfer of models was limited.

Three demonstration projects were identified, funded and supported for two years with varying degrees of success. In terms of involvement by all three sectors in the creation of the social enterprises – The Really Helpful IT Company (TRHITC) was a partnership between Portsmouth Housing Association (PHA), the local CVS and a private sector entrepreneur. SBS was initiated by Portsmouth City Council working with local community boards. Genesis project was led by the Prison Service, with some cooperation from local communities. Thus the private sector, in the form of one individual, was

only involved as a major partner in the creation of one social enterprise (TRHITC). All three projects were given support and business advice by SEEDA's advisors, as well as working closely with the research team and evaluator.

The programme experienced delays, with projects slow to get off the ground. These delays probably should have been foreseen and identified more clearly in the risk section of the DPA. One project (Standford Hill - Genesis) was never able to establish an independent social enterprise, due to the legal issues and the risk-adverse nature of the Prison Service. The SBS project was also blighted by delays and a lack of clarity. A separate support organisation (SBS) was created and staff recruited to work with the community boards. When it became apparent that the boards' desire to set up as social enterprises was limited, the project staff started to focus on projects which had come out of the regeneration programme that the Boards had been formed to help manage. This generated a number of social enterprises. Of the three projects TRHITC was the most successful. The business is generating significant income and expanding. Importantly in the context of inclusive employment, TRHITC operated an intermediate labour market programme, which not only recruited employees from disadvantaged communities; these employees have been able to move on to other non-ILM employment.

In the context of the wider project (especially in the context of the third aim) the different levels of success within the demonstration projects in setting up social enterprises have been useful in developing understanding of the problems and issues and so inform the project's findings.

The publication of the research findings on the three demonstration projects was inevitably delayed by the progress of the projects and so only towards the end of the project were the lessons drawn able to be used and plans for roll-out developed.

### **3.2.2 Objective 3 To increase the understanding of the role and potential of social enterprise models to deliver inclusive enterprise in at least 3 growth market areas of the region by 2007.**

Four market-sector groups worked on the programme – housing, environment, culture, and rural. These produced four documents on the state and potential of social enterprise in their sectors. Other documents were commissioned on regeneration (asset-based) and health. These documents are referred to as policy guide documents in the DPA, but the documents are varied in length, format and content, some focus strongly on case studies, others on policy issues. These guides have proved useful in promoting discussion and raising awareness of the potential of social enterprise in the sector. Interviews with sector leads suggested that the guides and their creation had been useful for engaging others – for example among Housing Associations.

Again problems arose from delays in the start, whilst six guides have been produced, only two guides – Culture and Housing - were being widely

disseminated during the lifetime of the Programme. In addition to hard copies, the documents are available free for downloading from the Cultural Shift website.

A few sector group leads and members were able to take part in transnational visits, but as with the demonstration projects the lessons from the exchange were more about gaining an insight into the sector in England rather than gaining ideas from Italy and Poland.

### **3.2.3 Objective 8 To empower individuals within 3 enterprise teams from excluded target groups to develop and drive employment and enterprise vehicles that are beneficial to a local community or community of interest.**

Two demonstration projects were based in Portsmouth – TRHITC and SBS – and provided employment to people primarily from geographical areas of multiple deprivation. The third was based in Kent at the Standford Hill Open Prison – with the beneficiaries being male prisoners (the prison is a male prison). In terms of covering the target groups listed in the DPA the projects were limited primarily by the demographic profile of Portsmouth's disadvantaged areas and to men at Standford Prison. Arguably a choice of a project serving another group might have given wider diversity of excluded groups, however the choice was limited, an open invitation had been made and five responses received and those chosen were best suited both in terms of the sectors covered and meeting EQUAL requirements.

The projects varied in how they empowered individuals from their target groups. Standford Hill despite its problems was particularly noteworthy in the degree to which the beneficiaries were clearly treated as equals within the project, indeed the prisoners involved were able to bring much-needed private sector business acumen to the project management group. Two prisoners on their release from prison have gone into jobs, which partly utilise skills developed within the programme. Likewise in TRHITC the ILM employees were assisted with intensive personalised support and on-the-job training and have also moved on in to employment in other companies. However unlike Standford Hill the ILM employees were less involved in the management of the company, with TRHITC having less participatory approach (more private sector) to organisational structure, this was not only applied to ILMs. With SBS the community board member empowerment was varied, this reflected the different levels of interest/ability within the different boards.

In terms of delivering community (local or interest) beneficial social enterprises, TRHITC provided both ILM employment opportunities and affordable IT to local third sector groups, the SBS project created at least one community-owned asset (the City Bar) which it is proposed will generate funds for community grants, community-owned enterprises and enabled some regeneration projects to become sustainable and the Genesis Project had ambitions to operate a bio-diesel project recycling used oil.

## **Aim 2 To create new protocols for entrepreneurial partnerships between mainstream public sector providers and social enterprises in the South East.**

**3.2.4 Objective 2** To create at least 4 specific guidance protocols on key regulatory issues affecting the success of cross sector partnerships in the South East.

As indicated above Skoll researchers were charged with generating these protocols. However after some time working with the project officer trying to establish what these protocols would consist of, it was decided to produce instead 5 guides to the key themes generated by the research, which could then feed in to the protocols. Of these protocol guides, the one on the issue of state-aid is closest in content to that of a protocol. This issue had caused considerable difficulties within TRHITC project, where the project had fallen foul of EU State Aid rules and as a result the business came to within a few days of failure as a result. The Skoll researcher and SEEDA project officer were active in seeking to resolve the problem. The protocol attempts to produce a “signposting document” “that will assist public sector officials and social enterprises in establishing what public sector funding is allowed and under what conditions it can be applied.” As a result of the protocol and the follow-up done by the researcher and SEEDA there seems to be some movement on the subject at national and EU level. Such movement would be a significant outcome from the Cultural Shift programme – as a reading of the protocol makes it clear that current interpretation of state aid rules (certainly at national level, transnational comparisons suggested that SEEDA's Polish and Italian partners were not experiencing the same problems) could mean that the support of social enterprises which are developing successful social enterprise approaches to intermediate labour market problems were likely to fall foul of State Aid.

Other protocol guides are on

- the emergence of a new category of social enterprise – state-sponsored social enterprise
- the role of ‘entredonneurs’ who mediate across cultural barriers between social enterprises and the public sector
- a better understanding of the implications of market failure and the difficulties faced by social enterprises in meeting multiple social objectives in market failure situations
- the role of public procurement and addressing the potential limitations of achieving social outcomes through commissioning and social clauses.

In strict terms these documents do not meet the objective 2, the documents are not protocols as defined in the aim. Within the new guides the ones on State Aid and procurement deal with regulatory issues. The other three are very clearly concept papers. The researcher in his interview with the evaluator was very clear that these protocol guides were effectively theme papers on themes which required further research to test and validate. The key issue therefore is the degree to which these concepts are now developed and tested, however this will take place outside the lifetime of the project.

And if the term protocol means the wider definition outlined above, these documents are important preparations for the development of protocols. The question is how would such protocols be developed. There are two more objectives which would aid such a process: objectives 5, 6 and 7.

**3.2.5 Objective 5** To encourage the engagement of all sectors in socially entrepreneurial activity in the region through offering at least 8 specific opportunities for cross sector dialogue and networking throughout the course of the programme.

The main vehicles for such a dialogue have been two national conferences, the county-based networks of social enterprises and the market sector-based groups (see aim 1 above). However despite the programme's efforts attempts to engage the private sector has been very limited. It is unclear why this is – there may be issues around private sector understanding of social enterprise, or vice versa. Why would the private sector choose to engage with such a programme, what's in it for them – potentially the programme is creating competition to the private sector? Private sector attendance at the conferences has tended to be limited to consultants who see the new social enterprise sector as a potential market. The private sector entrepreneur who is the director of TRHITC advised that initially when talking to private sector clients he would never talk about social enterprise, now that the company has proved itself he says he does and the private sector is impressed by it. Maybe this is an approach to be taken in future.

**3.2.6 Objective 6** To provide cohesion and connection to the wider social enterprise capacity building initiatives in the region through a joined up approach of delivery through the strategic direction of all activities by the South East Regional Social Enterprise partnership.

The regional conferences were designed to promote social enterprise in its wider strategic context. The conference programmes although referring to Cultural Shift were designed to cover a wider South East Social Enterprise agenda.

The Cultural Shift website is designed to give a wider overview of social enterprise activity and support within the South East, however it would probably be appropriate to consider renaming the website – effectively rebranding it to fit in with the wider brand. The website domain name is [www.culturalshift.com](http://www.culturalshift.com) rather than [www.sesocialenterprise.co.uk](http://www.sesocialenterprise.co.uk) (or similar) as the latter would be more appropriate and more comprehensible to someone looking for social enterprise support in the south east.

The main development for the implementation of the wider social enterprise development in the South East has been the formation of the SE2. This Network is run by SEEDA funded development workers, hosted by Unltd. Unltd have been involved with the Cultural Shift programme from the beginning, and since the Network's formation, Unltd have been attending Culture Shift management group meetings to ensure that the two initiatives

work closely with each other. The Network is aiming to become an independent body for social enterprise, providing a much needed independent voice for social enterprise – and is potentially an example of the a state-sponsored social enterprise. Underpinning the Network has been the development of a number of county networks. These networks vary considerably in make-up and activity, but are meant to provide local social enterprises with a voice locally, and potentially an ability to access public sector tenders as well as other markets.

Alongside these geographically-based networks are the market sector groups – the Cultural sector group predates the programme and came out of a response to SEEDA's Social Enterprise Strategy and this then stimulated the creation of the Housing group and then the others groups. The first two groups influenced the shape of the Cultural Shift application, as those involved wanted to be able to replicate the model across other sectors.

The most active groups have been Culture, Environment and Housing. The interviews with the four group leads indicated that all felt the Cultural Shift had been tremendously useful as a first step in stimulating understanding of social enterprise and its potential within their respective market sectors. However all four also indicated that there was much more work to be done and a concern about the future of the groups and their work once EQUAL funding ceases. All the group leads all expressed a desire to work more with each other. The role of these market sector groups is important and complimentary to the county networks, as not all social enterprises operate on a local level and thus identify with the county networks. Certainly the market sector groups have produced with limited resources and time some of the most exciting outcomes of the Cultural Shift programme. This is partly because they are led by leading players (in the case of environment and housing by major third sector/social enterprises themselves) in the market sector and so carry a certain weight within their field as well as bringing practical insight.

The role of the Cultural Shift's Programme Director in leading social enterprise development in the South East and the creation of social enterprise strategy has been crucially important in ensuring that the Cultural Shift programme and the lessons it was generating were integrated into the wider South East Social Enterprise development. No one in the South East has the degree of overview that the Director has (given SEEDA's role as lead RDA in social enterprise and her role within SEEDA). This has allowed a coherence and an understanding for the programme. However the sheer depth and width of that knowledge bring their own problems, it was sometimes difficult for others in the programme to comprehend fully what was intended. As one sector lead put it “I only really understand what Cultural Shift was about, when I heard Kate speak at the DTA conference.”

**3.2.7 Objective 7** To stimulate start up of new social enterprise in growth markets of the region through working with market-focused learning networks and leading them through a process of partnership development arising through the course of the programme's development.

6 social enterprises were started as a result of the project, all but TRHITC were projects generated by SBS. Some, especially TRHITC, are more capable of generating sufficient amounts of earned income to be independent, most of the others as the Portsmouth City Council managers pointed out in their interview would always rely on significant amounts of public money (grants) to support the public service elements provided.

SEEDA's project managers provided important intensive support for the development projects and their enterprise start-ups. Additionally the enterprises have been able to draw on the support and work of the research team and the wider social enterprise support networks (eg Business Link). Business Link was involved on the management group for the Genesis project. EQUAL funding was also crucial in assisting the businesses start-up providing important support for R&D, start-up funds, staffing costs, and assistance towards the ILM model. Equalities Impact Assessment training was provided to all three demonstration project as part of a process of assuring equalities and inclusiveness within the projects and the programme more widely. The projects very nature as projects with the express aim of inclusion aided this process. Additionally as part of the evaluation two empowerment evaluation workshops were held with the projects, to engage all (including beneficiaries) in informing the evaluation process including setting criteria for success.

The SBS project used a model, which included the creation of a support agency for social enterprise within the Portsmouth area and was active in promoting the concept of social enterprise clusters. With the ending of Cultural Shift funding that agency has been wound up, although one member of staff went on to create a SBS CIC. A recent conference in Portsmouth highlighted the potential of social enterprise clusters in the city and there is some indication that the model in some form might continue. However the Portsmouth City Council officers suggested that a lesson from the programme was that top-down (public sector down) interventions could not generate successful social enterprises.

The more advanced of the market sector groups (housing, environment and culture) have assisted a number of social enterprises. Culture has two demonstration projects (Street Stage and Bucks Sports Partnership), the Environmental Group had five projects. Of all the market sector groups the Environmental Group's projects are perhaps the most interesting. The Hindhead project is a good example of cross sector partnership working to develop developing social enterprise solutions to major developments – the project is led by the National Trust and includes the private sector. However the delays in starting these market sector projects, caused partly by management issues such as the need to reprofile the programme, has meant that such new enterprises as are generated will be funded by funds other than EQUAL (SEEDA has already found some money to do this).

**Additional Aim 3 To identify and understand the barriers to cultural shift within the sectors (especially the public sector)**

As indicated above this aim is not identified in the DPA and yet is fundamental to this evaluation, in that failure to deliver on this aim would have meant a failure of the project.

**All the objectives contribute towards this aim plus**

**3.2.8 Objective 4 To complete an academic analysis on the cultural and organisational barriers to social enterprise development in partnership with the public sector within the south east, by the end of 2007.**

The academic research was conducted by two researchers from Skoll Centre for Social Entrepreneurship at Oxford Business School. There have been significant delays in the research, caused by the delays in starting the demonstration projects which the research has been based on. As a result the interim national research report was produced on a more limited amount of research data than was desirable and the finished report (agreed with SEEDA at the end of November 2007) has only had limited scope for dissemination in the lifetime of the programme – however the research is going to be influencing the World Forum and Skoll Centre Policy Global Colloquium (see Mainstreaming section). Another consequence of this was a tendency observed by the evaluator (and accepted by the researcher at interview) for concepts such as that of *entredonneur* to become adopted as proven by those involved in the programme, before there was sufficient evidence to support it substantially. Thus the interface between the Cultural Shift research and Cultural Shift programme began to blur.

Additionally only one of the demonstration projects could with confidence be said to have produced a sustainable social enterprise, one produced a number of partial social enterprises (of limited sustainability) and the third failed to get off the ground and so the lessons to be learnt from successful social enterprise incubation were limited. More could be learnt however from all three about the barriers to cultural shift – in other words in terms of the third aim and from thence measures to counter such barriers. The final Skoll report examines the three demonstration projects, using a number of themes including trust and networks (appears in all 3 projects), personnel, isomorphism, cultural shift (appear in 2 projects) and funding, procurement, and the three E's (enterprise, efficiency and effectiveness). Other outputs generated by the research team include an analysis of the three demonstration projects (highlighting the role of trust and networks, personnel, isomorphism and independence), a report into attitudes to social enterprise state partnerships and a chapter on mixed cultural values. In addition there the five protocol guides listed above. The approach to the research taken was grounded theory – this approach acknowledges the need for further work (see also the protocols above).

As with the national research there have been delays with the transnational research reports, the final transnational research report was not available for the Brussels conference. However the transnational research activity has been very fruitful whilst acknowledging the very different circumstances and approaches taken in the three countries. The three national research teams held research sessions at all the transnational meetings, to compare findings

and to develop some common questions to be included in the three national surveys.

As well as the protocol themes and an examination of the three demonstration project case studies, the research report includes a literature review looking at the three key concepts of social economy, social enterprise and social entrepreneurship. The literature review concludes with a consideration of isomorphism in social enterprises. Isomorphism is the pressure coming from other sectors on to the social enterprise to take on the characteristics of the other sector – e.g. public sector pressure on social enterprises to adopt public sector management/audit regimes. The review found little literature on the subject of social enterprise/public sector isomorphism, a key consideration in the Cultural Shift research. With this concept the researchers are at pains to make clear that much more research is needed.

The number of articles in research journals on the project's research element have been limited to only one to date and is much less than the researchers and programme would have liked. Some of the research work has been shared with the wider academic audience through the Skoll World Forum (2006 and 2007), the Social Enterprise Research Conference (2006 and 2007), the Manchester Critical Group Conference (2006), the Skoll Centre Academic Colloquium (2007) and Robert Gordon University Conference (2007). Actions are underway to increase the dissemination of the academic research – these are covered in section 4.2 below.

#### **4 Performance against Mainstreaming Partnership Agreement (MPA) Objectives**

In this section the evaluation examines the objectives identified in the MPA and the concepts behind them. In examining the objectives, the evaluation examines whether the activities allocated to them in the MPA have occurred and related outputs delivered and the degree to which they have been a success. In section 5 the MPA is revisited in the context of the EQUAL principles of Equal Opportunities, empowerment etc.

The MPA's key objective is “to disseminate key findings from the activities of the partnership to national, regional and local social enterprise facilitation bodies, with the aim to make the process of development of social enterprise more effective and efficient”.

The strategic objectives are listed as:

- 1 *To ensure at least 5 business sectors are assisted to understand the added value of social enterprise as a delivery vehicle in the South East by December 2007.*
- 2 *To influence academic research and thinking around the cultural issues of transition to social enterprise by 31/12/07*
- 3 *To disseminate key findings of the Cultural Shift Partnership into reviews of the regional and national social enterprise strategy process and to*

*see the findings of the partnership influence to RDA national position statement on social enterprise by 31/12/07*

*4 To raise the profile of the cultural barriers to social enterprise facilitation with key support and procurement organisations via the development of key protocols and training initiatives and to see that training taken on within the core of agency activities by December 2007.*

**4.1 Objective 1** *To ensure at least 5 business sectors are assisted to understand the added value of social enterprise as a delivery vehicle in the South East by December 2007.*

This objective was primarily delivered through the activities of the market sector groups. Four groups were established rather than five – environment, housing, rural and culture. The groups allowed the coming together of interested parties from the sectors to increase knowledge of the potential of social enterprise. The number and frequency of meetings varied and some groups were more active than others. As detailed above the groups produced policy guides for their sectors, which are important in the dissemination of the sector work and in influencing the attitudes of the sector. Some group leads attended transnational visits and taken part in Cultural Shift conferences, including running workshops. Additionally Cultural Shift's work has featured in some sector-based events – the National Housing Federation annual conference 07 and the Plunkett Rural Conference 2005.

Mainstreaming via these groups is crucial to the dissemination of the Cultural Shift programme findings. The three most advanced groups (Housing, Environment and Culture) have been very active and significant mainstreaming has taken place – including influencing the content of publications (e.g. Housing Associations and Social Enterprise) and conferences. The interviews with the group leads indicate that there has been a significant change in attitudes to social enterprise within their sector, although one lead pointed out that there would have been some change in the light of the increased focus on social enterprise in the wider arena and so it is difficult to discern how much was due to Cultural Shift.

As detailed above there were issue of delays in starting some of the groups and the first to start experienced a hiatus in the middle of the programme. These delays have meant a similar delay in the mainstreaming activities of the programme. The group leads in their interviews all expressed a view that the important work was still to come, as well as expressing a concern about the resourcing and direction of this work as the Cultural Shift programme and funding neared its end. SEEDA has been able to find other funds for some of the groups' work but the problem remains that the groups are made up of busy people with other pressing agendas – one group lead indicated that his group is beginning to look at other issues. Even in terms of the policy guides – only two have been comprehensively disseminated during the lifetime of the Programme. There is a danger that the outstanding guides will not be disseminated as much as the others.

In response to these concerns the new SE2 is looking at ways of mainstreaming the sector work and other Cultural Shift lessons.

Another activity relevant to this objective is the dissemination of the research findings on the demonstration project case studies. As detailed above there has been some delay in the publication of the research, however both the research team and the SEEDA staff have been active – attending conferences, getting coverage in magazines and reports, informing policy.

A major element in the mainstreaming objective has been the activities of SEEDA and the project director in particular. She has maintained close links with relevant government bodies, the Social Enterprise Coalition (most notably around the Business Support agenda) and the DTA (she spoke at the DTA conference 2007).

#### **4.2 Objective 2**

*To influence academic research and thinking around the cultural issues of transition to social enterprise by 31/12/07*

As indicated in the section on the DPA like the rest of the Cultural Shift Programme the research process was delayed, with the final research findings being agreed in November 2007.

Despite this delay some of the key findings of the research have been disseminated through a number of means. Presentations have been given at eight conferences (including the Skoll World Forum, Manchester Critical Group Conference, Skoll Centre Academic Colloquium, Robert Gordon University Conference). The research has led to the formation of the Manchester Critical Group – a new academic group that looks at the role of critical social theory in the field of social enterprise.

However due to the delays in the programme and the research only one journal article has been produced. The two researchers have now ceased working on the project. A Senior Research Fellow has been appointed at Skoll, a key aspect of whose work “will be to co-author with Dr Alex Nicholls, two or three articles for publications in academic journals” “based on in-depth analysis of data collection from the Cultural Shift Project.” They are also planning to present papers from the work at international conferences over the next couple of years.” This development is welcome and should aid the dissemination of Cultural Shift’s research findings. Whether it will go beyond that and explore and test the protocol themes and concepts has yet to be clear.

The transnational research has been disseminated in draft form and informed the Brussels conference. In addition a paper on future funding of social enterprise in the EU was presented by Andrea Westall, as well as papers by the three national research teams. These papers are available on the website. Further dissemination will take place at the Skoll conference and international symposium in summer 2008.

### **4.3 Objective 3**

*To disseminate key findings of the Cultural Shift Partnership into reviews of the regional and national social enterprise strategy process and to see the findings of the partnership influence to RDA national position statement on social enterprise by 31/12/07*

The major part of this objective was delivered by SEEDA, in its capacity as the Regional Development Agency and its national lead on social enterprise. The Programme Director attended RDA working group meetings, National Strategy Review meetings and liaised with other key bodies. As a result Cultural Shift featured in the following publications - RDA national lead magazine on Social Enterprise, RDAs and Economic Inclusion (case study), the Smith Institute's pamphlet Social Enterprise Futures, Housing Association and Social Enterprise, and the Cabinet Office's Social Enterprise Action Plan. Hilary Norman, of the Office of the Third Sector (OTS), spoke at the Transnational Conference in Brussels and indicated that Cultural Shift has had an impact on Government strategy. The policy guides have been particularly useful in this context, with the OTS currently examining the findings of the BURA research on regeneration and assets.

The development of the new SE2, of the county networks and the market sector networks is contributing to the shaping of regional strategy. The regional conferences have offered important fora for the sharing and development of regional thinking on Social Enterprise.

Another key area has been the role of Business Link in the mainstreaming of Cultural Shift's lessons about the support structures needed for social enterprise. SEEDA now having responsibility for Business Links in the South East has aided the process. Initially this dissemination work was done via a Business Link Social Enterprise Group however this was disbanded and now dissemination is via the integrated Business Support Framework. SEEDA was influential in securing nearly £6 million over 4 years into the RDAs to improve business support for social enterprises. A database of business advice sources in the South East has been created and is available on the Cultural Shift website. Unfortunately as is the case with all databases the database is not entirely comprehensive (an examination of Oxfordshire revealed at least two organisations not listed) and there does not appear to be an obvious contact to allow for updating.

The Cultural Shift website is an important mechanism for the dissemination of lessons from the Cultural Shift programme as well as providing access to wider social enterprise activity. It has received 6000 unique hits since March 2007, mostly from people who are searching for "cultural shift." A Google Link search reveals that there are very few links to the site from other websites including from those of programme partners and indeed SEEDA's own website. As the wider partnership agreed at an evaluation workshop on communication that the website would be the programme's main communication tool, this is a concern. However, as the programme closes the website has been contractually tied by SEEDA to SE2, who are required to integrate its contents and the Cultural Shift brand into the new regional social

enterprise web portal. This will mean that the information developed through cultural shift will be actively disseminated for some time to come.

Cultural Shift also has a dedicated page on the Social Enterprise Coalition website and the Equal Works website. Cultural Shift also featured at the Equal Works Conference. Close links are maintained with the Social Enterprise Coalition through regular meetings. The other main medium for dissemination has been the programme's quarterly newsletters, which appear in both printed and electronic formats, and which have provided regular useful updates on the programme and wider social enterprise issues.

#### **4.4 Objective 4**

*To raise the profile of the cultural barriers to social enterprise facilitation with key support and procurement organisations via the development of key protocols and training initiatives and to see that training taken on within the core of agency activities by December 2007.*

Two protocol guides have been produced that are of particular relevance here – on procurement and on state aid. The procurement guide highlights the potential limitations of achieving social outcomes through commission and social clauses. The procurement guide looks at the cultural issues around the relationship between public sector procurers and the social enterprise supplier at a time when this process is increasing within the public sector.

Unfortunately the guide was not accompanied by a database of procurement officers (identified as an output in the MPA). However a database of social enterprise business support organisations was created (see above for more information and comment). The dissemination of the work around procurement has partly been via the Social Enterprise Coalition.

The main dissemination of the lessons has been and will be via Business Link and the new networks, workshops held at the regional conferences and through training for social enterprise advisers provided through the PD4SEA - Professional Development for Social Enterprise Advisors programme.

### **5 Summary of Performance against EQUAL leading principles of Innovation, Empowerment, Equality Opportunities, Partnership, Transnational and Mainstreaming**

This section of the evaluation highlights those elements (from both the DPA and MPA) in the programme, which delivered in the leading principles, there is inevitably some degree of repetition with earlier sections of the evaluation.

#### **5.1 Innovation**

Although not identified in the DPA as such the most innovative part of the project was the underlying concept behind it - its focus on the need for cultural shift in order to enable the development of state sponsored social enterprise and the need to identify and remove cultural barriers to that shift.

The academic research into the topic of cultural shift was indeed groundbreaking and perhaps partly because of that has only really started a

process that needs more in-depth research and testing of concepts, such as entrepreneur and state-sponsored social enterprise.

The evolution of regional policy on developing social enterprise (innovation 6) and widening the regional market for social enterprise (innovation 7) will it is hoped be delivered fully through the mainstreaming programme. It should also be said that SEEDA is already involved in developing regional policy on social enterprise, so clearly the creation of an independent social enterprise network should aid this process.

The focus on markets for social enterprise through the demonstration sectors was new in the social enterprise world and has led to a change nationally from supply to demand-led approaches.

From a public sector focus the opportunity to run a programme as interested in the processes of failure as much as success has been innovative and allowed SEEDA to grow as an organisation and as well as the partnership.

The DPA innovation 1 – establishment of a model of multi-stakeholder support and design of inclusive employment through social enterprise is explained in the Skoll research, however as indicated above further work and dissemination of the research is needed. However the predevelopment support elements of Cultural Shift were instrumental in the development of the South East bid to the OTS for business link funding.

DPA innovation 2 - new approaches to the application of inclusive employment models within specific service area has been and is being delivered (work on it is not complete) through the work of the Market sector groups.

As was highlighted at the Brussels conference – there are management and cultural barriers to innovation by social enterprises and indeed by the Cultural Shift programme – such as state aid, reporting and accounting requirements on programmes such as EQUAL. These barriers often arise from the public sector culture of accountability and control.

Whilst the project failed to produce a protocol on asset transfer, Cultural Shift did produce a regeneration policy guidance paper on the subject, which is being used by the OTS. The researcher when asked what was new in the work (compared to work done by the DTA and others) indicated that it was new in that it pulled the information about the south east together.

The DPA indicates that the production of protocols about procurement and state aid are considered innovative. As indicated above the protocol papers produced are not full protocols and the follow-up work on procurement has been limited. The State Aid protocol has been the most useful – flagging up issues and elucidating how complex, if not impossible state aid interpretation can be in the context of social enterprises and market failure.

Some themes emerging from the research were innovative – entredonneur, state sponsored social enterprises, however more work is needed to test the research findings.

## **5.2 Empowerment**

Empowerment was a central plank of Cultural Shift. The clue is in the name, as was identified at the project management team's facilitated evaluation session in Krakow – the project aims to “equalise the powerbase”, “the underlying belief system to the programme – embracing empowerment of individuals and encouraging innovation through social enterprise.” As such it was not simply a key theme or indeed a by-product of the Equal approach it was fundamental.

The programme helped to empower individual participants from within disadvantaged groups, by providing training, participation in the design and development process of the enterprises, participation in transnational exchanges and dissemination events. The Genesis project was particularly noteworthy in the degree to which prisoners were welcomed as equals into the development and management of the project, thus recognising that they often could bring skills and knowledge of enterprise to the project unavailable to prison service staff. Genesis participants attended Cultural Shift management meetings, gave presentations at conferences, and took advantage of training in Equalities Impact Assessment, which helped them progress on to employment outside of the prison. Participants from SBS were able to attend transnational visits and so learn about social enterprises in other countries. TRHITC participants were given both IT training and personalised support, which has enabled three of them to progress on to mainstream employment.

The dominant evaluation methodology used for Cultural Shift was empowerment evaluation, which empowers those involved to take ownership of the evaluation process – for empowerment evaluations of the three demonstration projects see appendix. However the potential for this approach is limited by the need to evaluate against the DPA and MPA targets.

As indicated above a key empowerment process and outcome has been the development of new networks – the market sector groups, the county networks and the creation of a regional network. These have afforded the opportunity for cross sector working and the chance to influence policy and regulatory systems that hinder social enterprise development. There has been the opportunity for those involved in the Cultural Shift programme to take part in the mainstreaming activities – such as designing the website, running workshops at conferences and speaking at events.

## **5.3 Equal Opportunities:**

All partners had Equal Opportunities policies and these formed the basis of an Equal Opportunities Policy for programme. In designing the programme, as with empowerment, the promotion of equal opportunities is at the heart of the Cultural Shift programme by developing social enterprise approaches to

delivering inclusive employment for disadvantaged groups. The demonstration projects offered a variety of models – an ILM programme with TRHITC, and generating community-owned businesses and assets with SBS.

All partners reported against the Equal Opportunities Policy in their regular reports to SEEDA. Initially it was proposed to have an Equal Opportunities working group, however this proved to be impractical given the low number of beneficiaries, instead equal opportunities became a standing item on programme board meetings.

Project and programme monitoring was undertaken to measure performance against the output targets. With a low volume project in terms of outputs such as Cultural Shift, it is difficult to achieve a representative cross-section of beneficiaries. This was compounded by limited targeted markets – i.e. an all-male prison, areas of disadvantage with a defined demographic profile, and a business field (IT), which has traditionally been a field of work more attractive to men rather than women. Women were well represented in the project (with the exception of TRHITC) at management, staff and beneficiary level. People from disadvantaged geographical areas also feature prominently in beneficiary levels. The project performed less well in terms of ethnic minority and disability outputs, particularly at staff and management levels.

Out of 30 beneficiaries:

- 7 had a disability
- 11 were women
- 5 were over 50
- 1 was from an ethnic minority.

Equality Impact Assessment training was therefore provided for all the demonstration projects and others involved in the programme and as a result the SBS project proactively targeted ethnic minority groups, and the TRHTIC attempted to recruit from ethnic minority groups and women. A Genesis Project beneficiary led on Equality Impact Assessment and as a result has gone on to do other similar work, including speaking at a Home Office conference. Cultural Shift promotional and other material showed positive images of its target groups and ethnic communities.

As detailed above programme participants from disadvantaged groups were empowered to take an active and equal part in the development of their demonstration projects and the wider Cultural Shift programme. A number of beneficiaries have attended and taken part in conferences and transnational visits (although due to legal restrictions prisoners from Standford Hill were not allowed to attend visits outside England). The programme did experience problems with EQUAL rules specifically the rules did not allow for payments to carers of disabled partners – an issue raised by the Programme Director at the Transnational Conference.

## 5.4 Partnership

All three demonstration projects have developed partnerships. Portsmouth City Council, Portsmouth Housing Association and local CVS's have increased their understanding of social enterprise through the TRHITC project and have identified opportunities for future joint working. The Portsmouth and South Hants Partnership and Portsmouth City Council Regeneration & Business Department have "renewed mutual respect" as a result of the SBS project and through the Genesis Project partnerships have been developed both with local organisations (such as local councils) and businesses, and with wider contacts such as with Transport for London.

A number of partnership networks have been formed – the SE2 partnership, the market sector groups and the county networks. These networks bring together from people and organisations from different backgrounds and sectors. In addition a new academic network has also been formed.

The cross-sector nature of the transnational partnership was highlighted by the Italians at a meeting during the Brussels Conference, they argued that there was "extra added value in the unique character of partnership which is composed from three sectors: private institution (Italian partner), non governmental organization (Polish partner) and finally state agency (British partner). The common work of partners from those three different sectors gave a unique opportunity to transfer experiences, models and solutions not only between the countries but also between sectors." For more on the transnational partnership see section 5.5 below.

The management partnership is covered in more detail in section 6 below.

## 5.5 Transnational

### Context

The Third Angle Partnership is made up of the Cultural Shift partnership (England), INCISO (Italy) and the Searching For a Polish Model of Social Economy partnership (Polish).

The objectives set out in the Transnational Cooperation Agreement for the Third Angle Partnership.

- 1. Testing models of developing and incubating sustainable social enterprises at a local level (this objective is designed to widen the range of models and learn from the expertise in partner countries which operate from a different historical and cultural perspective)*
- 2. Influencing organisational culture in the public, private and voluntary and community sectors (this objective reflects the different attitudinal and organisational barriers which exist in different partner countries.)*
- 3. Parallel research based on a common framework to identify success factors (this objective intends to explore the different cultures in which the social enterprise sector operates and the political and environmental support structures)*

As can be seen these objectives reflect those of the national programme.

**5.5.1 Objective 1.** *Testing models of developing and incubating sustainable social enterprises at a local level (this objective is designed to widen the range of models and learn from the expertise in partner countries which operate from a different historical and cultural perspective)*

Attempts to draw lessons from the other countries experiences on social enterprise incubation were limited by the very different interpretations and experience of social enterprise across the three countries. In Italy the social economy is more developed and formalised with social enterprises operating in a structured contracting market that favours them. In Poland the legacy of communism means that social enterprise is part of a regeneration of the wider third sector. It was not until towards the end of the project that Cultural Shift's continental partners realised that the English version of social enterprise, although subject to more competition than theirs, nevertheless placed great emphasis on community benefit.

A number of transnational visits were made to Warsaw, Florence, Krakow, Oxford and Portsmouth. These afforded the opportunity to visit social enterprises operating in the host country and to hear about the policy and legal context in which they operate. A wide cross section of Cultural Shift partners, including management group members, demonstration projects (project staff and beneficiaries) and market sector group members, were able to go on visits. Only the management group (including the research team and evaluator) were able to go consistently on such visits, this meant that the learning by the demonstration projects and sector groups was limited. The returned evaluation survey forms indicate that the major lessons being learnt from the visits were around a better understanding of the British context and the differences with the other countries, this included an appreciation of how fortunate British are in terms of tools of support of social economy system and even a degree of jealousy of the freedom found in partner countries to support employment.

The transnational visits also fulfilled functions within the national project. They offered a rare opportunity for people from different elements of the project to come together, to bond and to compare notes. The evaluator was able to facilitate two sessions with the steering group members about the lessons for the project on transnational visits.

**5.5.2 Objective 2 .** *Influencing organisational culture in the public, private and voluntary and community sectors (this objective reflects the different attitudinal and organisational barriers which exist in different partner countries.)*

The transnational conference in Brussels 2007 gave an opportunity to influence EU and national policy makers. Some key messages from the British experience were included in the speech by Kate Annison at the Conference about "Experiences from the Grass Roots". It calls for clarification of state aid, developing a typology of social enterprise, ensuring funding

programmes are compliant with other parts of European legislation, and developing real start-up programmes that are connected to other mainstream SME support packages. Hilary Norman of the OTS added the British Government's weight to the Cultural Shift messages.

High level support for the conference and the work also came from Cultural Shift's partner countries – the key note speaker from Poland was Professor Jerzy Hausner, former Deputy Prime Minister of Poland, and from Italy Dr Gianni Salvadori, Councillor for Social Policy for Tuscany, Italy. Apostolos Ioakimidis, from DG Enterprise, was in attendance during the second day of the Conference.

**5.5.3 Objective 3** *Parallel research based on a common framework to identify success factors (this objective intends to explore the different cultures in which the social enterprise sector operates and the political and environmental support structures)*

A transnational research working group was set up with the research teams from the three countries meeting at transnational meetings to exchange information, to compare methodology and research questions, and towards the end to work together to share findings and explain common themes. Some common questions were agreed to be included in the three national surveys. The transnational research group experienced problems caused by a failure by the Italian partner to engage in or commit the resources to the transnational research process.

As with the national research there have been delays with the transnational research reports, the final transnational research report was not available for the Brussels conference and still only available in draft at the time of writing this evaluation. However the second day of the conference featured three workshops on the research work.

## **5.6 Mainstreaming**

The mainstreaming principle is covered in the examination of the MPA.

## **6 Management**

This section of the evaluation examines the management structures of the Cultural Shift programme and any issues that arose from these.

### **6.1 Project team**

The Cultural Shift has been managed by a small team employed by the South East England Development Agency led by Kate Annison. In addition EISS was employed to provide specialist monitoring skills and to reduce the burden of bureaucracy.

Cultural Shift has experienced problems around recruiting and keeping staff. This was primarily a case of bad luck, two key staff members had to go on long-term sick leave. This resulted in temporary problems with

communications and support for the projects. SEEDA also found it difficult to find people with the right skills and knowledge set to be business advisers on the project – a knowledge of both business and an understanding of the public sector (and in particular EU funding). This is reflective of the fact that state-sponsored social enterprises are a new development – there are very few people in the country with detailed experience of them. Furthermore the programme director, whilst very dedicated to Cultural Shift, was promoted within the organisation and so has had considerable other calls on her time, which took her away from the project.

The two members of staff who have remained with the project throughout its lifetime have been essential to its success. The role of the director cannot be understated and was much commented on by partners, the programme was very much her concept and the innovative focus on cultural change hers also. Her role as social enterprise lead for the RDAs allowed her opportunities to both understand public policy agendas on social enterprise and to influence them. As such she played a crucial part in the mainstreaming of the programme's findings. Additionally she comes from a background of social enterprise and entrepreneurship and so had a practical insight into the project that was extremely valuable. Although as detailed above she was promoted within SEEDA and so had to delegate the project management to others, she has remained dedicated to the project and stepped in again to guide the programme when staff shortages struck. A number of partners expressed concerns about her being moved on to other areas of work within SEEDA and what degree of commitment from SEEDA there was to achieving the Cultural Shifts potential in the light of this.

The programme administrator has grown within the project and has provided an important point of contact and consistency. She is much liked and respected by all those interviewed, particularly commented upon was how quickly she responded to questions from others.

Another key element of the management team was EISS, who were contracted by SEEDA to supply the monitoring, data collection and compliance services to the project, thus bringing in many year's expertise to the project. This approach is an interesting one and recognises that even an organisation as large as SEEDA will not have the management experience for specialist programmes.

## **6.2 Partnership Group**

Perhaps partly as a result of the above problems there has been a lack of engagement by the Regional Social Enterprise Steering Group in the project, even though initially they were meant to be coordinating the project and the flow of information. This caused problems for the project. These problems were an over-dependency on the SEEDA team for direction and the SEEDA team being overburdened as a result, a failure of networking into already existing activities of non-SEEDA Regional Steering Group member organisations, a funnelling of information through SEEDA, which given its problems with staff was dangerous and a lack of review and advice for the project team.

Increasingly the programme group, made up of the research team, EISS, the evaluator, and the staff team, has taken the place of the steering group, with added input from some sector leads. The group meetings have expanded to take account of the wider Cultural Shift project issues.

It is worth considering why attendance at partnership meetings tended to be restricted to the above group and representatives from the demonstration projects. As detailed above the sector leads were busy people who found it hard to attend meetings, at which the majority of business did not relate to their work. Interviews with members of the Steering Group suggest that the same issues apply to them. In addition the Steering Group membership was made up people representing different social enterprise structures (development trusts, co-operatives and social firms) and so the project arguably did not directly apply to them. To compound matters it is difficult to find venues for meetings, which are easy to get to from all parts of the South East.

At the meeting in December 2006 attendance rose considerably, this was because it was combined with an evaluation event. Whilst some of the attendance can be accounted for by additional people being invited to the event, it is also the case that a number were people who had not been coming to the quarterly meetings. Likewise Steering Group attendance at the two Cultural Shift conferences was good. This would suggest that it might have been possible to increase attendance if meetings had been designed to have more to offer those not directly involved in project delivery. Other options might have been to build the meetings into other events or to use electronic meetings.

It is interesting to note the role played by the transnational visits in this process. The transnational visits offered the opportunity for the project team and to a lesser extent others involved to meet and discuss the national project without the pressure of meeting agendas. Several evaluation sessions took place around the tables of foreign hotels. The transnational trips offered the opportunity for reflection and bonding, which were so important to the project's success, without them the project might have been very different.

### **6.3 Reporting Requirements and Other Management Issues**

As indicated above EISS of the University of Kent provided monitoring services, this gave the project a good understanding of the rules relating to the project and eased the burden on the SEEDA project team. On occasion EISS found its position challenged wrongly by staff in two of the projects, who had some knowledge of other EU programmes. The process of learning about such limitations and working with them and within them is part of the learning process of Cultural Shift and was turned by the more entrepreneurial project members to their advantage.

A crucial management problem for the project lay in its very nature. The Cultural Shift project and demonstration projects were not at the core of activity for the parent public sector bodies, they were marginal; as indeed is

likely with any element of public sector delivery which can be subject to social enterprise spin-off. This means that high-level commitment to the projects from the core was likely to be limited. This is expressed in high-level staff being involved more at the beginning and being moved on to other things, a nervousness about learning the lessons of failure as well as success, and ultimately an unwillingness to allow this peripheral activity to result in changes in the core.

## CONCLUSION & RECOMMENDATIONS

*(For some of the key lessons coming out of the research and evaluation workshops see appendix 3)*

The Cultural Shift Programme can be summarised with the phrase “A very important start.”

The most important innovation in the programme was in the underlying concept behind it - its focus on the need for cultural shift in order to enable the development of state-sponsored social enterprise and the need to identify and remove cultural barriers to that shift. It is inevitable that a programme which tries to address the issue of cultural change, will experience issues over delays, complexity and inter-sector/within-programme understanding. That such issues arose is indicative of the importance of the programme. These issues notwithstanding, the programme has made significant steps in understanding the substantial barriers to developing state-sponsored social enterprises.

Whether the Cultural Shift Programme will result in substantial changes to the interface between the public sector and social enterprises, will be dependent on what happens next.

One of the major cultural barriers for public sector sponsorship of social enterprises identified through Cultural Shift is a failure to understand the motivation and culture of social entrepreneurs. This was highlighted in the research work on isomorphism in publicly-sponsored social enterprises, procurement and to a lesser degree on the work on market failure and social outcomes. Successful social entrepreneurs have to make hard-nosed decisions based on the financial and social bottom lines; as a general rule influencing policy does not deliver to these (or not obviously). This lesson needs to be applied to how Cultural Shift's work and lessons can be disseminated and built on. With SEEDA and EQUAL funding finishing, who will continue the work and what will their motivation be?

**Protocols:** The programme's aim of developing protocols between the sectors was not met, but a large part of the groundwork has been done towards such protocols. However developed protocols can only be delivered if the concept is taken up at a high (national/policy) level.

**Research:** Some significant research themes have been identified through the research process. These need further work. There are some indications

that this will happen, such as the appointment at Skoll of a dedicated a Senior Research Fellow. In addition to the themes identified in the Research Report, the evaluation highlighted the need for research into the degree to which public sector programmes (such as the Single Regeneration Budget) have resulted in the development of social enterprises as part of their exit strategies. The academic status of Skoll will aid the dissemination of the programme's research findings within the national and international academic community. Focus needs to be given to how this academic dialogue can influence the development of social enterprises and cultural shift in the "real world". There are some indications, such as the recent focus in the impact of procurement on the third sector, that Cultural Shift's academic research is so timely that events in the "real world" may even outstrip it.

**Dissemination of the Programme's findings:** There have been considerable attempts made at dissemination during the Programme's lifetime, however the delay in the publication of the findings does mean that further dissemination needs to take place after the end of the Programme. Such dissemination needs to happen at a variety of levels, and requires others to adopt responsibility for it. The creation of SE2, the social enterprise network for southeast England, will aid this. However there is an inevitable question mark against how high a priority the dissemination will have, given that the members of an independent social enterprise network will have differing agendas from that of SEEDA.

**Market-sector working:** The market-sector approach has proved both innovative and productive, despite time restraints. The sector group leaders have all expressed a desire to continue the groups' work, however they have also expressed a concern about other pressures (time, resources and policy) that will impact on their sector work once the Programme finishes. Again the same consideration applies – what will their motivation be? It is therefore necessary to consider identifying funding for the ongoing sector work.

**SEEDA:** The Project Director, who has been so important in developing and driving through the project, has new (non-social enterprise) responsibilities within SEEDA. The question is whether with this development SEEDA will sustain and continue to deliver on social enterprise (and the work of Cultural Shift). Most importantly will there be anyone (either within SEEDA or outside) who will be able to bring the strategic overview and drive that the Project Director did? SEEDA needs to continue in its leadership role in the social enterprise sector, building on the considerable foundations that Cultural Shift has laid.



## **APPENDIX ONE**

### **EMPOWERMENT EVALUATION OF THE DEMONSTRATION PROJECTS**

There are three major demonstration projects – Genesis Project (parent body - Stanford Hill Prison, Kent), Social Business Solutions (parent body - Portsmouth City Council) and the Really Helpful IT Company (parent body - Portsmouth Housing Assn). The three projects are very different and each offers different insights into the barriers and solutions to cultural shift. In choosing the projects the Cultural Shift programme leader certainly did not shy away from difficult issues. This has meant that the projects themselves have had varying degrees of success, however in terms of the aims of the Cultural Shift programme does not mean failure, indeed if all the projects had been roaring successes it is most unlikely that the programme would have successfully identified the barriers to cultural shift nor been able to produce the tools and models needed to overcome them. As part of the evaluation two empowerment workshops with each of the three projects, these form the basis of this appendix.

#### **Genesis Project**

The Genesis Project (originally called the Glasshouse Project) was set up with the aim of establishing a sustainable social enterprise within the prison system. It is based in HMP Stanford Hill (Isle of Sheppey) an open prison for male prisoners. A number of potential enterprises and products were explored including horticultural activities and most recently the creation of biodiesel. Structurally the proposal was to create first an enterprise team (made up of representatives of public, private and third sectors in the surrounding communities, prison service personnel and the main beneficiaries (prisoners) and then to create a CIC. The creation of the latter has foundered on questions over legality etc.

#### **A number of issues were identified in the interim and final evaluation workshops:**

##### **Project management**

- Matchfunding targets in original bid were based on wrong premises, this resulted in problems for the prison service in meeting obligations, and consequently there were delays in agreeing a reprofiled budget and in turn delays in moving the project forward.
- there had not been continuity of pivotal staff within both Genesis (the Executive Officer had been replaced 4 times in one year) as well as in SEEDA.
- another problem, which should have been foreseen, is the turnover in beneficiaries, as an open prison Stanford Hill naturally sees a high turnover in prisoners, and once they leave they often are difficult to monitor.

##### **Structural & Cultural**

- the workshop participants were clearly extremely disillusioned by the project's inability to move forward on the creation of a social enterprise,
- the consensus in the workshop was that the Prison Service was risk adverse, which had resulted in an impasse over the setting up of the social enterprise
- there was felt to be an interest at senior level within the Service (Kate Annison of SEEDA was working at national level to help resolve the issue) however the project needed to identify the "right" person in the Service at the "right" level who could give authoritative answer on the questions of legality etc.

## **Business**

- The prison staff did not have a background in business development nor the writing of business plans, however they were able to draw on the knowledge of some prisoners and programme advisers.
- Whilst considerable research and time had been spent on developing business ideas, the creation of a social enterprise in the prison would not be possible until the issues of legality of setting one up was resolved

## **Communication & Dissemination**

- It was felt that the project had been allowed access to external parties and a lot of bridges had been built with external groups, who had been supportive of the proposals
- however the communication internally both within the Prison Service and to prisoners had been less satisfactory. This was in part due to the turnover of staff, but also because of the fear that to market the project too strongly to the offenders when its offering is so uncertain would result in disenchantment. However the IAG department is producing guidance material for prisoners.

## **Equal Opportunities & Empowerment**

- The project was particularly successful in terms of equal opportunities and empowerment.
- One beneficiary has become expert in equality impact assessment through the project and was even invited to give a speech at the Home Office in early December 2007 on age discrimination within the Prison Service.
- Prisoners and their knowledge were respected within the project and in many ways prisoners were treated as equals.

## **Social Business Solutions (SBS)**

The SBS project was initiated by Portsmouth City Council and was initially called "Models of Community Development". The initial focus was on

community development and building social capital within the local community boards (who had been active in the direction of Single Regeneration Budget programme delivery within defined areas of disadvantage within Portsmouth) through the development of two community based social enterprises. It later expanded to include developing SRB projects into sustainable social enterprises.

## **Project management**

- The first evaluation workshop with SBS partners revealed a lack of clarity over the aim or rather aims, with confusion particularly among the community boards about the role of social enterprise within the project. This was partly due to the complexity of the project management structures and the turnover in staff leading on the project. This was a problem that continued throughout the project.
- As with the Genesis Project there has been a long-term problem with key staff turnover. This included key members of the City Council management team and potentially valuable intermediaries such as the Area Coordinators who had a track record and understanding of working with the Community Boards. This meant that the problems with communication, including crucially about the focus of the project, were exacerbated.
- City Council managers reported a problem over changing definitions of matchfunding and its recording requirements. This was probably exacerbated by the managers having experience of the reporting requirements of other funding programmes.
- The City Council managers reported that approximately 30% of time was taken up with issues around matchfunding and similar process issues. This in turn inhibited risk taking on the part of the project managers.
- The lack of finance and funding for the basic administration of the communities boards (who were run by volunteers in disadvantaged areas) was seen as a hindrance.

## **Structural & Cultural**

- Having set up the project the City Council chose to externalise the delivery with the SBS team being line-managed by the Portsmouth Council of Community Service (PCSS). This seemed to make sense in terms of empowerment, but was found by the City Council to be problematic. When problems arose, the Council felt the need to take the management of project back in-house. The process of devolution undoubtedly caused some loss of insight into the aims and roots of the project.
- The most basic problem would appear to be a lack of understanding by the officers involved about the nature and skills of the community boards. The boards' function within the SRB had not been one of delivery but of assessment and resource allocation – many did not have the skills or the product to develop into social enterprises – “being expected to run before they could walk”.

- The appointed support officer came from a very different culture - of social enterprise development rather than community empowerment. She expected the boards to be further advanced than they were and her approach came as a shock to the boards.
- An officer working on the project registered the Social Business Solutions as her own social enterprise. Whilst there was no intention to continue the project within its current structure and so this development was acceptable and could be considered an outcome, the development does raise issues for other attempted social enterprise spin-offs from public sector bodies. The two senior managers interviewed indicated that this could have been a problem and it was suggested that a lesson be drawn that legal restrictions should be considered for any future spin-off – such as trade name registration and including a clause in employment contracts.

## **Business**

- There was a lack of understanding as to the need to have a clear product and market in order to create a viable business. The community boards generally did not have a product or service to sell. This was a clear lesson learned by the senior local authority managers.
- Instead of the community boards a more appropriate focus for social enterprise development would have been on those SRB projects, which did have potential services and products. Indeed that is what happened later in the project with some success. In addition the boards had been far from clear about the function of SBS – they saw it as a follow-on in funding after the SRB. This issue was not identified until late in the project.
- There have been some successes in the project – the Heart of Portsmouth Enterprise Ltd (HOPE) is looking at using an asset to generate lease income for community work and a number of projects have been supported. A number of other projects have been forthcoming or supported with variable levels of sustainability including the Omega Street Café, PATCH Ltd, community newspapers and Triton Training CIC.
- As the two senior Portsmouth Council managers pointed out many of the projects would not be fully sustainable as enterprises, but would need ongoing support for at least part of the social benefits accrued by the project.

## **Communication and Dissemination**

- The project team, especially the SBS Champion in the Directorate for Economy, have been active in promoting the successes of the project.
- As indicated above there was an ongoing problem with communication of the aims of the project between the community boards, SBS staff, PCCS and the City Council.

- The value of the project and the lessons learnt have yet to be communicated within the City Council beyond those directly involved. Restructuring at the Council, which had split the community involvement work from the economic directorate within which the project latterly sat, further hindered this.
- The two managers identified the importance of members in the future dissemination of the project's findings and the cultural shift programme.

## **Equal Opportunities & Empowerment**

- The project's initial focus was very much on empowerment and the development of social capital. However the project shifted from this and later in the evaluation process the need for this first stage of development was recognised.
- There has been development of the community boards and social capital through the process.
- Beneficiaries tended to be limited to the populations in the geographical areas covered by the Community Boards, they were therefore generally white working class, but did include people with disabilities and women.
- Following Equality Impact Assessment training the project actively sought to recruit more ethnic minorities beneficiaries.
- When working with deprived communities it is important as noted above to provide financial support for administrative costs.

## **Really Helpful IT Company (TRHITC)**

The TRHITC was a proposal put forward by a voluntary and community sector partnership, with the lead body being the Portsmouth Housing Association. The TRHITC is owned by various leading VCS organisations. It has a clear aim to create a sustainable business that can provide IT services, support and training to the VCS and community. Within this aim the Cultural Shift programme funded a secondary aim – to create an intermediate labour market programme to help long-term unemployed people get back into work.

## **Project Management**

- The workshop participants indicated that at first there had been a lack of clarity about the definition of ILM and the scope of that part of the project. However the ILMs recruited had very clearly met the definition of people who would never have been employed without intervention.
- ILM needs varied considerably, with some needing intensive mentoring.
- One lesson taken from the ILM programme was the need for the social enterprise to be realistic about how many ILMs it can take on, without having an adverse effect on the company's resources and finances. It can work for the right ILM in the right social enterprise.

- The start-up funding primarily came from Change Up. Equal funding was regarded as “more of a hindrance”. The director indicated he would not touch EU money again.
- The problems with the EU funding came to head over State Aid. The view was that TRHITC was being penalising successful social enterprise support. The rules were effectively disempowering delivery of the social aspect of the project. As a consequence TRHITC was taken to the verge of closing down.
- The problem with State Aid had partly been due to lack of clarity around the interpretation in the UK of State Aid rules. TRHITC had been clear what it had wanted to do from the beginning, but it wasn't until later (too late) in the programme's life that the possibility of a problem arose.
- TRHITC indicated that SEEDA staff had been supportive both in the context of State Aid and more generally.
- Another problem area was the issue of delays over reprofiling.
- The programme management discussion highlighted that the entrepreneurial nature of the project management had even managed to find benefit in the reporting and monitoring requirements of the Equal programme.

## **Structural & Cultural**

- The project was bottom-up, with public-sector support performing an enabling function rather than initiating.
- The director was clear that the company would not have got off the ground without the help of the VCS – their role gave a “badge of trust” and resulted in a lot of early sales.
- Additionally the VCS ownership enabled the TRHITC to succeed in a number of funding bids.
- The VCS were likewise clear that the leading man in the enterprise coming from the private sector was also hugely beneficial – with him bringing commercial understanding and clients.
- The first workshop had highlighted a vulnerability for the company in being too reliant on the lead man. In discussions after the second workshop he commented on the difference between TRHITC and his previous companies – not owning TRHITC means that his life is not so bound up in it. This is “both a curse and a boon”.
- TRHITC did not go down the route of becoming a charity because the director was concerned about restrictions on trading and operations. Instead the company is setting up a charity to receive any surplus and to maximise tax efficiency.
- Operationally the market in which TRHITC operates has primarily been limited to Portsmouth, an attempt of expansion into the Isle of Wight was not successful. This raises questions over the scope of the business to grow geographically, the current charge-out rate would not work outside the local area.
- There was felt to be a lack of understanding by people in the public sector of the impact of their actions on small organisations/businesses –

delays in payment, changes in rules (e.g. State Aid), can result in staff losing jobs and the company going under.

## **Business**

- The company had already developed a clear business idea, with the Cultural Shift funding providing start-up funding.
- TRHITC's private sector contracts generate 60% of the income but only 40% of the work, with a reversal of proportions.
- The business is generally considered to be flourishing with staffing levels have grown and the company had a £100,000 surplus at the end of last year
- Within the business it was felt necessary that the management team sign up to the social enterprise concept, but that this was not necessarily the case in the layer down. As a result it was necessary to offer an employment package, which was attractive within the IT sector, offering market rates and stimulating projects to the IT staff.
- All staff came from the private sector. It was felt that this possibly made them more able to deal with the demands of the business – targets, uncertainty – than people in other sectors.
- TRHITC is unable to recover all its costs for the ILMs, this raises a question over how to continue funding the ILM programme once Equal funding ceases. TRHITC currently has two social bottom lines, it is delivering on ILM and VCS support. The latter will take priority and the financial viability of the business will take priority overall.
- The sector in which TRHITC operates is very competitive, with a conversion rate of 20-30%.
- If the private sector sees a social enterprise successfully operating within a market, they will start competing in that market.
- The business is currently trading profitably, however the next three months are critical as Equal funding come to a close, the business will be focusing on increasing its private sector work and consultancy, the next appointment will be a salesman.

## **Communication & Dissemination**

- The VCS participants in the workshop indicated that their involvement had been a good learning exercise for them about social enterprise, TRHITC was considered a good example of what a social enterprise can be.
- The VCS network provided an important market for the TRHITC in its early days. It has also been an important mechanism for dissemination.
- At a recent event around procurement run for the OTS by Portsmouth City Council, the Portsmouth Housing Association representative cited Cultural Shift's work as a "beacon of good practice".

## Equal Opportunities & Empowerment

- The group agreed that there was a key learning point “Social enterprises can give people an opportunity in a way commercial businesses cannot”.
- The ILM programme was successful with ILM beneficiaries getting back into employment, with ILM members of staff valued as part of the staff team.
- As well as IT training, the ILM beneficiaries received an individualised programme of personal development and support, which helped them get make the move into employment at TRHITC and then the wider world.
- The success of the project as an intermediate labour market project was the fact that ILM staff had been able to move into other jobs in the commercial sector.
- The TRHITC ILMs were white working class males, which reflected both the area in which they operated and a field of work (IT) which tends to appeal to men.
- Following Equality Impact Assessment training the project actively sought to recruit more ethnic minorities and female beneficiaries.
- ILM beneficiaries were also involved in Cultural Shift (for example through the creation of the website and presentation at the December 06 partnership meeting).
- It was noteworthy that ILM beneficiaries were not as actively involved in Cultural Shift meetings and visits as was the case with beneficiaries from the other two demonstration projects.

## **APPENDIX 2– REPORTS ON THIRD ANGLE VISITS**

### **1 EVALUATION REPORT ON VISIT TO FLORENCE**

#### **1.1 Survey Feedback**

A survey was undertaken on a daily basis with attendees asked to fill in their thoughts on each day as it came. This enables a better understanding of the dynamics of the visit. The evaluator also had discussions with all the members of the British party during the visit.

By the third day the comments were generally excellent. A typical response was What can be improved “Nothing – this day placed all the policy into practical context.”

The British group were particularly impressed by the co-operative Hotel near Sienna. The Director of which was considered inspiring – and interest was expressed in inviting her to speak in the UK. There was interest in the consortium model, which it was felt could be transferred to the UK for example to the county networks. Another lesson learnt was that SE's should look for niche markets – such as working with disadvantaged.

The groups noted the difference between the political and legal context in which the Italian SE's work and that in Britain. The work of Italian social enterprises is more established than in the UK and their value is more recognised. There appeared to be preferential treatment for social enterprises and the third sector by the state in Italy compared to the British market where social enterprises compete in an open market and at a disadvantage. This resulted in the British party, especially those social enterprises present, expressing jealousy of what they see to be more favourable conditions in Italy. Some British attendees wanted to know how this was feasible under EU procurement laws. This question remains to be answered. It was also noted that other areas of regulation in the UK would impact on attempts to replicate the Italian example projects – e.g. around childcare.

The success of the day shows what the British party wants from transnational visits – practical examples of how social enterprises work in different countries. The first day of visits was less successful for this reason. The focus was primarily on the planning and legal issues, rather than the practical implementation, although the visit to the youth group did meet British expectations. The visit to the youth group did raise some useful questions about difficulties for social enterprises that fall outside the social enterprise models recognised in Italy. British social enterprises may not have some of the competitive advantages of Italian social enterprises but they are not restricted by legal structure nor sector.

The survey forms for the first day of visits reveal that the British group was having difficulty understanding social enterprise in Italy. There were questions over whether it was the “same beast” or whether the structure was so different to make comparison difficult. The non-steering group members of the group had not heard any of the previous days discussions nor insight into the

different Italian type A / B social enterprises. This raises issues about the organisation of transnational visits generally - more preparation ahead of a visit needs to be done re preparing and choosing the project representatives before the visit, so that they can take full advantage.

The forms from the first day of steering group revealed the same issues – i.e. problems with a theoretical presentation rather than practical examples. There may be an issue of different learning styles here between the two countries, which means that the visits need to be structured to meet both needs. The issue might have been resolved had the two days of visits been reversed with practical examples first and then a discussion of the structural context in which they operate, this would have increased understanding by the British visitors and that might have facilitated a more informed discussion about the theory.

Other feedback from the projects very often did not relate to Italy as such. This included that the visit allowed members of the different British projects to meet each other (outside formal meetings) and to compare notes, and that going away from the project and seeing the Italian projects allowed them to see and understand their own projects better. For one person the lesson was that he found the business survived without him – “I was worrying about the wrong things.”

## **1.2 Organisation of the visit**

The British visitors were very complementary about the organisation of the visits – generally excellent. The choice of food was excellent (if the fish restaurant was somewhat lacking in vegetarian options), as was the hotel, which was comfortable and central. The Italians were excellent hosts. The only issue was a request for more toilet stops!

## **2 EVALUATION REPORT ON VISIT TO KRAKOW**

### **2.1 Survey findings**

A survey was undertaken on a daily basis with attendees asked to fill in their thoughts on each day as it came. This enables a better understanding of the dynamics of the visit. The evaluator also had discussions with all the members of the British party during the visit.

There was less expectations of the visit than that to Florence, British group had not a clear idea of state of Polish social enterprise, and what they had suggested that the sector was less developed than that in Britain and Italy. A number of responses indicated that they were pleasantly surprised by the Polish example projects, as one respondee put it “Poland is not as “behind” the UK as initially understood”. We were also impressed by the ambition and enthusiasm of the Poles. The visit to the bike workshop was commented on several times, which unlike the Nowa Huta project was seen as self sustaining and free of state-aid.

One of the issues particularly commented on was the role of social enterprises in the employment of disadvantaged people, especially the

disabled. The role of state subsidy of wages of the beneficiaries was also commented on. This has direct relevance to the role of social enterprises in the interim labour market model in the UK.

A number of participants found the session on the history of the cooperative and VCS movement at the Hamlet Cafe particularly informative with regard to the context in which the project is operating.

Parallels were drawn between the Nowa Huta projects and projects in the UK exiting SRB and other regeneration programmes – e.g. In Portsmouth. The focus at Nowa Huta on identifying key individuals in the community (social entrepreneurs) and the role of the programme manager (extrapreneur).

## **2.2 Visit Organisation**

Generally the organisation of the visit was regarded as excellent – the visits well chosen and managed, with enough time for reflection. The hotel was central and the Polish team were gracious hosts.

As ever the project representatives commented on how much they learned just from meeting and talking to each other. This highlights a need within the UK programme as a whole for more informal exchange outside of formal meetings.

There were some comments in the surveys on the way the groups tended to divide up – along national lines and along steering group/project lines. It is therefore suggested that some thought is given prior to the Portsmouth visit to how this could be addressed.

## **2.3 Steering Group issues**

One of the achievements of the visit was in the informal evaluation session held on the first day over coffee at the hotel. The visit afforded the opportunity for reflection and focus on some of the issues facing the UK project, not least being the absence of a steering group as such.

With regard to the Transnational Partnership meeting on the first day significant progress was made on research and to a lesser extent on the conference plans. An Italian evaluator was “volunteered” and then replaced during the visit. This remains a concern.

# **3 EVALUATION REPORT ON VISIT TO PORTSMOUTH**

## **3.1 Survey Feedback**

Due to the visit being in England survey form feedback from the UK participants was limited.

## **3.2 Steering Group Discussion**

Following on from recommendations made as a result of feedback from previous visit evaluations, the steering group meeting was moved to the end of visit. This had a useful unforeseen side effect, namely the steering group

facilitated by the Polish and English evaluators was able to reflect on what it had learnt as a result of the visit to Portsmouth and previous visits.

The question was posed: “What has been learnt from the transnational visits.”

There was a general discussion around how the transnational programme’s visits had helped groups address stereotypical views of each other. There had been a perception that the Italians were very advanced in social enterprise development, which they were but not in all areas of activity. The perception of the Polish situation was that it less developed than it actually was, whilst the perception of the British social enterprise being very enterprise focused and yet as the visits in Portsmouth had shown British social enterprises were very focused on communities.

The Portsmouth visit had stimulated the Italian group into thinking about what is “community” and the post EQUAL

Italian group reported that they had been inspired by the Polish café project – this had resulted in their developing their own. They have secured some funding and are looking for more. Hope to start in Autumn. The café would include a front-office to give advice.

The visit to Groundwork in Portsmouth had also been inspirational – they were looking at creating a development agency, with community/public/private sector members

The Poles reported that they had been interested in the vision of relativism – locality, economic and now they saw the role of participation of the community.

There was interest from both Poles and Italians in the financial infrastructure but both were shocked by the high level of interest charged.

It was felt that only now (at the end of the programme) were the lessons really being learnt/identified. It was felt important to explore how does the learning and partnership continue beyond the programme’s lifetime.

### **3.3 Visit organisation**

As detailed above a major change was in the restructuring of the visit with the Steering Group being moved to the end of the visit this was felt to be useful. Generally feedback from the Polish and Italian partners was positive – they were particularly impressed by the variety of social enterprises shown.

## **4 EVALUATION REPORT ON VISIT TO FLORENCE 2007**

This visit was a limited one – with only one visit (to a Florence prison). The other important foci of the visit were to plan the Brussels conference and to work on the transnational research.

#### **4.1 Feedback from Surveys**

Feedback on the visit was limited by the specialist nature of the visit, in general the feeling was that it showed how good the British prison system is.

There was some frustration expressed about the other partners' preparedness in terms of research and the conference.

#### **4.2 Visit Organisation**

As at Krakow a positive outcome of the visit was the opportunity for the national project group to meet informally and review the UK project with the evaluator in a relaxed setting. This has been an unexpected by-product of the transnational visits – offering the only time when all the team would be together without the pressure of work and timetables. The environment seemed to encourage reflection – partly because of the time and relaxed atmosphere, but also because of the distance the visit provided and indeed the contrast with the international contexts.

### **5 BRUSSELS CONFERENCE**

Unfortunately due to ill-health the evaluator was unable to be at the conference, however the Polish evaluator has provided notes of an evaluation session held with the Steering Group. These follow mostly unedited (apart from minor changes):

#### **5.1 What we learned from our transnational partnership summary**

##### **Italian Partner**

- stressed the role of the new experience of working with a trilateral partnership, with new partners from countries with whom they have never worked before,
- pointed out the role of transnational meetings in demonstrating not only the different examples of social economy entities but also new methodologies applied in each country to support and create social economy sector,
- were inspired by the British system, which is ready to solve problems of the sector, and represents very complex and coherent type of actions, which is different from Italian one.
- highlighted the role of British Government in organizing the financial support for social enterprises, which, from the Italian perspective, is a remarkable way of organizing help.
- saw extra added value in the unique character of partnership which is composed from three sectors: private institution (Italian partner), non governmental organization (Polish partner) and finally state agency (British partner). The common work of partners from those three different sectors gave a unique opportunity to transfer experiences, models and solutions not only between the countries but also between sectors. That allowed them to see the Partnership as heterogenous and homogenous at the same time: common work gave chance to deal with the same problems from quite different perspectives based not only on national but also organisational specifics.

- regarded visits in Poland as an good opportunities to understand the differences between Italian and Polish model of social economy, and to observe the way in which Italian model was applied in Poland. Ultimate beneficiaries were also impressed by the ideas and level of self-sufficiency of Polish social enterprises.
- stressed the role of British system as an coherent and well developed way of supporting social economy sector. The visit in Portsmouth raised the serious questions about the level of financial and organizational forms of support. The comparison between Portsmouth's and Livorno's social enterprise programmes showed the differences in governance, establishing the social enterprise and in the local planning policies;
- identified through the Portsmouth visits the idea of community work as a tool of developing social economy and that the focus on a geographical area (Groundwork visit) need to be underlined, and improved somehow in Italian context.

### **British Partner said that**

- one of the most fundamental lessons was to realise how lucky the British are in a sense of tools of support of social economy system. This allowed them to reflect on their own situation and ways of operating in the social enterprise sector - "We need to stop complaining, other countries are working without support, so it is useful to reflect on our work".
- on the other hand British partner was interested in the models of individual supporting employment projects both in Italy and Poland. Model of individual support for unemployed is prohibited in GB but should be considered as an effective and ethical tool in solving unemployment problems. Partner was especially interested in the Hotel Cogito's case (Krakow, Poland).
- to sum up in the opinion of British partner the fundamental issues and tasks, despite some national specifics, are much the same. The access to funding and models of social enterprise, despite some heterogeneity, are similar, and that fact allows them to think about European level of organizing and supporting social economy sector.

### **Polish Partner**

- had had hopes of possibly putting the Italian model into practice in Poland, but the international partnership gave a good opportunity to understand that this transfer is rather limited. Cooperation with Italian partner raised many (rather bitter) reflections: ""We are working at the Italian model, the more we looked inside we found understanding of limits, limits in transferability of certain models". At the same time looking at Italian model offered a deep reflection on question of time - help to understand process of social economy development as being a rather long distance project with a need to be implemented carefully and gradually (as one of the Steering Committee pointed out - "our biggest lesson is to be more patient").
- Had found the British visits to be inspiring and interesting, they raised problems of third sector definitions, the problems and challenges that social economy brings to the non-governmental organizations.

- Had found some new, unplanned outcomes of the British partnerships, which were: new, complex policy solutions and the discovery of the importance of the geographical approach in social enterprise activities.
- Felt that the role of partnerships in Britain made them reflect on the role of policy in social enterprise incubation, the role of Single Regeneration Budget and role of community trusts. Generally speaking the British case studies had helped them to understand that not the money, but the policy system is the biggest challenge in social enterprise creation.

## APPENDIX 3

### CULTURAL SHIFT LEARNING POINTS FROM THE RESEARCH AND EVALUATION WORKSHOPS

**There are substantial barriers to developing state-sponsored social enterprises. It is hugely important this is understood – UK government policy is to promote the use of social enterprises in the delivery of services and social/economic change. Key learning points coming out of the Cultural Shift evaluation are:**

**High staff turnover** was a major problem within the programme, both in terms of management of the programme and within the demonstration projects. Conversely staff continuity is an important factor in the successful start-up of social enterprises. With the loss of staff, there is often a loss of organisational narrative and clarity of objectives.

**Continuity of key people/person** – of particular the continuity of the key person (entrepreneur) in the project is crucial to provide the direction and drive for the social enterprise. This is also true within the host body – the project leader at SEEDA was crucial to the project's success.

**Staff continuity in public sector organisations** is a particular problem, in the culture of the public sector staff are frequently moved from one project to the next, with senior staff often involved in the start of projects but not their implementation.

A related issue is a **lack of people who understand both cultures** of social enterprises and public sector host body and who can provide business advice to social enterprises coming out of the public sector and/or act as intermediaries and translators between the two cultures.

Such **intermediaries** (referred to as entredonneurs in the research or extrapreneurs) **can be extremely important** in the launch of social enterprises – such intermediaries can be individuals or organisations such as housing associations. Whether the intermediary will be successful, depends on various factors including their motivation, their role within the host body, the relevance of their knowledge. There is a danger that the intermediary can act as a gatekeeper. In the context of business advice – this raises specific questions, business advisers even social enterprise advisers are unlikely to have the specialist knowledge of both cultures.

The **sector-based approach** undertaken by the project produced some of the most interesting and potentially rewarding results. This is despite much of the sector work starting late. This is because sector-based understanding e.g. of housing, culture, environment is also a key success factor in social enterprise development. A second reason was the use of organisational intermediaries with established track records and reputations. The project established that there are opportunities for cross-sector working and learning, these are areas for future development.

It is essential that there is **clarity on what market and product** the state-sponsored social enterprise will be developing. This is a first principle of business development but is not something public sector bodies and staff are used to.

The project's researchers have identified the need for **a balance between productivity and margin** is crucial to the viability of the social enterprise. This needs to be understood by public-sector sponsors, whose expectations of social enterprises can be unrealistic in this context.

Where a social enterprise employs people from the **intermediate labour market**, it is important to recognise that there is a cost in doing so (both in terms of money and staff time) and that this cost must be subsidised either through grants or profits generated by the business. If the social enterprise is already subsidising other social objects, this could make the social enterprise unviable. These problems are compounded where the social enterprise is operating in a disadvantaged area, i.e. operating in an area of market failure. For the sake of both the social enterprise and the ILM beneficiary there needs to be a good match between what the ILM needs and can offer and what the social enterprise needs and can offer.

The British **interpretation of State Aid** makes it extremely difficult for the successful development of state-sponsored social enterprises. The transnational partnership revealed very different attitudes in other countries. The impact of this on one social enterprise in the study was to nearly bankrupt a successful company.

The public sector brings **public accountability pressures** on social enterprises. It is right that the public sector is accountable for public money, but where the aim is to create a sustainable social enterprise, there can be a conflict between accountability and business sustainability. This is particularly the case where the public sector sponsor employs the staff working on the social enterprise and/or the public sector sponsor has positions within the social enterprise board.

It is important that there is **support for the social enterprise across the public sector sponsor**, it is often the case that whilst there is support at the higher levels (e.g. from CEOs and directors) and at the front line (project delivery staff), problems come at middle management level. This is due to a lack of understanding, a perception that the social enterprise is peripheral to the sponsor's activity, and indeed that if the social enterprise is perceived to fail the middle manager will be publicly held responsible.