

Workshop 1 Notes

ESF Funding & Social Firms

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John Bennett, Managing Director of the Pack-IT Group, gave an introduction and history of Pack-IT (a well known and established Social Firm in Cardiff). He outlined the need for an unconventional approach to business for a Social Firm. John explained that Social Firms are not a magic answer but they do give one solution to provide jobs. Social Firms are one part of the business community and not that different.

A case study on 'firmmentation', an EQUAL project helping >40 people, and the setting up of Social Firms Wales, was given.

In detail, a background of 'Green Horizons', working in communities where unemployment is the norm. Clarity in the set up of a Social Firm is key – board, mission and business model. Better to set up correctly rather than end up with a project that starts trading.

Issues with EU money:

- State Aid competitiveness rules
- Setting up in business to local competition
- Proving market failure in the area

Even if the activity is funded it should be run at prices that will keep it sustainable after the funding runs out. With EU funding it is very important to be clear about the structure of the firm to ensure you don't run into problems with the ESF rules. Important to avoid 'mission drift'.

A further review of 'Green Shoots Catering' was done.

Grant funding is particularly useful for building up assets in the early days, although care must be taken as ESF has rules about assets as well. Problems arose when income was generated as this was taken back from the funding. ESF should be avoided if your aim is to trade. There are lots of ESF admin costs that need to be factored in. Other routes of funding – loans or grants – may be better in the long run.

There ensued group discussion about delegates own experience of ESF funding. It seems there are some differences between England, Scotland and Wales.

ESF – striking the balance. Communication with funders at every stage of development is really important. It is best to be open and honest. Possibly separate training and trading activities, and use ESF for the training element.

Top tips for Social Firm development:

- build the right team
- be clear about who is responsible
- develop a sound business plan
- build the business model first then think about the people