

In search of Cost-Effective ICT Services for the Third Sector

Is Social Enterprise the solution?

A report researched and written by

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Commissioned through the ICT Hub Unmet Needs Fund.

Published April 2008



Foreword

Organisations providing services to beneficiaries in the third sector face a huge number of valid competing pressures on their time and resources. Often technology gets relegated down the list because in many cases it is not part of core service delivery. It is not a bad thing to view technology or ICT as a utility service in the same way that an organisation may view lighting or drainage. It is essential that there is a contingency or back-up in place should there be a problem with the plumbing or the lighting; in the same way this should apply to the computers used in an organisation.

There are many ways to organise the contingency solution, one of which is through engaging the services of an external provider of ICT services. In the same way as you would bring in a specialist to deal with leaking tap a specialist provider of ICT services is best placed to deal with ICT emergencies.

This report looks in detail at the Social Enterprise model of delivery and draws on the knowledge of those with experience of it to critically ask if it is the best solution, what services could be provided together with the pitfalls and benefits of this method of service delivery.

Paul Webster



NAVCA

Regional ICT Infrastructure Support



Introduction

About this report

This report was commissioned by the ICT Hub to answer the following questions:

- Should the sector try and deliver ICT support services from within, or should it rely on services from the private sector?
- If yes, what sort of services should be provided for the sector?
- How have current social enterprises emerged? What problems have they encountered in their birth and growth? How can these be avoided?
- Are they robust enough and, if not, how can this be improved?

It will be of value to:

- Anyone thinking of setting up a social enterprise to deliver ICT services to the third sector;
- Anyone running a social enterprise that delivers ICT services to the third sector;
- Policy-makers and funders who want to understand how they can support the development of social enterprise models to deliver ICT services to the third sector;
- Anyone interested in helping to meet the ICT support needs of the third sector

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1 Executive Summary and Recommendations

The third sector, which includes voluntary and community organisations, co-operatives and social enterprises, has long recognised that these organisations need access to affordable ICT support services. What no one has yet found is a wholly successful way to square the circle between what organisations say they want and what they are able or willing to pay for.

The report was commissioned by the ICT Hub to answer the following questions:

- Should the sector try and deliver ICT support services from within, or should it rely on services from the private sector?
- If yes, what sort of services should be provided for the sector?
- How have current social enterprises emerged? What problems have they encountered in their birth and growth? How can these be avoided?
- Are they robust enough and, if not, how can this be improved?

This report seeks to share lessons learned by those who are already committed to delivering ICT support through social enterprise and is of value to:

- Anyone thinking of setting up a social enterprise to deliver ICT services to the third sector;
- Anyone running a social enterprise that delivers ICT services to the third sector;
- Policy-makers and funders who want to understand how to support the development of social enterprises to deliver ICT services to the third sector;
- Anyone interested in helping to meet the ICT support needs of the third sector.

Given the authors' stake in the development of social enterprises the report has a natural bias towards making sure that social enterprise are seen as part of the answer. The interviews show that there are many social enterprises that are slowly but surely building a successful business, and a pool of talented, creative people who are leading the way in showing how it can be done.

Although all the organisations included in this report are small in size, all but one delivers a wide range of services, typically including two or more of the following:

- Circuit Rider services,
- Hands-on ICT Technical Support,
- Web Design,
- Databases,
- Multimedia,
- ICT Management Development,
- Information & Influence Services,
- Accessibility.

The report reflects on the risks associated with managing such a diverse set of services and the reasons this situation may arise. It could be that many of these services have been set up to fill a gap in local provision, or it could also reflect a sustainability strategy that provides a range of income streams to offer a fixed geographical market where clients have limited resources.

The complexity of managing such a range of services also points to the need for investment in strategic management skills and training, as well as a need to focus on internal systems for customer service and quality management.

A key challenge in meeting the needs of the sector is the context within which these social enterprises are developing. ChangeUp is just one factor driving rapid change in third sector infrastructure*, and there is a continuing need to challenge the attitude of organisations across the sector towards their use of ICT. In particular many people interviewed remarked on the gap between the costs of running the services demanded by the sector, and its attitude towards paying a sustainable rate for those services.

The research shows that there is a market for ICT services in the sector, especially amongst larger charities, so it is sensible to assume that there is a business case for delivering services to them profitably. What is less clear is how social enterprise can help to meet the needs of small and medium-sized organisations, which form the majority of the sector in numerical terms, and for whom spending on ICT is often a grudge purchase, made only when something goes wrong.

*see Appendix 4

A similar gap exists in understanding and helping to support social enterprises. Many key people in the third sector see social enterprise principally as a means of generating cash to meet shortfalls in grant funding, rather than a means of developing sustainable and effective, market-led business services.

Five key findings have emerged:

- There is a place for ICT services to be delivered from within the Third Sector;
- ICT services are better delivered by independent specialist* infrastructure organisations:
- A successful business model for ICT social enterprises needs to blend low-margin activities with the development of specialist added value products;
- There is room for social enterprises to form partnerships with private sector providers;
- Most current ICT social enterprises are currently not robust enough to be sustainable and need help to become so.

The findings of this report demonstrate the real challenges in building a successful business able to generate significant surpluses and therefore security and sustainability. It also suggests that independence from parent organisations such as a CVS is likely to be a key step in achieving sustainability.

To some extent these are cultural, strategic and business management challenges which are the same as those facing any social enterprise, and underline the need for continued widespread support of not-for-profit businesses by policy makers, funders, and their potential clients. It is worth noting, however, that the organisations referred to in this report are self-identified as social enterprises.

Despite the development of Community Internet Companies there is no clear and consistent definition of social enterprise, which leads to the current development in the South West of England of a social enterprise mark. This is supported by the report authors as it can help reassure policymakers, funders and partners and could therefore lead to greater support for social enterprises through trading and referral.

A final point is the need to build a body of information and support to help those people who see social enterprise as a viable solution to the needs of the sector. This report therefore includes a review of key business issues to be tackled if anyone is to make a success of a social enterprise, and in particular shares the knowledge of its authors about how their organisations operate.

*see Appendix 4



2 Introduction

Effective use of information and communications technology (ICT) is an important building block in ensuring we have third sector organisations which can tackle the disadvantage, poverty and inequality which blights our communities. In the right hands it is a powerful tool for delivering change, by increasing the effectiveness of the efforts of staff, volunteers, directors and trustees, delivering better quality services and making better use of scarce resources through more efficient working methods.

As any third sector manager knows, getting good quality and affordable ICT support in the sector can be a major challenge. Ask the following questions in a seminar of senior managers of front-line third sector organisations and you will probably get the following responses (in brackets):

- How many of you use a computer? (100%)
- How many of your organisations use computers? (100%)
- What happens if the computers go down? (Virtually 100% say that the work is severely curtailed, if it doesn't stop completely).

ICT is important in helping organisations achieve their objectives. However, in one region alone, whilst there are an estimated 50,000 third sector organisations (source: Yorkshire & Humber Basis 2 consultation) yet there are less than 30 people within the sector catering for their ICT needs.

The sector would seem to be ill-equipped in ICT support to make the step change to efficiency sought by the ChangeUp programme.

This report has been produced as a joint project between four individuals as authors, plus one other in the initial research. Each is (or has been) leading the development of a social enterprise to deliver ICT services to the third sector, and is also currently acting as Regional ICT Champion for the Third Sector in each of their regions:

- **Julie Harris**, Chief Executive of COSMIC (South West Regional Champion)
- **Colin Harrison**, Chief Officer of Electroville (Yorkshire & Humber Regional Champion)
- **Paul Ruskin**, Director for Social Enterprise and IT, Advice for Life (East of England Regional Champion)

- **Mark Walker**, Project Manager, SCIP (South East Regional Champion).
- **Tony Okotie**, was Business Manager at Digital Umbrella (and East Midlands Regional Champion), now Chief Officer of Tameside 3rd Sector Coalition.

The research brought these individuals together to capture over 35 combined years of social enterprise experience. It also provided an excellent opportunity for consultation with a range of other leaders who are developing such social enterprises. Full details of the authors are provided at Appendix 1.

The research set out to answer the following questions:

- Should the sector try and deliver such services from within or should it rely on services from the private sector?
- If yes, what sort of services should be provided for the sector?
- How have they emerged? What problems have they encountered in their birth and growth? How can these be avoided?
- Are they robust enough and how can this be improved?

Private companies can and do deliver services to the sector, but if they do not adequately meet the needs of the organisations then new services may need to be developed from within the sector. At a time of reducing budgets in the sector, ICT often seems to go lower down the priority list and so gets left out. In which case, how could this support be funded?

So is social enterprise the answer?

Depending on how you look at it, there are only around 25 social enterprises across England delivering ICT services to the sector. Some are fully-fledged independent companies. Others are owned by parent organisations, or are a trading arm or department within a local infrastructure organisation (such as a CVS)

The number could be greater, depending on which ICT services are included. If one takes just training services, for example, there would be a lot more than this. At least three of the organisations considered are over ten years old, but most are at the very earliest stage of development.

Some CVS have ICT Development Workers who, whilst not specifically identified as part of a social enterprise, are charging for some services and developing innovative social enterprise-type models for delivering support to the sector.



This report is another helpful step in bringing together a wider network to support those interested in this field of work. In particular it will be of value to:

- people currently running social enterprises to deliver ICT services;
- people setting up social enterprise to deliver ICT services;
- people who want to support the set-up of social enterprises in the third sector;
- funders who will invest in this model of ICT service;
- third sector infrastructure support agencies;
- people providing formal business support to social enterprise (e.g. specialist business advisers);
- Public sector organisations supporting the third sector.

We have drawn upon personal experience and the responses from a breadth of others active in this field to concentrate on the common areas of interest amongst these groups:

- Will it work?
 - Can a social enterprise successfully deliver affordable ICT support service to the sector on a sustainable basis?
 - The authors are not likely to be 100% impartial in answering this question but feel that every entrepreneur asks themselves “Is there a business here?”, which is what we have tried to do.
- What would make it successful?
 - What specific issues must be addressed to deliver a sustainable social enterprise based ICT support service? i.e marketing, business planning, service development, HR, etc,
 - How can these issues be addressed?
 - What can we learn from those people who are already doing this?
- What support do social enterprise-based ICT support services need?
 - What help/investment/buy in is needed from whom?
 - The specific support needed for ICT social enterprises
 - Links to sub-regional and regional consortia.

3 Methodology

The method consisted of:

- Meetings of the authors, systematically applying their experience to the research questions;
- Design and administration of structured interviews;
- Discussion with consultants in the non-profit sector in the USA;
- Collation and analysis of results;
- Consideration of results and report writing;
- Presentations and discussions at the National Circuit Rider Conference in February 2008 and the Rural ICT Conference in March 2008.

Whilst the four authors did not always agree on the ways in which these issues should be implemented and managed, they did agree on the conclusions and recommendations made in this report and that a clearer understanding of these key issues should be included in this report.

The organisations who responded to the detailed survey were:

- Advice For Life
- Bedfordshire Circuit Riders
- Community IT Academy
- Cosmic
- Digital Umbrella
- Electroville
- ESP Projects
- Future Learning
- iTrust
- SCIP

We wanted to get 10 full interviews and approached a total of 12 organisations. No one objected in principle but were too busy to meet our deadlines.

We have deliberately kept the feedback anonymous and we are extremely grateful to the participants for sharing their honest and highly valuable insights.

At the final stage of editing we received help from Kevin Skingsley, Chief Executive of High Peaks CVS and Digital Umbrella, and Andrew Samuel, Regional ICT Champion for North East of England.

4 What do we mean by “social enterprise”?

“Social enterprise” is an umbrella term that includes development trusts, co-operatives, social firms, credit unions, housing associations, social businesses and employee owned firms. Before we can discuss this form of organisation, we need to make sure we are discussing the same thing, so let’s look at a definition or two.

The Office of the Third Sector defines social enterprises as:

“businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or community, rather than being driven by the need to maximise profit for shareholders and owners”.

http://www.cabinetoffice.gov.uk/third_sector/social_enterprise.aspx

After a decade of growth, social enterprise is increasingly recognised as an innovative business model. The government’s social enterprise strategy endorsed social enterprise as having a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy:

- helping to drive up productivity and competitiveness;
- contributing to socially inclusive wealth creation;
- enabling individuals and communities to work towards regenerating their local neighbourhoods;
- showing new ways to deliver public services; and
- helping to develop an inclusive society and active citizenship.

The definition (most often used by social enterprise organisations themselves) emphasises three common characteristics:

- **Enterprise oriented** – they are directly involved in the production of goods and the provision of services to a market. They seek to be viable trading concerns, making a surplus from trading.
- **Social aims** – they have explicit social aims such as job creation, training and provision of local services. They are accountable to their members and the wider community for their social, environmental and economic impact.

- **Social ownership** – they are autonomous organisations with governance and ownership structures based on participation by stakeholder groups (users or clients, and local community groups etc.) or by trustees. Profits are distributed as profit sharing to stakeholders or used for the benefit of the community.

(Extracted from report to Consumer Council by Bob Allen)

It became clear early on that many of the enterprises delivering ICT services to the third sector were actually trading arms of other third sector organisations. These were included within the research so that the broader spectrum of models can be considered.

Just as the authors of this report work in different settings and different organisational structures, all of the social enterprises included in this report are different. They are self-identified as social enterprises and we have made no judgment on whether or not they fit any of the above definitions.

This is an area of concern, however. It has relevance in terms of developing trust with third sector partners as well as the branding being used to develop a position in what can be very competitive market places.

The development of the Community Interest Company (CIC) is a recent attempt by Government to create a new regulatory framework to sit between private companies and charitable status. Although several of the organisations listed have registered as CIC the variety of models available means that this label still does not clearly define the governance or ownership status of an organisation.

The growth of the social enterprise market and the growing value of the brand makes it increasingly likely that third sector clients will want to know what lies behind the claims of social enterprise.

One initiative is being developed by RISE, the regional body for social enterprise in the south west of England. It is advocating the use of a Social Enterprise mark, linked to the use of social auditing and triple bottom line accounting (i.e. financial, social, and environmental) and a set of key criteria. This approach is now gaining support from other parts of the country.

More details can be found at www.socialenterprisemark.org.uk.

5 Analysis of Structured Interviews

Ten organisations were investigated: the four to which the authors belong and six others. Whilst these ten organisations represent about 50% of such organisations in the UK, the small numbers mean it is not possible to call the results “significant” in terms of quantitative statistics and it would not be appropriate to perform any mathematical or graphical analysis on them.

The analysis is therefore qualitative in nature.

However, it did show some clear results which formed the basis for discussion and could be applied the experience of the authors. The process which followed allowed for lively debate of these results and the key issues, including a workshop debate at the Rural ICT Conference held on 5th March 2008.

Whilst the four authors did not always agree on the ways in which these issues should be implemented and managed, they did agree on the conclusions and recommendations made in this report and that a clearer understanding of these key issues should be included in this report.

5.1 Company Status

5.1.1 Independence

Seven of the organisations are independent companies, three are trading arms and one had previously been a trading arm.

We do not think that this would be replicated across the other ten known organisations that were not interviewed, where we think that most are currently still trading arms of other organisations.

5.1.2 Legal Forms

Of the ten interviewed eight are limited by guarantee (CLG), one is limited by shares (CLS) and one is a CIC.

5.2 Birth, Growth and Organisational Motivation

The reasons for setting up the organisations were distinctly different for those that were trading arms. Such organisations include the following as statements:

- “Largely to generate additional income to help sustainability of the parent organisation”.
- “To what extent was it to meet a perceived social need – largely, partly to generate additional income to help sustainability”.
- “Mainly financial – to subsidise the learning operation”.
- “Financial as a mean of attracting different sources of funding”
- “while at the same time generating a financial surplus for the wider mission of the CVS”

Parent organisations generally see the major purpose of the social enterprise as providing finance for themselves as the parent organisation.

There were, of course, other objectives. These may be **wider** social objectives such as:

- “To provide service which were identified by previous projects”
- “exists to provide ICT services to charities, voluntary and community organisations and other not-for-profit groups”
- “want to provide a trusted source of support and advice in their sub region from a source sensitive to the needs of the VCO’s in that area
- “To meet a gap in services to local VCS groups (lack of accessible / affordable ICT support and information – social need)”
- “The social need was to set ICT support for the sector from the sector (trusted source) to allow charities to carry out core work without ICT being obtrusive or a major financial burden”
- “providing community-based ICT facilities for young people and the local community”

There were also internal objectives such as:

- “The aim initially was to support the lads with “real life” work experience”.
- “provide employment for disabled people”
- “whilst at the same time developing a business model to utilise and support employment of young people in ICT jobs”

5.3 Motivation

A common thread appeared that a social enterprises need to be driven by a dynamic social entrepreneur. We were interested in what drives them.

Drawing upon Maslow's hierarchy of needs, we asked whether they were driven by money, by social needs, by wanting to have their achievements recognised or by a social objective.

It became clear that like anyone else, they have a mix of motivations which encompass all the above. For example, everyone needs to earn a living, and a job that did not supply a reasonable income would not motivate them. However, what is reasonable in this context may be less than, say, in the private sector.

- “I wanted to make a mark where I did some good for people I also want to be able to earn a living and expand the setup employing more like minded people moving on and leaving a legacy of something permanent for the sector”
- “My driver is to make a difference – be it to an individual or organisation”
- “I like to think that we may make a difference to the sector by trying to bring the ICT usage up to standard”
- “All of the above – achieving social objectives in turn brings esteem / recognition, which in turn should bring £££££”
- “Financial: Yes to some extent. I have a young family to support and no external income. Social: Yes to some extent. I used to work for myself and found that I needed the companionship of colleagues within my working environment. Esteem / Recognition: Yes to some extent. It is good to know that others respect the work that you do. The feeling of achieving a social objective? Yes to some extent. At 57, it is important to me that I can feel that I have “made a difference” in helping others, particularly those suffering a disadvantage”.
- “All of the above – and to be successful in the role I play that would have to be the case. People who lead and inspire in social enterprise have to be ‘driven’ in order to succeed and by more than just money or even social benefit. Those people (entrepreneurs) who are excelling in social enterprises today are people who are committed, competitive, confident and ambitious – and happy to work in the interest of social objectives of course.”

As can be seen all the entrepreneurs we interviewed want to “make a difference”.

5.4 The Local Third Sector Landscape

On the whole, the entrepreneurs felt that the local third sector landscape had been or was largely unsupportive. There was a feeling that ICT needs to be valued more across sector, particularly in Regional and sub-regional consortia. Many felt that they had to try and get themselves at the table to influence how ICT is viewed within the local third sector hierarchy.

- “The RDA are very unsupportive of the 3rd sector”, Govt Office seem to look after only those who have gained significant funding and the local CVS network sees us as a threat. Some organisations are supportive on an individual level but we appear to be out of the loop.
- “Support from other infrastructure organisations has always been variable, but the picture has always been skewed by the collapse of the CVS – leaving as many as 15 separate infrastructure organisations to deliver services such as training, volunteering, sector representation, business community links and so on.
“We do engage in the ChangeUp Consortium and have informal networks which encompass key partners. Many of these organisations are or have been our clients as well as our partners”.
- “YES through representation.”
- “Yes. The project heads up the sub regional ICT group! All of our customers are from the sector! They buy in to our services as they know we understand the problems of the sector! Making sure you do not upset anyone or create waves is important. I sit on the sub regional infrastructure Consortium as the lead on ICT matters”
- “When we were formed 11 years ago it was supported on a very local level – sharing accommodation with the developing local CVS and with support from local school, community and business people. Over the development and growth period since, the buy-in and support from third sector partners has fluctuated as perceptions about the ‘threat’ which we posed became an issue, and as others saw us as no longer local/community based, but sub-regional and now regional in our reach and capacity for work.”
- “Lack of support for our work from key infrastructure organisations – both sub-regional and regional. Competition between organisations over ICT (and other agendas) has grown as CVSs, RCCs and regional specialist organisations

have developed their own skills and capacity and believe that this puts them into a position whereby they are best placed to deliver ICT support, services and advice. It continues to be a major challenge to engage these organisations in discussions and to explain to them the benefit of having a specialist and highly skilled ICT team here which can work through each of their organisations to add-value to their own delivery plans.”

- “Many of these infrastructure organisations have talked about setting up their own ICT social enterprises – replicating what we have to offer, which is highly frustrating when as a social enterprise we have always looked to deliver benefit to third sector organisations and have worked very effectively in support of third sector organisations over the years.”
- “Recent recognition of our work, and small amounts of funded project work through ChangeUp and Capacitybuilders have provided an opportunity to extend our work and to engage in new working partnerships with key organisations, and this will provide further opportunity in future, but still against a ‘backdrop’ of politics and resistance to effective partnership working across the region. This continues to be highly frustrating.”
- “We are the nominated lead agency within the ChangeUp Consortium to lead on ICT support to the sector. This gave the credibility and financial backing for us to evolve.”
- “I was surprised by the level of resistance from infrastructure organisations in the sub-region when we set up, which I was not expecting. I received more support from organisations outside of the sub-region than those within it. I have now reflected on the perceived ‘threat’ which the enterprise may have posed for some and which I have now largely overcome a lot of the initial problems through partnership working and collaboration.”

5.5 Services Offered and Sustainability

Nine of the ten organisations offered a wide range of services. The only one that did not is purely a training organisation. Services included:

- Circuit Rider services,
- ICT Technical Support,
- Web Design,



- Databases,
- Multimedia,
- ICT Management Development,
- Information & Influence Services,
- Accessibility.

Respondents were asked which of their services were sustainable. The answers were mixed:

- “Which of these services are sustainable / profitable and which are not? Website and ICT support are working towards sustainability but we have come to the conclusion that “sustainable” in the terms of the VCS and “Social Enterprise” is perhaps a holy grail, we aim to achieve and sustain 70:30 earned to funded income”
- “Our web design service is profitable whether it is sustainable we will have to wait and see! All the others are struggling but with increased take up they will become profitable”
- “All have some degree of sustainability but the overall mix relies on grant funding to make it possible to operate at the prices we have previously charged. On strictly full cost recovery terms, based on expected out turn for this financial year, websites is most likely to break even, but training, ICT support and other services will not. Contracts and grant funding for community projects generate a large surplus to cover these ‘losses’.”
- “The ICT support income stream loses money. We need more customers and larger customers to make it more sustainable. Up to now it has been carried by other projects such as net:gain, accessibility, ICT champion and so on. This cannot carry on after April 2008 and we are actively looking at ways to either get in extra income or cut costs.”
- “Profitable: Support Contracts, Web and design services, ICT training and some parts of procurement!”
- “All of the above must be sustainable for them to continue to be part of our portfolio – for every service or project offered we are always keenly aware of the need for a sustainability plan and to ensure that services and staff continue to deliver as part of the overall social enterprise model.”

- “ Web design has never had grant funding, and has always been sustainable through direct charging of clients. ICT training not sustainable through direct charging, and no grant funding currently – thus not sustainable. ICT development only sustainable through grant income – clients will not pay.

Web design and ICT support contracts get the most mentions as suitable services for generating surpluses. Training and ICT development are clearly much harder to make a profit from.

All but one currently relies to some extent on grant income, but there is no fixed response about what mix of grant and earned income would be a sensible target. In some cases surpluses from one service fill gaps in the income of other loss-making areas. For others there is reliance on parent bodies to cover core costs.

What is clear, however, is that all but one is trying to deliver a mixed bag of services.

It is worth reflecting that any business must continue to review whether to narrow its focus to specific services or broaden them to meet a variety of needs. There is a danger that many of these organisations are spreading themselves too thinly in operational terms and not building deep expertise in any one topic.

On the other hand sustainability in the third sector does not always equate with profitability or growth. Building a wide base may be seen as a way of protecting the organisation against changes in the funding environment as well as giving it several strings to its bow with which to generate income from grants and paid for services

5.6 Problems Encountered

There was a distinct difference in what were seen as problems by those in charge of trading arms and those running independent enterprises. All the trading arm entrepreneurs saw governance as the main issue:

- “The fact that to run a business you need to re-invest profits in our case income generation has been used to subsidise the parent company which is what is set up for but is short sighted”
- “In retrospect, the CEO and senior managers held different objectives for the enterprise than the trustees. While it more than paid for itself by bringing in external contracts the trustees’ motivations were satisfied. Once money became tight (mainly caused by unforeseen circumstances) – that changed and the underlying motivations emerged”.

- “Board unwilling to take big risks (and unable to because of charity law). No clear vision about where we wanted to go”

The problems are the independent entrepreneurs were more business-focused:

- “No business background – local funding environment making our client base shrink.
Personalities – getting the right people in the right post and retaining them”
- “Recruitment and retention of the right staff we do not pay full rates in this sector!”
- “With years of hindsight I would say we have faced key problems with:
 - Quality assurance
 - Operational management issues
 - Business development expertise
 - Lack of key technical skills
 - Sporadic recruitment processes (not always getting the best person for the job)

At the same time the key problem has always been finding a way to generate income from organisations which do not instinctively spend money on things like ICT. There is a lack of a real market for what we offer, in that they are designed as a specialist service for which there is no real commercial demand.

Whilst there is a proven need for ICT support in the sector there is also a proven failure in creating a viable level of spend on it”

- “The development of the enterprise over the years has seen the structure, systems, staffing and governance arrangements change many times – and it is this flexibility which I believe has resulted in the success and sustainability of our company. I also believe that this will continue to be the case into 2008 – there are many challenges ahead and with lots of flexibility and ability to shift gear and structures very quickly we will be very well placed to make the most of opportunities”.

The key problems that emerge from this feedback can be summarised as:

- A lack of, and a need to develop business expertise
- Recruitment & retention of staff
- Lack of business focus
- Lack of sustainable business models
- Lack of technical skills
- Quality assurance
- Generating income from the third sector

5.7 Staffing

5.7.1 Key People

Half of the organisations report that there are key people who seem to generate or deliver most income. When asked what would happen if they were to lose these people, half said that they would “have to work harder”. Half said that it would lead to business failure.

- “We work harder!”
- “At present the reliance of the business on one person would mean that it would cease if he left or was out of action for a significant period of time. There is not the capacity within the organisation currently to continue and manage ongoing operations without him. The medium-term plan is to grow the business to a stage whereby the capacity does exist for continuation and sustainability which is not reliant on him or any single employee/Director”.
- “If it happens in the next three months or so it is likely we would close down – after that we would hope to have developed a more sustainable mix of activities, based around the development of the role of the new CEO”
- “Risk particularly in tendering for, and gaining new business if business manager to leave, and ICT development work would also be at risk. The risk for web work is spread between web designers (unlikely they will both leave at the same time!). Income from ICT trainer small compared to other services, so lower risk (and more likely to be able to “buy in” trainers on a sessional basis)”

- “It’s already happened! The effects are major.”
- “Resources would have to be diverted which I don’t think would happen so new business would take a hit”

The organisations facing these issues are generally the younger and smaller ones. This suggests that there is a period of growth where such organisations are very vulnerable to external events (as is the case in most developing businesses) and that there are significant needs for external support and mentoring during such times.

5.7.2 Training Needs

The highest priority for training was technical skills and customer service skills.

There is also a need for a range of management including quality assurance, sales and marketing and asset management.

5.8 Support Needed

There were two common threads through the interview on the type of support needed. These were mentoring and funding.

It was felt that something more than business training and the level of support available through brokerage (the Business Link IDB offer) was necessary. Entrepreneurs particularly value the support from people who have experienced what they are experiencing – acting as mentors and advisors.

It was felt that there should be some tangible recognition of the cost of the social objectives. This was felt particularly strongly where the enterprise had an “internal” social objective such as the employment of a particular target group such as disabled people or young, disadvantaged people.

Amongst all organisations, of whatever age, there are significant needs for external support and mentoring, particularly to help with strategic growth and planning.

There is also a need to connect with others in this field on an ongoing basis, to help develop a sense of identity, look for opportunities for trading and help build a network of support for the sector.

5.9 Income Streams

5.9.1 Sources of Income

The respondents were asked to identify where their income came from: grants, third sector contracts, European contracts, public sector contacts and pure trading income. The analysis showed that these distinctions were not clearly understood by respondents which rendered detailed identification impossible.

However, the following points were clear.

- All these organisations have a mix of grant income and earned income.
- Much of the publicly funded work is contracted and measured by outputs.
- Most enterprises want to move to a position where they bring in more earned income from pure trading, i.e. charging directly for services such as ICT support, web design or training.
- The percentage of earned income ranges from 0 to 96% with the median on 30%.
- Assuming that earned income is everything except grant funding the percentage rises steeply with the median being around 90%.
- In other words the organisations reviewed here generate 10% of their income directly from grants, with the rest being some from of earned income.

Although this figure is impressive it is important to remember that it is made up of a range of responses. As one respondent remarked, “we have come to the conclusion that “sustainable” in the terms of the VCS and “Social Enterprise” is perhaps a holy grail, we aim to achieve and sustain 70:30 earned to funded income”.

Others are much more confident of their ability to achieve 50:50 ratio and to build upon this to sustain operations in the periods between major project funding.

5.9.2 Delivery outside the Sector

Almost all the enterprises say that they would do work for any organisation, but most currently deliver exclusively to the third sector. One organisation, has pioneered work with commercial clients as a way of underpinning the social objectives of the organisation, but others are starting to look for ways to enter that market to support their operations.

Two organisations had started alliances with private sector companies. This can create a symbiotic relationship. It might give the private sector company a route into the third sector, recognising the marketing potential of the social enterprise. Alternatively it could give much needed income to the social enterprise. In one case, the technicians from the social enterprise provided backup staffing for the private company.

6 Conclusions from Structured Interviews

A number of conclusions have been drawn based on the interviews, and developed by the work of the authors and the feedback of others. These conclusions lead to a number of recommendations.

Five key findings have emerged:

- There is a place for ICT services to be delivered from within the Third Sector;
- ICT services are better delivered by independent specialist infrastructure organisations:
- A successful business model for ICT social enterprises needs to blend low-margin activities with the development of specialist added value products;
- There is room for social enterprises to form partnerships with private sector providers;
- Most current ICT social enterprises are currently not robust enough to be sustainable and need help to become so.

6.1 There is a place for ICT services to be delivered from within the Third Sector.

Whilst there are approximately 500,000 third sector organisations in England, we are only aware of 20 or so ICT infrastructure organisations. The potential market-place for delivery of ICT services from within the sector is therefore huge.

Services offered by social enterprises can be delivered with a greater sensitivity and knowledge of third sector needs. The mission of such organisations will often include specific mention of social objectives “enabling front-line organisations to better achieve their missions”. These objectives are generally enshrined in the memorandum and articles of the organisation.

Smaller organisations are catered for that would not otherwise be. For instance, there was recognition that since a higher margin was available from larger clients private sector suppliers will concentrate on that part of the market. Third sector

organisations tried to cater for them however, sometimes losing money on individual transactions. The broad spectrum of size and scale of organisation and therefore contract value needs to be a continued focus in the development of sustainable services.

Other social objectives may also be delivered. For instance, 30% of the organisations interviewed employed people from disadvantaged backgrounds. The problem is that choosing to act in this way may affect the sustainability of the organisation.

This can become a major balancing act for the social entrepreneur – providing a market-led and successful business model, whilst at the same time delivering key social benefits.

The organisations often have brand values such as “quality”, “value for money” and “trustworthiness”. While this last one can be seen as the Unique Selling Point of Third sector organisations, the consensus is that the other two have to be satisfied first.

6.2 ICT services are better delivered by independent specialist infrastructure organisations

Having a clear mission based around ICT, enables these social enterprises to become more robust and improve their quality and value for money. The process of commoditisation means that they have to “stay ahead of the game” and so ICT needs to be central to their mission. A commitment to social objectives, such as overcoming digital exclusion or providing supportive employment and training opportunities, means that there remains a clear and consistent focus on technology and its benefits and barriers. This keeps the organisations sharp and innovative.

Where social enterprises have grown out of other organisations there is potential for a clash of missions, with the parent organisation often having a wider range of social objectives, and a wider spread of services. In these circumstances the ICT part of the organisation is in danger of being seen by a parent organisation as a “cash cow”, generating surpluses to plug gaps and help deliver their own social objective. This can severely restrict the ICT social enterprise in its own planning and development. It is clear that to keep ahead of the game, ICT social enterprises need to regularly reinvest surpluses in staff training and skills development – technology is an ever-changing business.

However, a clear partnership should develop between generalist organisations (such as a Voluntary Action or CVS) and the specialist ICT infrastructure organisations. The generalist organisations should offer “business triage”, having enough knowledge to offer some initial help and signposting but referring clients to the specialist organisations (in finance, ICT, HR etc.) when necessary.

6.3 A successful business model for ICT social enterprises needs to blend low-margin activities with the development of specialist added value products.

Many of the organisations reviewed deliver a mix of services, rather than developing as specialists. Although all businesses will aim for high margin business most social enterprises will have to accept the need to build a blend of services working with different margins.

In many ways the needs of the majority of third sector organisations are not high end, and are likely to be sold on a relatively low margin. Technical support services, for example, are likely to have to survive on delivering large numbers of small ad hoc jobs rather than lots of server installations and annual contracts.

These low margins put pressure on the organisation’s profits and therefore affects its ability to continue to invest in its development, through marketing, new staff and new skills.

Social enterprises therefore need to stay up to date with the technology so that they can identify specific added value products which reflect their knowledge of the sector and its needs. These may include:

- Installing networks and follow up training and maintenance
- Bespoke web and database projects;
- Project Management, especially where projects require consultation and collaboration amongst multiple stakeholders;
- New web based applications, such as new products within the healthcare market such as sensors in old people’s homes.
- Organisational management training, such as net:gain.

6.4 There is room for social enterprises to form partnerships with private sector providers.

This potentially enables:

- better services (higher quality) to be delivered into the sector.
- for the reasons mentioned above, it is hard for social enterprises to compete in terms of quality and value for money. On the other hand they have a marketing advantage in the sector that private sector providers are glad to be able to access.
- social enterprises to generate more income from private sector clients to cross-subsidise third sector clients.

6.5 Most current ICT social enterprises are currently not robust enough to be sustainable and need help to become so.

Firstly, there is a general lack of financial support to organisations. Funders often think that social enterprises should earn 100% of income from trading. As has been shown earlier, it is nearly impossible to compete on equal terms with private sector: Internal social objectives (e.g. employment of disabled people) and the fact that they take on client organisations with a reduced profit margin mean that costs are always higher.

The recent development of a new Social Enterprise Mark (Trademark) in the South West has based its criteria for successful social enterprise on a model of a minimum 50% income earned from commercial sources (with the other 50% coming from funding sources).

Given that funds are tight throughout the third sector, the market for ICT spending is tight. We can add to this is the fact that managers and decision makers within the sector need to gain awareness of the potential of ICT to help their operational objectives.

The current small size of the social enterprises attempting to meet the needs of this market is a major factor. (Similar organisations in the USA received long-term funding at the start).

In the UK in recent years, funding streams have become dependent of one funder (e.g. Capacitybuilders or Big Lottery). When this funding changes for any reason, they become very vulnerable and sometimes have to fold as a result.

They also suffer “key person” syndrome. Income may be largely secured and/or delivered by one or two people. If anything happens to those people the whole enterprise is vulnerable.

The above analysis would suggest that the medium- to long-term development and part funding of such organisations should be a key objective for sub-regional consortia. It may well be possible to plan tapered subsidies and perhaps a 3 to 5 year horizon for such funding.

It is also clear that such organisations may need to become larger to be more robust. Sub-regional consortia may consider encouraging working partnerships between local ICT social enterprises and perhaps even mergers in order to secure sustainable and successful delivery in their area.

7 ICT Services for third sector organisations

7.1 Sharing knowledge and raising awareness

The research shows a range of ICT services being delivered to the third sector. It also shows that the majority of social enterprises interviewed have developed a portfolio of services, rather than concentrate on a specific area. There are a number reasons for this, principally relating to sustainability, but it also reflects the fact that to a large extent Third sector organisations needs require only a low level of technical expertise, so it is relatively easy to develop services to meet those needs.

In web design, for example, many organisations need only a basic level of web presence, rarely need transactional facilities and will not be investing in regular re-designs as part of their marketing strategy.

What follows is an outline of the various services currently being delivered by social enterprises included in this research. Not all the services are offered by all the organisations interviewed but we believe it is useful to review the basics of what is delivered and reflect on challenges and opportunities.

7.2 Circuit Riders

“Circuit Rider” is a term borrowed from the USA and is based upon the American circuit judges. In the last 20 years or so Circuit Riding has become a model for providing mission-driven technology support for the sector. The image is of roving consultants, working with organisations that do not have their own in-house ICT support and offering a wide range of skills including planning, training and technology troubleshooting.

This model has been taken up enthusiastically in various parts of England (notably in London and the East). The model tries to deliver personal, flexible and mission-driven expertise at a relatively low cost. It is seen as a grass roots approach to technology support, including an in-depth understanding of the way the third sector works, how it integrates ICT into its programmes and the steps needed to use technology as a tool in its work.

Within the English third sector, “Circuit Rider” has become an umbrella term for ICT professionals working in the third sector. Their skills are on a spectrum from strategic through to technical, covering supporting, developing, training and action planning in the process. Recently the London Advice Services Alliance has led on developing standards for Circuit Riders.

Individual Circuit Riders may be working from within infrastructure organisations like a CVS, networks such as Age Concern, operating as part of a social enterprise company, or indeed as independent self-employed consultants who work primarily with the sector.

Given that it refers someone who provides ICT support to a number of organisations it can be said to cover all the organisations we consider here, although they may not refer to themselves as Circuit Riders.

Ironically, the term is becoming less used in the USA, where the generic term, “ICT consultant” is now more likely to be used.

7.3 ICT Technical Support

7.3.1 Maintenance & Repair

This is the service that most organisations need, yet most of the organisations will not or cannot afford to pay for services. A typical cost for such services is £40 per hour. Many managers of organisations will try to avoid these costs (but will pay more than this in their own homes for tradesmen such as plumbers, car mechanics and so on).

Some of the highly commercial private companies will charge up to 3 times this rate. Many of the social enterprises supply a long-term scheme which provides a sort of insurance policy. This may be in the form of a service contract or pre-pay scheme.

Many third sector organisations have tried to save costs by using someone in-house, who has a bit of knowledge – an “accidental techie”. Whilst there are some good people doing this, it is often a false economy in that these people are drawn from the job for which they were originally assigned. This results in a need for extra staffing. Alternatively it can result in a lot of stress for that person (for they may be operating in a sphere with insufficient knowledge or training). If that person is a volunteer, they may just decide to go, leaving a mess behind them.

Many of the social enterprises work with these accidental techies looking to develop their skills so that the organisation can operate more effectively. This would be unusual from a private supplier and is an example of the added value which social enterprise supplier can deliver.

7.3.2 Installations

Occasionally organisations have a need for a major project which requires hardware and software installations. A typical one would be where an organisation is looking to install a network for increased ease of use, manageability and security. The Charity Technology Exchange Microsoft donations programme has engendered many projects where charities install a new network with MS Small Business Server at its heart. Note, however, that CTX can only work with registered charities and cannot make donations to social enterprises.

Often such projects mean that front-line organisations will require advice on what and where to buy and how to raise the funding. Social enterprises will typically keep a keen eye on available funding and be able to help prepare bids - knowledge which would be unusual in a private supplier.

Some social enterprises have also built trusted supplier relationships with local funders. This can include referrals when applications are made or funding allocated to help specific organisations prepare detailed bids for their ICT needs.

7.3.3 ICT Health Checks

Many organisations in the third sector understand the use of 'health checks' or mini-audits as a means to measuring their needs in the context of current and future work plans.

This service has been offered widely around the country mainly as a part of funded or project work to develop capacity. The ICT Health Check usually takes the form of a checklist which can be worked through with the organisation and is the basis for a discussion within the staff, trustees and/or volunteer network. Occasionally software will be used to determine what current hardware and software there is.

Recent development of the health check model has been to provide a means for a 'repeat system' i.e. using the initial health check as a benchmark or baseline against which future reviews and work can be measured. In this instance it is possible to link the service to a payment scheme, which can be based on membership or subsidised delivery. Organisations buying into this service will be able to track improvements in their use of ICT and will therefore be able to identify directly the value of the service.

As well as marketing health checks as a standalone service, there is scope to develop a programme of ICT health checks in conjunction with a funder or the lead organisation in a network. For example a CVS may commission a quantity of ICT health checks from a social enterprise to be delivered to specified organisations in a location.

One model may be:

- deliver 20 health checks in a network;
- report back on the top five issues;
- make small grants available to meet specific needs that are identified;
- a training programme to address specific skills required e.g. backups, security, troubleshooting

Funding for these projects is not necessarily easy to find but it can form part of ongoing work to provide development support to small organisations. The results of the health check provides a useful means of engaging with organisations to help with their ICT needs, as well as taking stock of key issues which the CVS may be in a position to take further, such as the need for specific training, or working with local funders to help subsidise further support.

This is an area where social enterprise could explore their links with frontline and generalist infrastructure organisations in their area and approach funders jointly.

It can be argued that funders who fund in this sort of process would be making a much wiser investment of any money they give towards ICT equipment, and could even insist on such an approach whenever a bid is made which includes ICT equipment.

It is worth noting that other forms of health checks are also a tool commonly used by Development Workers, for example financial health checks. The Development Worker is not necessarily a financial expert but can conduct a short review of current situation and can either help tackle issues or signpost the organisation to appropriate

support. This is in sharp contrast to health checks given by commercial organisations, which most people would expect to be an excuse to sell something after the initial stage.

Although there is scope to build links within the sector the health check process is ideally seen as a standalone product or service. Social enterprises can use it to differentiate themselves from private suppliers by demonstrating that their staff have specialist knowledge of the sector and its particular needs, including strong links to development workers and other forms of third sector support (including finance, HR, marketing).

7.4 Workforce Training & Development

There are several types of training that can be offered

- standard office packages
 - such as Microsoft Word, Excel, Outlook, PowerPoint or Publisher
 - or the Open Office equivalent of each of these
- specialist packages
 - Accounting (QuickBooks or Sage)
 - Graphics (Photoshop)
 - Presentations (PowerPoint)
- using ICT to carry out specific tasks
 - budgeting
 - fundraising
 - marketing
 - design and layout of websites
- technical skills
 - to implement ICT systems such as networks, databases and websites
 - to manage and maintain ICT systems
 - to back-up data and protect data security (including virus and spam prevention)
- community development skills
 - e.g. ICT for Development Workers (such as the SkilD programme)

Whatever the topic, training sessions may be delivered as a one-off session or as part of an ongoing training package or part of programme, such as European/International Computer Driving License (ECDL/ICDL). And it could be delivered in groups or on a one-to-one basis.

Training programmes may also be developed as a bespoke package to fit specific needs, such as a series of training sessions to enable a group of residents to produce a community newsletter.

ICT skills may be the key component of the training (such as learning the key features of a package such as Excel) or ICT skills may be one element in a course which focuses on other learning outcomes, such as a course about preparing for an AGM which includes the use of mail merge, DTP and PowerPoint.

Training is a central plank of the work of some of the organisations surveyed, whilst for others it is always linked to other services, such as ICT support or web design. The staff used to deliver training range from specialist trainers, recruited to develop and deliver specialist programmes, to people with other specialist skills who also provide training.

Some organisations have accredited training programmes, such as ECDL/ICDL, or the relatively new ITQ (an NVQ level 2 qualification), or are delivering courses through the Open College Network (OCN). Most are registered as UK Online Centres and roughly half of those spoken to are net:gain centres – delivering strategic ICT planning courses as part of the national RuralnetUK initiative. Some have their own dedicated training facilities. Others have suites of laptops that can be used in various locations. One organisation has a mobile classroom (a spaceship!) set up as to provide a moving and flexible training suite.

However much of what is offered of it is not formally set out in any specific training programmes. Many courses are very short - from three to five hours, or a half or whole day session - and tailored to meet the needs of the people attending. Longer courses can be delivered, but may often be targeted at specific groups or in particular settings, such as working with older people, asylum seekers or young people in community centres.

There are several possible reasons for this focus on informal training provision:

- the overheads required in acquiring and maintaining accredited status;
- the widespread availability of formal ICT training, especially through adult education;

- the lack of demand for accredited courses from frontline organisations – as opposed to making sure the skills they gain are relevant to their needs;
- being more responsive and so better able to meet the needs of the third sector.

The widespread availability of ICT training through mainstream adult education (which is massively subsidised) and private providers makes this a highly competitive marketplace for anyone offering training services. A social enterprise will probably need to differentiate itself by adding value in specific ways:

- obtaining grant funding to subsidise costs - capital costs or per person costs
- close relationships with general infrastructure organisations (such as a CVS) as a route to market (and funding)
- specialist training focused on third sector needs
- flexibility to respond quickly to needs
- building expertise in specific issues that relate to needs in the community e.g. older people, young people, disability.

One area where there is a great unfulfilled need is in the field of e-learning. Recent studies (e.g. an LSC funded benchmarking study in West Yorkshire) showed that the learning providers within the sector are way behind the public sector in their use of e-learning. There is virtually no training available in the use of the leading virtual learning environment (VLE), Moodle.

7.5 Web Design

The web is an extremely powerful tool for communication internally and externally. Different types of organisation use the web differently, and new uses are constantly emerging. Indeed the new collaborative technologies (known as Web 2.0) fit well with the ethos of interaction, participation and empowerment so common within the sector.

Many front-line organisations feel the need to have a website. Not all, however, are clear on what benefits they expect from such a site, who the audiences are, and what messages they want to put across. Because costs are related to time, approaching a web designer with such a lack of clarity can be expensive as they will charge customers for the time taken in gaining that clarity.

Furthermore, most successful websites involve a change to the internal business processes. For instance, if clients want to take advantage of services offered, how will enquiries be fielded and administered? More importantly, how will websites be kept up to date and how much will that cost?

For years, websites had become the modern equivalent of the 70s typing pool, with the haughty typist replaced by a bolshie techie who cannot spell. Now, however, the growth of content management systems (CMS) in recent years has meant that operational managers can change the content themselves whenever they like.

For many smaller organisations a free package such as Wordpress or Weebly will give them everything that they need. It is also a good starting point to discover what they want to achieve by using a website.

Some of the social enterprises deliver training to help front-line organisations do this introductory activity as a way of engaging organisations in a low-level web presence. Others have concentrated on designing websites for client organisations using packages they developed themselves. Others have adopted emerging open source tools such as Drupal, Joomla and Plone, which provide a suite of ready-made tools which are then customised for different clients.

Web design is typically seen as one of the more self-sustaining parts of the business because it usually operates at a bigger margin than other services. A web design service will usually have fewer clients of greater value than technical support services, for example, which means lower cost of sale and administrative costs.

Negotiating contracts and planning projects can also be easier, as most clients will have a tendering process, which includes an indication of budget. Technical support, on the other hand, is almost always a reactive service, solving problems as they arise and across a range of topics.

Some organisations offer a range of specific products at different price points, using templates to reduce the amount of work required on each job. Others treat each job as a fresh start, although they may well have adopted a small number of packages

In a sense, these are semi-bespoke services. The service is tailored to a price point, ranging from a low cost option which offers very little flexibility to larger sites which can be adapted to include specific functionality. This range may require a technical programmer, able to work in html, Visual Basic or php, or a graphic designer who can create logos and other graphics and configure a standard system to suit a client's needs. The range may be priced to attract large numbers of small clients, or a small number of large clients.

Until recently, many social enterprise-based web design services were ahead of the field in building accessible websites. At a time when many web designers - or their clients - ignored the needs of people with access needs, social enterprises were far more likely to be working with and responding to the needs of clients for whom this was a key requirement. Although this expertise is still relevant it is now part of mainstream web design services, especially as it is now very closely linked to search engine optimisation.

Charges are typically in the region of £300 a day, although pricing may be based on specific template-driven products. Thus a third sector client may commonly be paying £300 for a very basic site, £1000 for a few features and £3000 for a developing range of options. Prices for more complex and interactive websites will be higher still.

The specialist services available amongst social enterprises reflect the interests of third sector organisations. They are less to do with high end design or Flash, and more to do with information-sharing, such as web-based directories, or geographic information systems linked to specific projects or activities or the use of community languages on websites.

The market for web services is further complicated by organisations such as IT4Communities or Usable Websites, which have volunteers who will take on commissions charitably. It is therefore essential that social enterprises delivering web solutions can work alongside voluntary input wherever possible, in order to add value for organisations.

7.6 Databases

The market for databases is also complicated and developing. In seminars, there is a constant cry from front-line organisations that they need to have better control over their information to help them run their organisations more effectively. There are, as you would guess a lot of players in the market.

Dr. Simon Davey's article in the ICT Hub Knowledgebase (<http://www.ict hubknowledgebase.org.uk/databasemarket>) provides an excellent overview of databases in the sector.

Many database applications are major projects. Suppliers therefore need to be sure that they have researched the field thoroughly before investing a lot of developer time into an application. Often a similar application can be found within the sector that can be adapted to the specific application of the client organisation.

Database applications are generally based on sub-sector needs. Examples are:

- VC Train (a learning consortium) uses a system using Maytas 3 for its learning and skills organisations. This is licensed by other similar organisations such as Humberside Learning Consortium.
- Credit Unions use specialist banking software such as Curtains
- There are a number of commercial products for Local Infrastructure Organisations such as 'Volbase', 'ThankQ' and 'e-target'. Voluntary Action Sheffield have 'vcconnect' – a system developed for them, but which they are now licensing to other infrastructure organisations.
- ITSORTED's 'Contact Link' is a system developed specifically for third sector organisations to suit the specific contact database needs of the sector
- 'Lamplight' is a low-cost web-hosted database.

Many emerging needs from front-line organisations require systems for contact relationship management (CRM). There is potential work available in adapting applications such as Microsoft Dynamics CRM Server or CiviCRM (an open source application which integrates with Joomla or Drupal).

A key thing to note about both website and database development is that both need well-trained specialist staff, able to work across a number of disciplines. In a small web design business, for example, this could include graphic design, copywriting, accessibility, customer services, business development and programming. It may be difficult to find people locally with the right skills, and it may then be equally difficult to retain people on third sector salaries.

7.7 Multimedia

The provision of multimedia services as part of a social enterprise could include production of digital video and audio content, digital photography and image production, digital animation, multimedia presentations and multimedia support for events and conferences which provide the means of recording and distributing presentations after the event.

Most organisations today make use of a range of multimedia devices as part of their work. From digital cameras, to video, to audio recordings, web-casts and pod-casts, and even to live video feed from conferences.

Providing ICT services in this arena can be challenging as the technology (hardware and software) can tend to be expensive to purchase and run. Organisations have used CD Rom or DVD promotion as a means of engaging new audiences, and so developing a service to provide design and production of video and audio content is one means of income-generation.

Skills needed to develop this service will include a high level of knowledge about the software used (Adobe Premiere or Apple Final Cut are among the market leaders). These software packages are complex and require an in-depth knowledge of production techniques in order to make them highly effective.

The market amongst third sector organisations is poorly developed as yet and relies mostly on the much larger organisations with the budgets and resources to put into this type of promotional activity. Experience so far of delivering multimedia services is mixed - and highly dependent on the skills of key staff within the organisation.

In recent years the focus on use of multimedia presentations has turned away from disk-based resources to focus on the use of online resources such as YouTube, SlideShare, Flickr and others. It is essential that any provider of ICT services and support in the multimedia market is keenly aware of these platforms and has developed a portfolio of content and experience in working with this medium.

Funders have become more aware of the power of multimedia in the promotion and marketing of organisations and therefore have generally favoured this type of activity within project funding - particularly where key audiences are concerned e.g. projects focussing on young people and their support have often included YouTube or Facebook activities to raise awareness of the project or organisation.

Funders are also becoming much more aware of the concerns about spending which has historically focussed on capital funding for equipment (PCs, laptops, cameras, etc) and not enough on revenue funding to support the ongoing provision (staffing, online information hosting, tech support, etc).

7.8 ICT Management Development

Helping third sector organisations to develop their planning and future approach to purchasing and support of ICT within their organisation has until recently taken a back-seat to other ICT support and services. It is clear however, that the need for clear and careful planning to maximise the benefits of technology within every modern organisation is an essential and high priority matter.

Some of the suppliers have been able to work with organisations in this way on request, but the majority of clients have ignored forward planning in the interests of current needs, project work and repair/maintenance of existing systems.

This work has historically been limited to the larger, better resourced organisations and particularly those with mature systems for business planning and performance management.

The highlighting of ICT strategic planning, in particular in the form of the net:gain programme, has shown the need for organisations to plan much more effectively for their future use of ICT.

Net:gain has helped some suppliers keen to work in this areas to develop a clear programme of service and for those engaged in the net:gain programme the structure and subsidies available has enabled work with a wide range of organisations within a clear and consistent programme for the first time.

Other strategic ICT planning toolkits are also available and in use across the sector, but without the same level of national co-ordination, support and subsidies available.

As well as being an important programme in its own right, net:gain is seen as a valuable tool for engaging with possible clients. Encouraging organisations to plan their ICT better will typically make them easier to work with, in the medium term, even if it may not pay off with sales in the short term.

The structure of the net:gain programme can be found at www.net-gain.org.uk. Recent changes to funding mean that it is likely that the number of centres offering net:gain will be reduced. However, most centres are willing to work together with other suppliers to develop a packaged offering to clients, of which net:gain will be just one part.

7.9 Information & Influence Services

Given that there are so few of these organisations at present, the social entrepreneurs can be seen as pioneers within the sector. Often therefore they serve on local committees such as a local infrastructure network or consortium. Sometimes this converts into another paid income stream for the organisation and adds to the mix in terms of sustainability.

One major example of this is that all of the authors of this report have become Regional ICT Champions for the Third Sector – providing support, advice and

information to the sector in the interests of developing more effective use and understanding of the role which ICT plays in organisations.

Clearly that specific instance cannot be repeated but it is likely that there will be other opportunities. For instance, Julie Harris has been appointed as a social enterprise ambassador, one of 30 across the UK being supported to spread the word about social enterprise as a business model and encourage others to develop business in this way – www.socialenterpriseambassadors.org.uk .

Other social enterprises supply information as part of their marketing strategy. For instance, ESP have a lot of free information on their website (<http://www.espprojects.co.uk/>) and regularly run ICT Question Time sessions for the sector.

7.10 Accessibility

Encouraging organisations to enhance their approach to accessibility, specifically in the use of ICT for staff, volunteers, trustees or beneficiaries has been a clear focus of work at national and regional level in recent years.

The role of Regional ICT Accessibility Champions in 2005/06 helped to drive up interest and demand for these services which have included accessibility audits, demonstrations of adaptable hardware and software and the production of case studies from organisations which has changed their approach to accessibility with excellent results. The funding for this role finished at the end of March 2008. It is not clear how these services can be adequately resourced without some external funding. Many previous accessibility champions now work closely with AbilityNet and refer any cases that cannot be easily resolved to them.

8 Brand Values

Why should we encourage a social enterprise to deliver these services rather than just leave it to the private sector? The brand values of the social enterprises can be expressed as:

- Quality
- Value for Money
- Being values based and therefore trustworthy.

The power of the last one in helping the social enterprises sell their services in third sector market is very strong. Whether they have to match the private sector on the first two before using that is a matter for debate, but it is clear that they will ideally strive to be competitive in all three.

As mentioned before, however, the term social enterprise encompasses a wide range of organisations, with different motivations and a mixture of governance structures. Although some may be Cooperatives, Social Firms or Community Interest Companies, all are self-defined as 'social enterprises'.

Some may be easily identified as a third sector organisation, using enterprise to help find solutions to social needs. Others may be using the social enterprise label more cynically to develop their business for personal or corporate gain.

The mention of 'brand values' in this context illustrates the way in which the language of business is now considered integral to the development of social enterprise solutions. This makes some people suspicious of any such solutions, whilst others are becoming unsure about how to decide exactly when the label means something. Anyone engaged in this field must therefore be aware of the need to understand and carefully manage their brand, especially amongst key stakeholders both in the third sector and beyond.

A case study from the East of England illustrates how powerful being a trusted source can be.

8.1 Being a Trusted Source: i-Trust, Cambridgeshire

8.1.1 Background

Cambridgeshire Circuit Rider Project was set up by Advice for Life in 2003 as part of the government-backed Change Up programme. The first project was very successful and not only helped those charities that participated, by providing them with ICT audit health checks and equipment, but also identified other areas where the VCS needed further help with ICT. These 'market demands' were further analysed and tested before a range of products were developed which could be supplied "for the sector from the sector":

- ICT support, training
- Procurement of ICT equipment
- ICT consultancy/project management
- Web design and production services (low end)
- Graphic design services

Advice for Life saw that the continuation of the Circuit Rider Project was vital, but also understood that the new project needed to include the other services requested by the sector. It also realised that the project would need effective charging mechanisms for the services provided to ensure the sustainability of the project.

To this end a new Social Enterprise i-TRUST has been formed and it is from within this model that the Circuit Rider Project operates as a key social objective.

8.1.2 Mission

It is the mission of i-Trust to be:

A trusted source of advice and support for ICT in the East of England and to ensure ICT is not a burden in terms of access, finance or time for the VCS.

8.1.3 What enables i-TRUST to be a trusted source to the VCS?

Paul Ruskin, CEO of i-Trust, explains:

"Our biggest asset is that we are part of the community we are supporting and being '**for the sector from the sector**' has great kudos. We provide niche



services. Other suppliers may offer similar services to the sector, but not in the way we do, or with the knowledge and understanding we have of how the Third Sector works.

“We are impartial, not for profit, and able to provide a holistic solution to organisations with a full understanding of the issues effecting the sector.

“There is an overwhelming argument that the people best placed to deliver most of the ICT services required by the 3rd sector are from the 3rd sector. Those who understand the particular nuances and politics and processes of the sector, can more readily tailor the services to meet the requirements of VCO’s.”

8.1.4 Evidence

Two examples demonstrate why this organisation from the sector can / have been chosen in front of competitors from the private sectors. Of course there is a need to prove quality, value for money and a business like approach, but the understanding, and therefore the ‘tailored’ solutions are a deciding factor.

VCO A

This is a medium sized charity, based in Norfolk, which provides a range of services and who wanted to review their total ICT infrastructure and was seeking a partner to work with. They used a private ICT company they had been working with but felt they were not getting the service required and that the service provider did not understand enough about the charity sector to be able to meet their requirements.

Unable to find the right partner locally, they started to look further a field and found details of i-TRUST, and felt that the service offering and ethos was something they wanted to explore further.

Paul Ruskin from i-trust says “We visited the site to discuss their requirements and performed an audit of the existing equipment (although the plan was to replace 95% of the existing PC’s) and to ensure nothing usable was going to be discarded. We produced a proposal for them based on this meeting, which included not only their basic ICT requirements (procurement advice, installation and support contract), but also a proposal for their photocopying needs which saved them approximately 25% per annum.”

This was followed up with various meetings and visits where help was provided with further signposting regarding training, information about use of Web 2.0 etc.

Paul says “Ours was one of three proposals obtained by the organisation. We received a letter from them informing us they had chosen us to work with because they felt comfortable that we really understood their needs and requirements as well as being part of charity sector.

“They explained that there were possibly going to be delays in getting things started due to funding priorities, but were committed to completion of the ICT project. We were able to keep in touch with progress as we were aware of the issues they had with funding. The project will begin in June 2008.”

Housing Society - Cambridgeshire

The Society wanted to offer ICT training to residents in the local community - a service they had provided previously but stopped due to lack of funding. They wanted to set up an ICT training suite within their offices for this purpose.

i-Trust was contacted on a referral from COVER, the regional umbrella infrastructure body, to advise and assist with the development of an ICT training suite on behalf of the Society. A meeting was arranged to discuss in further detail the exact functionality required for the training room and what they hoped to be able to deliver.

i-trust say “We advised on a laptop based wireless network solution with accessibility add-on's such as roller / colour ball mouse, large key boards etc which provided the client with exactly the solution they were looking for.”

This was once again a competitive tendering scenario. The manager promoting this service was very clear about requirements, and was able to point out what difficulties there were. These ranged from how to share the premises effectively, to the ever-present issue of budgetary constraints. One of the biggest concerns was to make this into more than a one-off project i.e. to provide sustainability to the set-up.

Paul from i-trust says “We were successful in being awarded the contract and having a clear understanding of what was required and the issues faced (which in a way are similar to the ones we face daily), we set about getting the best deal we could whilst still making it viable for the social enterprise. We were able to source the I.T. equipment at competitive rates, carry out the installation, assist with the ordering, installation and configuration of broadband, and provide a two year support package to cover the training suite. We were also able arrange for a qualified local ICT trainer from the sector to deliver the training required, the costs of this being absorbed from within the original ICT budget.”

9 The Future Demand for ICT services

9.1 Lessons from the United States

During the research period one of the authors attended the “Managing non-profit Technology Projects” conference in New York, which provided an opportunity for discussion with a wide number of ICT consultants working within the non-profit sector in the United States.

An overall reflection from the event is that it was generally agreed that there was no shortage of ICT work to be carried out in the not for profit sector. It was felt this was probably due to several things:

- While there are some grants from Foundations, Federal, State and City authorities, front-line organisations often have a business-like approach to raising funds and appeal directly to potential donors more often than they do in UK for example - .
 - Organisations’ websites often have a *donate* button
 - Advertising for donors is much more common.
 - This improves the ability to pay.

There is also a greater realisation of the financial benefits that ICT can bring and there is therefore a greater willingness to pay.

It is felt that recent funding changes mean that UK third sector organisations will have to become similarly focussed. Of course, this might be “sink or swim” time for many front-line organisations.

This is not to say that ICT social enterprises in the USA are not dependent on some form of grants. Indeed one of the major ones, npower - <http://www.npower.org/> has had major funding from Microsoft throughout its existence which has allowed the birth and growth of a robust organisation.

As part of the investigation, Paul Hagen was interviewed. He is the President of Hagen 20/20, a consultancy that helps social enterprises with business planning, new product/service development, market analysis, and technology strategy and

selection. One of his previous contracts was to work with a group of 7 (USA) national ICT social enterprises to improve their marketing.

The brand values of ICT social enterprises can be summarised as

- Quality
- Value for money and
- Being ethics-based.

He feels that any customer (third sector ones included) will want the first 2 issues satisfied before the final one comes into play. Then, all things being equal, it is a powerful marketing tool for the sector.

However, he considers it is very difficult for social enterprises to compete against the private sector on the first two. Often the social objectives do not allow for the quality systems to be established and the organisations cannot get the required economies of scale to compete in terms of value for money. In particular, he draws attention the process of “commodisation”. What start off as bespoke services have a habit of becoming commodities, particularly in the hands of large corporate ICT suppliers.

Hardware is a prime example. It is virtually impossible for a social enterprise to compete on price for a standard PC. In March 2008, Dell, for instance, were selling, a base PC (without monitor) for £109 plus delivery and VAT and Elonex have released a laptop for under £100. In the USA, you can buy a basic PC (plus 2 years technical support for it) for less than \$400.

Similar things are happening in the website market. Organisations can create a reasonable basic website, for free, using a package like Wordpress or Weebly. What’s more they have complete control over their content. If an organisation then discovers they require rather more that these can deliver, there are national organisations such as IT4Communities or UsableWebsites who will (dependent on capacity) find someone to help or design it for free.

Hagen believes that the key is for ICT social enterprises to stay ahead of the game and offer high-margin, value-added services. Such services may be:

- Networking
- Bespoke web and database projects
- Project Management

- New web based applications (cf. new products within healthcare market such as sensors in old people's homes).
- Organisational management training (cf.net:gain)

9.2 Other Conclusions from USA

Experience in the USA would suggest that where there is an increased ability to pay coupled with an increased willingness to pay, there is a large market for ICT projects.

- Similar organisations in the USA have received donations from corporate bodies (e.g. npower received most of its early funding from Microsoft). Such organisations still do not gain 100% of their income from trading.
- The process of “commoditisation” mentioned above should encourage ICT social enterprises to concentrate on products and services that are higher margin and so add value to commoditised products.

9.3 What can we learn? Developing the Channel

Around the country, Voluntary Actions and Councils of Voluntary Services have developed in many different ways and offer quite different services from one to another. Some offer some ICT support. Typically, this will be in the form of signposting, but sometimes more comprehensive ICT services are offered with some taking this further to develop arms length trading services or separate social enterprises, usually with payment for these services.

NAVCA has been offering a SKiLD training programme that equips generalist development workers in a range of skills, one of which is ICT, that they are in turn able to pass on to first-line organisations or to signpost them where to go for that advice.

The recent downturn in funding has forced some generalist infrastructure organisations to re-evaluate their roles. Some suggest that they should become like a marketing channel to customers for specialist infrastructure organisations (of which ICT social enterprises might be one, accountancy another). Clearly these relationships will take time to develop and, to work in the long term, will need a financial side to them.

The role of sub-regional consortia is key to this development. They are the gatekeepers of infrastructure development in their areas. Most of the ICT social enterprises considered do not operate all their services across a whole region.

However, they usually operate in an area larger than their local authority area. The natural area of operations therefore is often regarded as the sub-region.

Consortia will need to consider how robust specialist infrastructure organisations can develop as part of their overall strategy. Thus they can play a key role in the coming years in supporting developments and as such will act as either instigators or barriers. There seem to be great benefits of having independent specialist infrastructure organisations. If such organisations have to stay “ahead of the game”, they need to concentrate on the skills and knowledge required to do so.

10 Conclusions and Recommendations

In order to focus these conclusions and recommendations we return to the initial research questions:

10.1 Conclusions

Should the sector try and deliver such services from within or should it rely on services from the private sector?

- Yes.
- There are many organisations already developing sustainable business models to enable third sector organisations to benefit from specialist services, sensitive to the needs of the sector.
- Private services will not be interested in meeting social objectives on such small margins.

If yes, what sort of services should be provided for the sector?

- Circuit Riders
- ICT Technical Support
- Workforce Training and Development
- Web Design
- Databases
- Multimedia
- ICT Management Development
- Information and Influence Services
- Accessibility

How have they emerged? What problems have they encountered in their birth and growth? How can these be avoided?

- Many different routes;

- Most rely on a key person – a social entrepreneur - to build the business and develop the ideas at the early stages;
- Some have grown from a CVS or similar infrastructure organisations;
- Others have developed independently but worked closely with partners from the sector;
- Being independent provides better focus on specific service development, and avoids possible use of surpluses to fill funding gaps, when it could be used for investment in the social enterprise.
- There is a need for better business development support and further work on sharing successful business models to encourage growth and cooperation.
- All the organisations surveyed face the same problems as any small new business, with lack of resources, lack of skilled staff and a need for funding to grow.
- Mentoring and other support needs to be available to ensure that the staff, directors and trustees have the appropriate business focus to ensure longer-term sustainability.

Are they robust enough and how can this be improved?

- Some are, most are not.
- Few have built a sustainable business model that can be relied upon to deliver social and financial objectives in the medium to long term.
- More specialist support is needed for those social enterprises.
- Challenges include a need to invest in improving customer services, quality assurance systems and new services.
- There are opportunities for some social enterprises to develop their specialisms and trade with others in their network.
- There are opportunities for partnerships with private suppliers.
- The attitude of the third sector and its funders towards investment in ICT remains a significant problem. There is a demand for specialist support, delivered in a way which is sensitive to the needs of the sector, but no funds to meet that need.

10.2 Recommendations

- More research is needed
 - Include more people, including funders and key policy makers
 - Follow up on key issues
- Develop resources to support people working in this field
 - Specialist resources to tackle key issues
 - Strategic Planning
 - Marketing
 - Human Resources
 - Business Development
- National funders should support specialist training for staff within social enterprises such as:
 - Microsoft Certified System Engineer (MCSE), CompTIA (A+, Server+)
 - Moodle – e-learning development, training and maintenance
 - Specialist web products such as Joomla, Drupal, Plone, Ruby on Rails
 - Project Management courses including use of PM tools such as Basecamp and MS Project
 - Business management and strategic planning
 - Bursaries for attendance at specialist conferences
- Develop a network to support people active in this field
 - Peer group linked to networks e.g. Circuit Riders, net:gain, CITRA
- Build better understanding between generalist and specialist infrastructure organisations
 - Encourage and support social enterprises where they exist
 - Help build the case for new one
 - Promote and develop trading relationships between infrastructure organisations and social enterprises
- Support the development quality marks for social enterprise to ensure that third sector organisations can trust social enterprise suppliers

Appendix 1: The Authors

Julie Harris is Chief Executive at COSMIC, a social enterprise delivering a range of ICT services to individuals, community groups and businesses across the South West. Julie has a key role leading in the business development and strategic planning of COSMIC's future. She is passionate about ensuring that services are of the highest quality and that social objectives remain high on the agenda - for businesses, community organisations and individuals alike, and especially for young people. Julie has been with COSMIC for 10 years and in that time she has worked in a variety of management and development roles including leading in the launch of major new projects and services. She is a keen follower of ICT and its effect on society, and is a major advocate of social enterprise and social accounting. Julie is Chair of RISE the regional organisation that supports social enterprises in the South West, and has recently been appointed one of 30 social enterprise ambassadors across the UK with ministerial approval to promote the business model and its benefits. Julie is the Regional ICT Champion for South West and is also currently studying on the MA Leadership Studies programme with Exeter University. www.cosmic.org.uk and <http://www.linkedin.com/in/cosmicjulie>

Colin Harrison is Managing Director of Electroville, a social firm in Dewsbury. Its aim is to provide employment for people with disabilities and also to provide technical ICT support to third sector organisations at a reasonable cost. For the past year he has been the Y&H Regional ICT Champion for the sector.

Colin's career has spanned the public, private and third sectors. After a couple of years in an office in London, he went into Further Education as a General Studies teacher and progressed to Head of the ICT Support Unit at Huddersfield Technical College before leaving to start up his own business. During that time he was the Project Manager for Kirklees Communities Online and wrote several ICT strategies including one for a Primary Care Trust. He also carried out several ICT contracts within the third sector such as adapting an ICT management system for a local furniture recycling project. His current job in the third sector exploits all his teaching, ICT and business skills.

He also serves as a director for Social Enterprise Yorkshire & Humber, Social Firms UK and Paddock Community Forum.

Paul Ruskin is the Director for Social Enterprise and ICT for Advice for Life running projects in communications for the sector in the east of England these are pulled together under one project name of I-Trust. Paul also heads up the East of England Information Cluster (ERIC) which has representatives from each of the regions counties, regional BME and disability groups and funders. The main thrust of ERIC is to become a trusted source for Third sector organisations and LIO's in the region to come to when they are starting up projects or need



ICT advice. This linked in with the work of the ICT and Accessibility champions has been a successful partnership to date.

I-Trust evolved from the Cambridgeshire Circuit Rider Project that had two main objectives:

- To make ICT an easy to use tool ensuring it is not a burden in terms of access, finance or time
- To be a trusted source of ICT support and expertise for the VCS in Cambridgeshire.

These remain the core objectives of I-Trust with the expansion to cover the region.

Mark Walker helped establish Sussex Community Internet Project (SCIP) in the mid-1990s and is currently responsible for training, community projects and business development. He is also regional ICT Champion for the south east of England. Mark has worked in the third sector for 15 years, mainly in marketing and communications and helped set up SCIP whilst working as a Communications Officer at a charity based in Brighton. Founded in 1996 SCIP has always considered itself to be part of the sector's infrastructure and has worked closely with various infrastructure organisations to help develop appropriate and affordable ICT support services. SCIP has always relied on a mix of fee-based income and grants, building a range of services to meet the needs of Third sector organisations and others in Sussex, including training, web design, ICT support and consultancy. SCIP has also worked with various partners on community projects that raise awareness of good practice and help understand how ICT can deliver tackle disadvantage. This includes providing internet access to Big Issue vendors, working with UK Online centres to manage public internet access and running public events such as Brighton & Hove Web Awards.

Tony Okotie was the Business Manager at Digital Umbrella, the ICT social enterprise of High Peak CVS, based in north-west Derbyshire until January 2008, and is now the Director of Tameside 3rd Sector Coalition in Greater Manchester. Tony has had a key role in shaping ICT services for voluntary and community organisations across Derbyshire and the East Midlands, and has led the development of Digital Umbrella over the last three years. Digital Umbrella has clearly established social objectives of encouraging and develop the understanding and use of Information Technology by the third sector so they are able to use it in the delivery of their mission, in supporting individuals to improve their ICT skills, to support communities to improve their ICT skills, capacity and use to reduce rural isolation, marginalisation and to reduce the digital divide and finally to generate a financial surplus to use in the delivery of the wider CVS social objectives.

Appendix 2: Existing research

The ICT Hub website includes various research documents which may be of use, including:

ICT support to voluntary and community groups by London Councils for Voluntary Service (2006)

Evaluation of the London ChangeUp ICT Project. This report provides an overview of the ICT support provided by the seven Central London Councils for Voluntary Service by the Central London CVSs as part of the London ChangeUp ICT Project. Prepared by Clare Cowen, ICT Development Worker

Sustainable Technical Support Research, GMCVO (January 2007)

An investigation into sustainable technical support projects in England and possible sources of funders, carried out by Pauline Baker at GMCVO.

Circuit Rider Project Evaluation (March 2007)

A report studying the Lasa Circuit Rider Project, which was set up in May 2005 to support a number of voluntary and community sector organisations to build their ICT capacity. Research conducted by David Garner of ADP Consultancy.

These reports and other useful background information are available for download on the ICT Hub website

www.ictHub.org.uk/research/

Evaluation of the regional ICT programme, south east England (2005-2006)

A comprehensive report by Dr Steve Webster as part of a project in south east England that evaluated a number of possible models for delivering sustainable ICT support.

The findings include many points relevant to this report:

- A comprehensive and inclusive ICT support service would aim to include the following elements, which may be provided either by a single provider or in partnership.
 - A range of services tailored to local needs – likely to include training, technical support, technical development (such as websites and databases) and support for ICT strategy and planning.
 - A commitment to providing support to smaller organisations, with services such as:
 - Low cost training
 - Subsidised development support for smaller groups (e.g. ICT health checks)
 - Subsidised technical support for smaller groups
 - A means of subsidising support to smaller organisations.

Download a copy of the report from the SCIP website:

www.scip.org.uk/regional_ict_champion/research

Appendix 3: The Interview Template

Get-iT Mapping Template

This structured interview form is designed for use with existing ICT Social Enterprise working to benefit the third sector, and also for those seeking to set-up this kind of business in future. The Interviewee should be the person within the organisation who would be described as the “**social entrepreneur**”

1. Name and details of your organisation, and your name.

Name of Organisation

Contact Details

Name of Social Entrepreneur

2. Legal Status

Parent / Child relationship

Is the enterprise:

- A trading arm / department of a parent organisation?
- A wholly owned subsidiary of a parent organisation?
- A self standing company but with many directors in common to the parent organisation?
- Completely self standing company with its own board?
- Other – please explain

Legal

Is the company:

- Limited by guarantee?
- Limited by shares?
- A CIC?
- Other? Please explain

If CLS, Please outline the shareholdings

3. Governance & The Social Entrepreneur

Are you a Board director?

What were/are the **personal** motivations of key decision-making board members?

- Financial?
- Social?
- Esteem / Recognition?
- The feeling of achieving a social objective?

Do you feel that the board adequately supports you? Why?

4. Organisational Motivation

Did the Enterprise grow out of another organisation? Yes/No

If yes, Nature of Parent Organisation?

- *Front-line / Infrastructure*
- *If front line – which sub-sector?*

What was the motivation to set up the enterprise?

- *To what extent was it financial?*
- *To what extent was it to meet a perceived social need?*
- *If yes, was this need a “front-line” need (e.g. “providing employment for disadvantaged people”)? Or was it an “infrastructure” need (e.g. helping front-line organisations with their ICT)?*

Has this motivation been written down in the form of organisational objectives?

If yes – is this within the “Mem & Arts” of the company?

5. Personal Motivation & Style

What are your **personal** motivations?

- Financial?
- Social?
- Esteem / Recognition?
- The feeling of achieving a social objective? If so, which social objective?

- Other?

Please explain

How would you describe your style of leadership and why?

- Visionary
- Entrepreneurial
- Managerial
- Other?

Please explain

6. The Local Landscape

Did the enterprise have “buy-in” or support from your sub-region? Please explain

What are the key issues in the local or regional environment that have affected the growth of your enterprise?

What other strategic partnerships is your organisation represented on locally, sub-regionally or regionally. What are the benefits of these partnerships for your organisation?

7. What ICT and associated services do you currently deliver or would wish to deliver?

- training
- websites
- databases
- ICT support
- Circuit riders
- Multimedia
- Procurement/purchasing
- ICT development/performance management

- ICT health checks (repeat system)
- Accessibility
- Other (please describe)

Which of these services are sustainable / profitable and which are not?

9. What problems did you experience with setting up this enterprise?

10. Staffing

What percentage of the staff is made up of key members of staff, who contribute positively to the financial sustainability of the enterprise (include yourself)*?

What would happen if you were to lose these key people either by their leaving or through long-term sickness?

What training needs do staff have?

** To help to do this: look at the income line brought in by each project/service. Which members of staff secured the business, which delivered it and which administered it? How much was each worth? When you add up all the lines, who is in credit and who in debit?*

11. Support

What resources have you had or will you have at your disposal to do the development work on setting-up the enterprise?

Following on from this what support would have been valuable or would you benefit from?

12. Income Streams

Do you see your customers as solely voluntary & community sector or do you accept customers from other sectors? What percentage of income comes from customers from outside the sector?

What percentage of your income is derived from each of these:

- Grants
- Third sector project contracts (e.g. ICT Hub work, net:gain)
- European project contracts (e.g. ESF)
- Public sector project contracts (e.g. non-European LSC, NHS, Social Services etc.)
- Trading (i.e. selling services direct to customers at full price)

Where do you feel your income will come from in the future?

13. Other Comments

Is there anything else that you feel is important in the development of an ICT Social Enterprise?

Appendix 4: What we mean by ...

Infrastructure and Infrastructure Organisations:

The physical facilities, structures, systems, relationships, people, knowledge and skills that exist to support and develop, co-ordinate, represent and promote frontline (or first tier) organisations thus enabling them to deliver their missions more effectively. As they support “first tier” groups the providers of these services are also often known as “second tier” third sector organisations.

Infrastructure Organisations may often be involved in Development (including strategic development & training provision), provision of services (such as ICT support) to other organizations, liaison between various organizations and representation of the sector, or groups, within their area.

Generic or Generalist infrastructure:

These are infrastructure organisations that provide support to all frontline organisations within a particular geographic area.

Specialist infrastructure:

These are infrastructure organisations that provide support to a particular sub-sector within the third sector, or who offer a specific area of specialist expertise (such as HR advice or ICT support).

ICT

Information and **C**ommunication **T**echnology is no longer something that only appears on organisational wish lists. Well structured ICT is the backbone that will enable an organisation to deliver services effectively and efficiently, helping it reach more people and ultimately do more with its money.