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Evaluation of Third Sector Investment and Support



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EVALUATION OF THIRD SECTOR INVESTMENT AND SUPPORT

GEN and Rock Solid Social Research

Scottish Government Social Research
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EXECUTIVE SUMMARY

Introduction

1. The Enterprising Third Sector Action Plan sets out how the Scottish Government and its partners will work together to support the sector to become more enterprising and move away from dependence on grant funding. The government has developed a package of three funds and 6 types of business support, delivered by a range of contractors, designed to support the sector to become more enterprising. These are:

- Social Entrepreneurs Fund (SEF)
- Third Sector Enterprise Fund (TSEF) including Third Sector Credit Union Fund (TSCUF) and Third Sector Resilience Fund (TSRF)
- Scottish Investment Fund (SIF)
- Highlands and Islands Social Enterprise Zone (HISEZ) – support for social enterprises in the HIE area
- Aspire to Enterprise – support for social enterprises in all other areas of Scotland
- Firstport support to SEF applicants
- Firstport support to social entrepreneurs who have not accessed the SEF
- Council of Ethnic Minority Voluntary Organisations (CEMVO) – support for BME social enterprises
- Realise Mentoring.

2. The Scottish Government's Third Sector Division commissioned GEN and Rock Solid Social Research to carry out a process evaluation of this package to identify any improvements that could be made for the future delivery of support to the sector. The research involved qualitative interviews with delivery agents, stakeholder and third sector organisations, an online survey of third sector organisations and focus groups with local third sector intermediary organisations and key partners. The objectives of the evaluation were to assess: the appropriateness of the funding package and business support, the application processes, the use of the funds and business support, the structure of the funding and business support programmes, and the delivery processes.

Design of the Package

3. The package provides a spectrum of funding, supporting social enterprises at the start up stage, those who are more established who are looking to make a step change, and those whose financial profile is such that they are ready to be supported to move to a loan finance model. Delivery agents and stakeholders report that this

model is working well and can meet the wide range of needs across the sector. They identify two gaps that should be addressed going forwards. Firstly support for start up social enterprises is targeted at individuals, and so needs to be expanded to support established groups looking to set up a social enterprise. Secondly, some of the TSEF applicants are ready for loan finance, but not quite ready for SIF, and so consideration should be given to developing something between TSEF and SIF to support these organisations to move towards loan finance at an earlier stage.

4. There is a range of business support funded through the package, however awareness of the support available, what it aims to achieve and how it links to funding is limited. In addition, there is a wide range of business support available beyond the funded package, including support provided by Business Gateway, Scottish Enterprise and Highlands and Islands Enterprise; support provided by national intermediary organisations such as Social Firms Scotland and SENSCOT; private sector business support; and support provided by local networks of social enterprises.

5. Lack of awareness of the business support elements of the package at the local level means that the CVSs and Single Interface organisations are not well equipped to refer organisations to this support when it is appropriate to do so. There is also limited co-ordination between the local capacity building support offered by these organisations and the national level support, so their respective packages of support are not designed to be complementary. The development of more streamlined intermediary provision through the new local Single Interfaces provides an opportunity to establish stronger links between the national package and local level activities.

6. Although the evidence from the evaluation on how effectively the current package complements the support offered by Scottish Enterprise and HIE is limited, there is some evidence that these agencies provide a service that meets the needs of the high growth third sector organisations.

7. There was a perception amongst some third sector respondents that Business Gateway is not equipped to meet the needs of the sector and they believe that Business Gateway will refer third sector organisations elsewhere. This is not necessarily the case in reality, although it was out with the scope of the evaluation to test this. The package of support that the Scottish Government is funding, in particular the HISEZ and Aspire to Enterprise support, is believed to be filling this gap. However, over the longer term the Scottish Government and its partners may wish to consider whether there is a need to invest in the capacity of Business Gateway to meet the needs of the third sector rather than fund an alternative provision, or to better sign post the support that Business Gateway can provide to the third sector.

8. The evaluation team explored whether business support should be embedded with the funds and found a strong view among stakeholders and delivery agents that accessing business support alongside funding is important as the business advisor can advise the organisation on how to maximise the impact of the finance. However third sector organisations, delivery agents and stakeholders agree that there is a balance to be struck between ensuring that business support is available to help

organisations maximise the potential of the funding, and ensuring sufficient flexibility to allow them to choose the most appropriate type of support and delivery provider to meet their needs. By conducting a business health check and needs assessment at the point of first contact with the third sector organisation it will be possible to identify the types of funding and support that could meet their needs and direct them to the appropriate delivery agents.

Accessing the Package

9. As of February/March 2010 1078 individuals and organisations had received business support or had successfully applied for funding, 574 had made unsuccessful applications for funding or business support, and 60 SIF applications were in the process of being progressed.

10. Data on fund applicants and business support beneficiaries is held on 9 separate databases, with a lack of co-ordination between them and a lack of consistency in the types of data gathered. As a result applicants have submitted multiple applications, when they cannot be successful in more than one funding application at any given time. In addition, most of the delivery agents do not gather electronic data on the profile of the organisations and so the evaluation team was only able to build a profile on the geographical distribution of the applications. Organisations in Glasgow, Edinburgh and the Highlands make up the largest proportion of the fund applicants and business support recipients.

11. Focus groups with local third sector intermediary organisations and their partners found that the funding package is reaching a wide range of organisations in the third sector. They were less aware of how well the business support package is reaching into the sector.

12. However there are concerns that some organisations with the potential to become more enterprising may be left behind because they require significant capacity building to get to the stage where they are ready to apply for a fund or benefit from the business support on offer. Some also exclude themselves because they do not identify with the language of business and enterprise. There are therefore calls from the CVS and Single Interface organisations for the Scottish Government to work with them and support them to work with these organisations to develop their capacity to engage with the package.

13. There is also a need for strategic stakeholder and funders to continue supporting the more service and community based organisations such as rape crisis centres that are likely to always remain largely dependent on grants due to the nature of their services or location.

14. There is strong evidence that while delivery agents, stakeholders and third sector interviewees are aware of some of the funds and some of the business support available through the package, there is a lack of appreciation, particularly among third sector organisations that each of these elements is part of a package. The package needs a consistent brand that people can identify with, and information about all elements of the package should be available in one place, to enable

individuals and organisations to make an informed choice about what elements best meet their needs.

15. There was strong support for a model whereby third sector organisations could go to a recognised entry point, ideally in their local area, where they could have a business health check and needs assessment carried out and then they would be directed to the elements of the package that are relevant to them. The package would therefore have a brand, would be more cohesive and would ensure that third sector organisations are accessing the funding and business support that is right for them, rather than trying to navigate the various elements.

Application Process

16. There are high levels of satisfaction with the application processes for each of the funds, although there are some areas for improvement. Applicants were least satisfied with the time taken to process applications. This was a particular issue for recipients of the TSEF where considerable delays occurred due to the fund being over-subscribed and the procedures and protocols in operation by the Scottish Government, who were delivering the fund in-house, further slowed the process. There is consensus that in future the administration of all funds should be contracted out.

17. There was evidence of confusion around eligibility criteria in some cases, a view expressed most commonly by unsuccessful applicants. Some applicants did not realise that they could only apply for one fund, and some were unsure which fund was most suitable for them, resulting in multiple applications across the funds. The one door approach would remove these issues, as the needs assessment and health check would clearly identify which elements of the package the applicant should access and what support, if any, they need to access it.

18. Delivery agents are not always fully aware of the other elements of the package which, in some cases, hinders their ability to effectively signpost applicants to business support, or to other funds if these are more appropriate. Again, the one door approach, combined with a business health check and needs assessment would alleviate the impact of these issues, although it would always be important for delivery agents to be aware of how their element fits within the overall package.

19. Some individuals and organisations, most commonly those with less experience of accessing funding, or of enterprising activities expressed that they would have liked more support with developing their application. However, it is important to note that the package was not designed to provide support to organisations in making applications.

Delivery

20. There is considerable satisfaction with the delivery of the funds. Once the funding decision has been made the funds are administered in a timely manner, monitoring requirements are not over onerous and are clearly set out, and staff are helpful with support or advice if required. One issue that some organisations identified is that when they are required to spend the money within a compressed

timescale to meet financial year deadlines this causes them difficulties. In particular the delays with making decisions on the TSEF have exacerbated this issue.

21. Whilst business support was viewed positively, satisfaction with the delivery of that support is lower compared with the delivery of the funding, although the evaluation cannot assess whether this is a reflection of issues around the quality of the support, or simply that satisfaction with business support is more difficult to achieve. There can be many reasons for dissatisfaction with business support that are not necessarily about the quality of the service provided. That said there is a need to consider how consistent quality can be ensured and maintained in future.

22. For many third sector organisations insufficient time has passed since being awarded funding or receiving business support for the package to have had a measurable impact on them. However, even at this early stage some have been able to identify positive impacts. Most notably they have reported being able to raise the profile of their organisation, increase income generation and achieve longer term financial stability all of which were key objectives of the Enterprising Third Sector Action Plan thus giving an early indication of the longer term benefits of the package.

Conclusions and Recommendations

Cohesion of the package

- There is scope to improve cohesion of the package with unified branding, a one door approach and investment in links between partners
- Short business health checks and needs assessments should be carried out at the point of entry (pre-application stage) to ensure that individuals and organisations are guided towards the most appropriate component of the package to meet their needs
- There is a need for data on clients to be maintained nationally using standardised datasets to allow better records management and to enable progression through the package to be tracked over time

Business support

- Although largely viewed positively, the business support elements have not had the same satisfaction as the funding. The low level of awareness of business support needs to be addressed (potentially through a one door approach)
- Business support is an important aspect of the package which can help to maximise how investments are used; there is strong support for business support to be compulsory or strongly encouraged if appropriate, but with flexibility enabling recipient choice over type, amount and provider
- Funding for business support could follow the beneficiary rather than being provided to delivery organisations.

- There is scope for the links with the existing business support infrastructure to be improved

Gaps in provision

- Funding should be available to organisations that wish to start a social enterprise (currently start-up funding is only available to individuals)
- Consideration should be given to supporting organisations towards loan finance at an earlier stage.

The wider third sector

- There is a significant proportion of the third sector that do not consider the package to be relevant to them; some of these could have potential to become more enterprising but are missing the opportunity; this problem could be overcome with more targeted investment to build capacity and break down barriers.
- It is important to recognise that some organisations are unlikely to ever be able to move away from dependency on grant funding and adopt a social enterprise model.

1 INTRODUCTION

- 1.1 GEN and Rock Solid Social Research were commissioned in January 2010 to evaluate the current package of third sector investment and support being delivered as part of the Enterprising Third Sector Action Plan¹. Through carrying out this piece of work the Scottish Government is ensuring that the money is spent in the best way possible to meet the objectives as set out in the action plan, and lessons are learned going forward.
- 1.2 There is a growing recognition of the role that the third sector plays in contributing to economic growth. The influential research report *Social Entrepreneurship in the UK*², states that there is increasing 'awareness in policy circles...that social enterprise may hold the key, not only to public service reform but also to regeneration and economic growth as well as a potential solution to some of the world's greatest environmental and social challenges'. In their *Government Economic Strategy*³, the Scottish Government names the third sector as key partners in achieving economic success for Scotland, and thereby achieving their Strategic Objectives, which are to make Scotland wealthier and fairer; smarter; healthier; safer and stronger; and greener.
- 1.3 While this growing recognition and demand for third sector services is good news for those working in the sector and those who will benefit from these services, it also brings into sharper focus some of the issues that the sector has been grappling with for years. Dependency on grant funding, which is often short term; limited resources; and a lack of an enterprising culture and business and enterprise skills are all features of the sector that must be addressed if it is to fulfil its potential in this regard. Addressing these issues is the aim of the Enterprising Third Sector Action Plan 2008-2011.
- 1.4 The investment that the Action plan is making through its package of financial investment and business support is the subject of this evaluation. The package includes 3 funds, each targeting individuals and organisations at key stages in their development; and 6 types of business support, delivered by a range of contractors.
- 1.5 The objectives for the evaluation are to assess:
 - Appropriateness of funding package and business support: (taking into account diversity across third sector organisations, was the range of funds / business support able to meet different needs across the sector?)
 - Application processes: (exploring applicants' understanding / expectations of funds and business support; reasons for applying; views on information provided about available funds and business support)

¹ <http://www.scotland.gov.uk/Resource/Doc/228582/0061861.pdf>

² *Social Entrepreneurship in the UK*. Delta Economics (2008).

³ <http://www.scotland.gov.uk/Resource/Doc/202993/0054092.pdf>

- Use of funds / business support: (How was funding / business support used by recipient organisations? What types of activity was supported?)
- Structure of funding and business support programmes: (were there any gaps in the funding and business support programmes that were not filled by other sources such as BIG Lottery in the case of funds and Business Gateway, Scottish Enterprise and Highlands and Islands Enterprise (HIE) in the case of business support; was it better to have business support embedded with the funds or kept separate?)
- Delivery of funding / business support: (were the funds and business support delivered effectively? was there scope for improvements in their delivery?).

1.6 The report sets out the findings of the evaluation and is structured as follows:

- Chapter 2: Describes the method used in the evaluation
- Chapter 3: Explores views on the effectiveness of the design of the package of funding and support
- Chapter 4: Discusses the effectiveness of the access mechanisms to the package
- Chapter 5: Reviews the application processes for accessing funding
- Chapter 6: Examines the effectiveness of the delivery processes
- Chapter 7: Sets out the conclusions and recommendations from the study.

2 METHOD

Introduction

2.1 The team took a mixed method approach to the study involving: qualitative consultation with applicants for funding and business support; qualitative consultations with delivery agents and stakeholders; a quantitative survey of fund applicants and business support beneficiaries; and focus group research with local level intermediaries⁴ and other local organisations associated with the third sector⁵.

Qualitative consultations

2.2 A series of semi structured topic guides were developed for qualitative consultation with applicants for funding and business support, delivery agents and stakeholders (including strategic stakeholders, service purchasers and providers of mainstream business support and funding.

2.3 Topic guides covered similar themes to allow comparisons and conclusions to be drawn, but emphasis was placed on the areas of greatest relevance for the individual consultees. Themes included:

- Awareness of the overall package of investment and support and understanding of what it is intended to achieve.
- View on the effectiveness of the package in supporting the needs of Third Sector organisations.
- The nature of activities supported by each of the funding and support offers.
- Views on the effectiveness of the application process.
- Views on the effectiveness of processes in place to assess and process applications and to deliver funding and business support.
- Views on the most appropriate way to support the Third Sector in Scotland. This involved using alternative models for the delivery of funding and businesses support to Third Sector organisations to stimulate discussion.

⁴ Intermediaries are 'Third sector support organisations' or 'umbrella organisations'. They can be generic (supporting all frontline organisations within a particular geographic area) or specialist (supporting a specific sub sector of the voluntary and community sector). Intermediaries involved in the local level research were CVSs/Single Interfaces and social enterprise networks.

⁵ Those involved in the local level focus groups included CVSs/Single Interfaces, social enterprise networks, local authority representatives involved in third sector issues, and social enterprises.

2.4 We completed 9 face to face interviews covering all of the delivery agents, namely:

- Social Investment Scotland – Scottish Investment Fund.
- Firstport – Social Entrepreneurs Fund, plus business support.
- Scottish Government – Third Sector Enterprise Fund.
- Scottish Government – Resilience Fund.
- Scottish Government – Credit Union Fund.
- CEMVO – Business support for BME social enterprises.
- CEiS and partners – Aspire to Enterprise.
- HISEZ – Business support for social enterprises in the HIE area.
- Edinburgh Chamber of Commerce and partners – Realise Mentoring.

Table 2.1: Stakeholders

Strategic stakeholders
Scottish Government Third Sector Division
SENSCOT
SCVO
Social Firms Scotland
Evaluation Support Scotland
Scottish Social Enterprise Coalition
Social Enterprise Academy
CEiS
Mainstream funders and support organisations
Business Gateway
Scottish Enterprise
Highlands and Islands Enterprise
The BIG Lottery Fund
Service purchasers
Stirling Council
Scottish Personal Assistant Employers Network
Greater Glasgow and Clyde Mental Health Partnership

2.5 The stakeholder consultations included strategic stakeholders; mainstream funders and support organisations; and service purchasers. We carried out 17 face to face and telephone consultations with the organisations listed in Table 2.1.

Table 2.2: Qualitative interviews with funding applicants and business support beneficiaries

Support	Successful Target Interviews	Unsuccessful Target interviews	Successful Interviews completed	Unsuccessful Interviews completed	Total
SIF	3	3	3	2	5
TSEF	3	3	4	3	7
Resilience Fund	3	3	3	2	5
Credit Union Fund	3	3	2	0	2
SEF	3	3	2	2	4
Aspire to Enterprise	2	0	2	0	2
HISEZ	2	-	2	-	2
Realise Mentoring	2	-	1	-	1
Firstport (not attached to SEF)	2	-	2	-	2
CEMVO	2	-	2	-	2
Total	25	15	23	9	32

Note: 'successful' refers to organisations which have received the specific type of funding or business support, while 'unsuccessful' refers to those who applied for funding of business support but were not successful in their application. The sample was drawn from a collated database from all service providers. While it is possible for organisations to receive both funding and support there is no double counting in the table. There was no formal application for HISEZ, Realise Mentoring or CEMVO support and hence these are blank in the table.

2.6 We aimed to consult with three successful and three unsuccessful applicants from each of the five funds and two recipients of each type of business support. There were delays in receiving contact details from some of the delivery agents and difficulties in contacting and engaging some of the sample, particularly unsuccessful applicants, in the research. As a result, within the time available 32 interviews were achieved out of a target total of 40.

2.7 We consulted applicants and beneficiaries through a mixture of face to face and telephone consultations. The breakdown of the sample by type of funding and support is provided in Table 2.2.

Focus group research

Table 2.3: Focus group participants

Area	No. Participants
Fife	9
Orkney	6
Scottish Borders	9
Edinburgh	5
West Dunbartonshire	7
Total	36

- 2.8 The study team conducted focus group research with third sector intermediaries in 5 local authority areas. These areas were agreed by the Research Advisory Group⁶ and were selected to provide a perspective from a range of urban and rural geographies. The areas chosen were Fife, Orkney, Scottish Borders, Edinburgh, and West Dunbartonshire. The number of participants in each group is provided in Table 2.3. As the table shows, a total of 36 respondents participated in the focus groups.
- 2.9 The purpose of the focus groups was to not only obtain a local perspective on the effectiveness of the package of funding and support, but also to gain local insights into the market reach of the package. We discussed with the intermediaries the types of organisations who had accessed funding and/or support in their local area, and drew on their local knowledge to identify whether any particular types of third sector organisation are under-represented in the profile of applicants and beneficiaries.

Quantitative survey

Table 2.4: Survey sample and response rates

Sample and Response Rates				
	Total sample*	Responses received	Response rate	% of total survey responses
FUNDS				
TSEF	412	247	60%	65%
SEF	226	44	19%	12%
TSRF	189	10	5%	3%
SIF	127	45	35%	12%
TSCU	22	11	50%	3%
Sub Total for Funds	976	357	36.6%	93.4%
BUSINESS SUPPORT				
Firstport (not linked to SEF)	390	34	9%	9%
HISEZ	174	29	17%	8%
Aspire to Enterprise	139	54	45%	14%
Realise mentoring	21	11	52%	3%
CEMVO	12	3	25%	1%
Sub Total for Bus Support	736	131	17.8%	34.3%
Number of respondents: 382 Total sample: 1353 Source: GEN 2010 *Applicants that applied to more than one fund will be duplicated; Includes those that opted out and with undeliverable contact details				

⁶ The team of key stakeholders assembled by the Scottish Government to inform the development of the research. The group included representatives from the Third Sector Division of the Scottish Government, Big Lottery Fund, Scottish Enterprise, Highlands & Islands Enterprise, Scottish Social Enterprise Coalition, Evaluation Support Scotland, and Scottish Council for Voluntary Organisations.

- 2.10 We undertook an online survey of applicants to each of the funds (successful and unsuccessful) and beneficiaries of business support. The survey covered the same themes as the qualitative consultations. It was carried out using the online survey tool, Survey Monkey and was sent to all applicants and beneficiaries who were not involved in the qualitative interviews. The survey sample and responses rates are provided in Table 2.4. Full details of the findings from the survey are provided in Annex A.
- 2.11 The response rate for the survey as a whole was 28.2%. The response rate for fund applicants was 36.6% and for Business support was 17.8%. It should be noted that response rates for online surveys tend to be lower than for other types of survey.
- 2.12 Although the response rate for certain sub groups is lower than expected, much of the analysis in this report is holistic. Where findings are broken down in the analysis, we flag instances where the response rate is low. Care should therefore be taken in interpreting findings relating to specific funds or types of business support where the response rate is low.
- 2.13 Given the high response rate from TSEF applicants, the findings from the survey will be biased towards this fund. This is unavoidable given that respondents have self selected to be involved in the research. Where a response bias is suspected, this is highlighted in the text. We have not attempted to weight data as, for the most part our research highlights overarching findings before looking at responses for the individual funds and types of support. This reflects the fact that processes for each differ, and cannot always be directly compared.

3 DESIGN OF THE PACKAGE

- 3.1 To support the aims of the Enterprising Third Sector Action Plan the Scottish Government has developed a comprehensive package of financial investment and business support for third sector organisations in Scotland. To achieve the ambitious aims of the Action Plan and support the range of needs that exist in this diverse sector, it is crucial that the foundation of the package, its design, is fit for purpose. This evaluation has therefore been conducted to assess the extent to which this is the case.
- 3.2 This chapter provides an overview of the current package, before considering the effectiveness of the model, focussing on:
- The spectrum of funding
 - The mixed package of business support
 - Links between funding and support.

Overview of the package

- 3.3 There are three funds in the investment package. However one of the funds contains two additional funds within it, therefore there are five distinct components (described below). It should be noted that the figures provided below regarding the size of the funds are the original amounts that were set but the final amounts that were awarded differ from these. At the time of writing the data is not available to report by how much they have differed.
- **Social Entrepreneurs Fund (SEF)** – £1m fund offering awards of £500 to £20,000 for individual entrepreneurs who are setting up a new social enterprise.
 - **Third Sector Enterprise Fund (TSEF)** – £12m fund with awards of £25,000 to £100,000 to support established organisations who want to make a step change and become more enterprising. This fund includes:
 - **Third Sector Credit Union Fund (TSCUF)** – This £250,000 fund is part of the TSEF, but is designed specifically to support Credit Unions.
 - **Third Sector Resilience Fund (TSRF)** – A £1.7m fund that is part of the TSEF and was an additional fund, introduced at a later stage to minimise the impacts of the recession on the sector.
 - **Scottish Investment Fund (SIF)** – a £30m fund supporting well established organisations with growth potential. It includes a loan element to introduce these organisations to operating with a loan finance model.

- 3.4 The investment package has been designed to offer a spectrum of funding to a range of individuals and organisations from those at the start up phase through to those who are well established and generating sufficient financial turnover to be supported through a loan finance model. The theory behind this design is that as organisations grow, they will progress through the spectrum and be able to access the appropriate type of funding to support them at the important stages in their development.
- 3.5 Each of the three funds is distributed by different agencies (referred to throughout this report as “delivery agents”). Firstport has been contracted to manage and deliver the SEF, while Social Investment Scotland was awarded the contract to deliver the SIF. The areas of expertise within each of these organisations complements the aims of the fund that they are contracted to deliver. The original intention was for the TSEF to be delivered by an external body, but when it became apparent that a full procurement process would result in unacceptable delays, the decision was taken that the Scottish Government would deliver the fund in-house through a team within the Third Sector Division.

Table 3.1: Fund timetable

Fund	Launch date	Date opened for applications	Date closed
SEF	November 2008	1 March 2009	N/A
TSEF (inc TSCUF)	December 2008	January 2009	13 November 2009
TSRF	30 September 2009	30 October 2009	4 December 2009
SIF	June 2008	1 September 2008	N/A

- 3.6 Table 3.1 shows the timetable of when each fund opened for applications and, where applicable, when they closed. The TSRF was designed to be a closed fund, open only for a 5 week period. When TSEF opened it had no set closing date, but the fund was closed on 13 November (notification of impending closure was given on 30 October 2009) when it was recognised that demand would begin to exceed the availability of funding. SEF and SIF remain open, with no planned closing date, although we understand that the SIF currently has £45m of applications for the £17m funding that remains to be allocated.
- 3.7 Financial investment in itself is unlikely to engender more enterprising activity in the third sector. Equally important is that third sector organisations have access to quality advice and support to help guide them through development, growth or changes in practice. To provide this, the package of investment from the Scottish Government includes funding for business support, which eligible third sector organisations can access free of charge.
- 3.8 This support is delivered through a number of contractors, each with the specific expertise to deliver their particular element of the package. There are six distinct types of support for third sector organisations to choose from:
- **HISEZ** – social enterprises in the Highlands and Islands can access one to one business support (usually up to one day, but can be more) and

signposting from HISEZ, the organisation contracted to deliver support in the HIE area

- **Aspire to Enterprise** – social enterprises in all other areas of Scotland can access intensive one to one support (usually around 8 days), provided by Aspire to Enterprise, a contract led by CEiS
- **Firstport support to SEF applicants** - one to one support for social entrepreneurs receiving SEF funding
- **Firstport** – the organisation is also funded to provide support (one to one and one to many) to social entrepreneurs who have not accessed the SEF
- **Support for BME social enterprises** – CEMVO has been awarded a grant to provide one to one support and signposting for social enterprises run by Black and Minority Ethnic Groups
- **Realise Mentoring** - business to business mentoring support, delivered by Edinburgh Chamber of Commerce in association with SCVO and Forth Sector.

3.9 These services sit alongside the local development support provided by Councils of Voluntary Services, Volunteer Centres and others as well as mainstream business development services provided by Business Gateway, Scottish Enterprise and Highlands and Islands Enterprise.

3.10 Applicants to all of the funds can access the support listed above if they meet the eligibility criteria, but the SEF is the only fund that has business support built into the funding package. The SIF does include a learning needs assessment which is carried out by a sub-contractor of the Social Enterprise Academy; all applicants must complete a compulsory Social Return on Investment⁷ (SROI) assessment prior to the loan being released; and the delivery agent has arrangements in place for referring appropriate clients to be considered for business support through the enterprise network. However no developmental business support is built into the fund.

3.11 We discuss the links between funding and business support in greater detail later in the chapter.

Profiling applicants and beneficiaries

3.12 The section that follows discusses the profile of applicants and beneficiaries of funding and business support.

⁷ Social Return on Investment is a recognised framework for measuring and accounting for social, economic and environmental value

Table 3.2: Successful and unsuccessful applicants by fund/ support type (as at Feb/ Mar 2010)

Fund	Successful	Unsuccessful	Total	Success rate
SEF*	94	132	226	42%
TSEF	169	243	412	41%
TSCU	17	5	22	77%
TSRF	64	125	189	34%
SIF**	17	50	67	25%
Aspire to Enterprise	120	19	139	86%
HISEZ	174	-	174	-
Realise Mentoring	21	-	21	-
CEMVO	12	-	12	-
Firstport (not attached to SEF)	390	-	390	-
Total	1078	574	1652	65%

Note: Organisations did not go through a formal application process to receive business support from HISEZ, Realise Mentoring, CEMVO or Firstport. Technically there are no unsuccessful applicants hence there are gaps in the table.

* Firstport business support was also delivered to all successful SEF applicants.

**There are a further 60 SIF applications that were progressing through the process at the time of this analysis

3.13 To demonstrate the types of organisations whose needs are being met by the range of funds and support the study team had anticipated being able to profile the types of enterprises that are being funded and supported. This would have involved identifying their size, geographical location, length of time established and level of independence from grants. However this level of data was only available from one delivery agent and so the extent to which we can provide this profile is limited.

3.14 Data on fund applicants and business support recipients is held by each delivery agent on separate databases, but there is a lack of co-ordination between them and a lack of consistency in the type of data that is held. This is a weakness in the processes that should be addressed going forward. Now that we have pulled these databases together we have identified at least 46 organisations that have applied for more than one fund, which is a waste of resources not only for the organisations completing the applications, but also for the agencies reviewing the applications and making the decisions.

3.15 The collated data shows that as of February/ March 2010 there have been 1078 successful fund applications and recipients of business support, while there have been 574 unsuccessful applications. In addition 60 SIF applications were still in progress. There were 750 applications made to the 4 funds that do not have business support built in to them. From these applications, only 58 organisations (7%) accessed business support through the package.

Table 3.3: Successful and unsuccessful applicants by local authority area*

	Successful Fund Applications/Recipients of Business Support		Unsuccessful Fund Applications	
	Number	% of successful applications	Number	% of unsuccessful applications
Aberdeen	29	4%	12	2%
Aberdeenshire	8	1%	16	3%
Angus	3	0.4%	3	1%
Argyll & Bute	45	7%	16	3%
City of Edinburgh	99	14%	108	19%
Clackmannanshire	3	0.4%	4	1%
Comhairle nan Eilean Siar	14	2%	5	1%
Dumfries and Galloway	16	2%	16	3%
Dundee	18	3%	15	3%
East Ayrshire	11	2%	8	1%
East Dunbartonshire	4	1%	7	1%
East Lothian	5	1%	11	2%
East Renfrewshire	3	0.4%	2	0.3%
Falkirk	6	1%	7	1%
Fife	31	5%	35	6%
Glasgow	114	17%	110	19%
Highland	123	18%	40	7%
Inverclyde	4	1%	2	0.3%
Midlothian	5	1%	5	1%
Moray	17	2%	12	2%
North Ayrshire	9	1%	7	1%
North Lanarkshire	19	3%	15	3%
Orkney	12	2%	1	0.2%
Perth and Kinross	8	1%	10	2%
Renfrewshire	14	2%	19	3%
Scottish Borders	9	1%	9	2%
Shetland Islands	1	0.1%	4	1%
South Ayrshire	5	1%	12	2%
South Lanarkshire	25	4%	20	3%
Stirling	9	1%	16	3%
West Dunbartonshire	4	1%	6	1%
West Lothian	8	1%	9	2%
Unknown	7	1%	12	2%
Total	688	100%	574	100%

*Note this does not include the 390 recipients of Firstport support not attached to SEF as we do not hold data on these individuals for data protection reasons

3.16 Where delivery agents did not collect local authority data the study team manually coded this to allow us to profile the distribution of funding and business support by local authority area. Table 3.3 provides this breakdown. It should be noted that this does not include the business support provided by Firstport that is not linked to SEF as we do not hold any data on these individuals for data protection reasons.

- 3.17 By far the most significant level of engagement with the package has come from Glasgow, Edinburgh and the Highlands, with 18% of all applicants for funds (including successful and unsuccessful) and beneficiaries of business support coming from Glasgow, 16% from Edinburgh and 13% from Highland. The area with the next highest level of engagement is Fife, which accounts for a much lower 5% of applicants and beneficiaries.
- 3.18 Given the limitations of the data the five focus groups made up of local intermediaries and social enterprise representatives were crucial in exploring the reach of third sector funds and business support into the sector. The researchers drew on the intermediaries' local knowledge of applicants and of those who had not applied. The focus groups explored how well the profile of organisations applying for or receiving funding or business support reflects the overall profile of third sector organisations in the focus group areas.
- 3.19 The consensus among focus group participants is that among social enterprises and the more enterprising third sector organisations the funding package has a good reach. There is less awareness of the reach of the business support on offer. Participants feel that the funding package is reaching small, medium and large organisations, and is not excluding any particular sub-sector. However they expressed concern that the less enterprising, and more community and service based organisations, do not feel that the package is relevant to them and so are not engaging with it. This issue is explored in greater detail in chapter 4.

The spectrum of funding

- 3.20 There is considerable satisfaction across delivery agents and stakeholders that the range of funds is comprehensive and offers access to funding for the spectrum of social enterprises from start-up through to high growth enterprises. Delivery agents and stakeholders were positive about the progression route that it offers the smaller, less established organisations as they develop.
- 3.21 However this progression route only serves its purpose if the funding streams remain in place long enough for there to be progressions. As such there was general consensus that in essence the design of the funding package is correct, and while there are a number of areas that could be improved upon, the approach should not be drastically changed, but instead fine tuned, building on the strengths and addressing areas that are weaker. This includes filling some gaps in the package, which we will now discuss.
- 3.22 While local level intermediaries were broadly accepting of the package of funding, they report that the current package best serves those who are already the most enterprising. They identified a significant cohort of organisations in their local areas who do not currently have the capacity to benefit from the current package. These intermediary organisations believe that the package would be improved by offering investment to organisations that face barriers to becoming more enterprising, enabling them to maximise their potential. The challenges highlighted by local intermediaries are:

- There is insufficient investment in local intermediaries to promote the funds locally and support potential applicants. This requires both financial investment in the local infrastructure and also stronger communication with and involvement of local intermediaries to ensure they are fully informed
- Only organisations that are a legal entity will be funded and for those who are not there can be considerable support needs to get them ready to become a legal entity
- The management boards in many third sector organisations do not have the capacity to lead the organisation in the direction required to become more enterprising – there needs to be significant investment at the local level in developing the capacity of people who are on or could potentially be on the boards of organisations.

3.23 Local intermediaries and some stakeholders and applicants identified a gap in the current package. Embryonic social enterprises that have not been trading for long enough to qualify for TSEF are generally unable to receive start up support from SEF because they are an organisation rather than an individual (groups of 2 or 3 who are not already constituted are eligible). At present established groups that want to or are in the early stages of establishing a social enterprise, are unable to access any of the funds.

3.24 There is a view held by a minority of stakeholders, that while the range of organisations eligible to be supported by the TSEF is a strength, the oversubscription to this fund could signal a need to offer something that sits in between TSEF and SIF. Some of the organisations who are not yet ready for SIF could take on an element of loan finance, through a less rigorous version of the SIF that provides lower loan amounts and greater levels of support to manage the loan element. This would help to recycle some money back into the system and maximise the amount of funding that can be made available to organisations eligible for TSEF. It would also help those organisations who are able, to make the shift away from grant funding at an earlier stage than the current package allows.

3.25 In the main, although most applicants and beneficiaries are satisfied with the element of the package they have engaged with, they have limited awareness of the overall package of support and so most are not in a position to have a strong view on whether the overall package is appropriate and is meeting the needs of the sector. This issue is discussed further in chapter 4.

The range of business support

3.26 The researchers explored with interviewees their views on the package of business support. The findings show that there is some confusion among stakeholders, third sector organisations, local intermediaries and even among delivery agents about what is available through the package, how it links to funding and what it aims to achieve. Interviewees in all categories have much lower awareness of the business support package than they do of the funding. This is to be expected given the high profile nature of funding.

- 3.27 Interviewees report that there is a multitude of players offering business support, not just within the package, but across Scotland more widely. Some report finding the landscape confusing and the quality of support variable (again referring to the wider offer of support and not specifically the support funded by the Scottish Government through this package).
- 3.28 There are a range of government funded business support mechanisms in place outside of the package that is the subject of the evaluation. At the local level, access to capacity building support specifically for third sector organisations in the form of awareness-raising and one-to-one 'hand holding' is traditionally the role of local Councils for Voluntary Service (CVS), and now increasingly the Single Interfaces⁸. Once ready for business development support third sector organisations can access the support offered locally through the Business Gateway network, or if they are able to demonstrate growth potential, they will be considered for support through Scottish Enterprise and Highlands and Islands Enterprise (HIE).
- 3.29 In addition there is a range of support that is not funded directly by the public sector. This includes private sector providers, as well as social enterprises themselves and networks of social enterprises such as the Scottish Borders Social Enterprise Chamber, who provide mentoring and buddying support at a local level. There are also national support networks such as SENSCOT and Social Firms Scotland that provide business support to the sector.
- 3.30 The evaluation has found that the local intermediary organisations such as CVSs and Single Interfaces have limited awareness of the package of business support being funded by the Scottish Government to support the third sector. This means that they are not well equipped to refer organisations to the funded support where this is deemed to be more appropriate than what they themselves can offer. It also suggests that there may be a lack of co-ordination between organisations funded to deliver third sector support at the national level and those funded to support the sector locally, and so their respective packages of support are not designed to be complementary. The development of the new Single Interface organisations will mean a more streamlined approach at the local level, which provides an opportunity to build greater links between the package of investment and support and the capacity building work that is taking place at the local level.
- 3.31 The business support offered through Business Gateway, Scottish Enterprise and HIE is available to all eligible enterprise organisations, including those in the third sector. Business Gateway provide services that can be accessed by any organisation (including some more targeted services), while Scottish Enterprise and HIE provide a targeted service to those with growth potential. We interviewed representatives from HIE and Scottish Enterprise and with two third sector organisations that had been supported by them. While the evidence is limited, it does indicate that the support from Scottish Enterprise and HIE is

⁸ By April 2011 Single Interfaces will provide a coherent infrastructure for the third sector in each local area, with clear links to Community Planning Partnerships and Single Outcome Agreements. The Single Interfaces bring together the functions of the Councils for the Voluntary Sector, the Volunteer Centres, the Local Social Economy Partnerships and the Local Social Enterprise Networks.

meeting the needs of the larger third sector organisations that are eligible for this support. These organisations are well established, know what their support needs are and what Scottish Enterprise and HIE can offer them.

- 3.32 The study found that views on the support provided by Business Gateway are not so positive. One-to-one support provided through the Business Gateway is targeted in most areas at organisations with significant growth potential. Given the social nature of third sector activities, growth is often not their focus and so this limits the number of third sector organisations that can access the Business Gateway support. The support funded through HISEZ and Aspire to Enterprise can address this gap and help to enable organisations to develop to a point where they can benefit from Business Gateway services.
- 3.33 However Business Gateway and Scottish Enterprise also offer more basic support through the enquiry service and through workshops designed to meet the most common business needs, such as business planning and marketing. These can all be accessed by third sector organisations at any stage of their development. The evidence from the evaluation shows that third sector organisations rarely engage with these services, choosing instead to seek similar types of support from organisations that they believe to be more aware of and sympathetic to the specific needs of the sector. Aspects of the support provided by HISEZ and Aspire to Enterprise can be accessed through Business Gateway and there is potential for third sector organisations to tap into this support.
- 3.34 However, the evaluation found that third sector organisations tend to perceive Business Gateway as a service that is not suitable for them. They often believe they will get more tailored support elsewhere and that the Business Gateway service does not understand the specific needs of the third sector. As a result, third sector clients perceive that Business Gateway would be likely to refer them to other agencies. This perception was evident in both lowland Scotland and in the HIE area.
- 3.35 It is important that the reasons for this potential lack of take up amongst social enterprises is explored in more detail and at a strategic level, and decisions taken as to whether Business Gateway needs to take steps to better engage with third sector organisations.
- 3.36 One area where third sector organisations report the need for greater levels of support is in securing contracts through public sector procurement processes. There are some examples of good relationships between third sector organisations operating as service providers to the public sector. However for many more third sector providers and public sector procurement teams, there is a lack of clarity about how they can each fulfil their respective roles. Both providers and procurement teams report that they require guidance. Procurement professionals anticipate that the new Single Interface organisations will build capacity in the sector and therefore help more community groups move towards a social enterprise model.
- 3.37 The evidence suggests therefore that there is a role for government in ensuring better relationships between third sector providers and public sector procurers.

In the current economic climate the public sector is facing significant budget challenges, which puts even greater emphasis on achieving best value. The study evidence indicates that third sector organisations can be frustrated that best value is frequently interpreted as cheapness. There is a strong sense that while third sector organisations are being encouraged to be more enterprising and focus more on public sector contracts to improve their financial sustainability, the public sector is being forced to reduce its spending on the types of services that the third sector provides. In this environment, the third sector and public sector require more strategic guidance from across government departments to better manage how they work together to provide essential services.

Should support be embedded with the funds?

- 3.38 The majority of delivery agents and stakeholders believe that individuals and organisations that receive funding should receive business support as requirement of the funding package. This means that they should access support once they have received the funding, as without this support there is a risk that the potential impact of the funding will not be realised. There is recognition that some organisations, particularly the very large ones may not require this, and so some flexibility is required. This could be achieved by carrying out a business healthcheck or needs assessment for business development support at the pre-application stage. The support should be tied into the funding as required, with referrals to and through Business Gateway Scottish Enterprise and HIE as well as specific third sector business support funded through the package.
- 3.39 The business health check would be a short screening process involving a review of business needs to identify the elements of the package that organisations should access. This will help to ensure that applicants are directed towards the right fund and/or type of business support in line with their needs, and only those who are eligible for either make an application.
- 3.40 Pre-application support is available through a variety of routes, including local intermediaries, HISEZ and Aspire to Enterprise. In some instances third sector organisations reported having paid for consultancy support at the application stage, indicating that either they were not aware of the support on offer or that what is currently available is not meeting needs. It should be noted however, that business support provided through the package is not intended to support funding applications.
- 3.41 While stakeholders believe that those who receive funding should also receive support, most do not believe that the support should be embedded with the fund and delivered by the funding provider. In other words they want to see individuals and organisations able to access the support that is appropriate to meet their needs, rather than being forced to accept the support that is on offer. This is a view shared by third sector organisations themselves. The survey of fund applicants and beneficiaries of business support found that 34% want the business support to be separate from the funds and a further 25% want there to be a mixed offer of embedded support and non-embedded support so, some support that is part of the funding package and a system of top-up support that

can be drawn down on an as needs basis. Interviewees suggested that one way of doing this is to have at least some of the funding for business support follow the beneficiary, rather than being provided directly to the support organisations.

3.42 There is clearly a balance to be struck between ensuring that business support is available to help organisations to maximise the potential of the funding, and ensuring that there is sufficient flexibility in the support to make sure that it is effective in meeting the needs of the spectrum of third sector organisations and the stage that they are at in their development. It could be a condition of the funding that successful applicants access support, but with a substantial element of choice built in. Some of the money for support could follow the applicant, rather than it all go to the preferred delivery agents. This would help to encourage competition between business support providers, something that many interviewees want to encourage as a means of driving up quality (although these comments are generally directed at business support providers more widely, rather than simply those funded through the package).

3.43 We will discuss the potential models for better linking funding and support in the next chapter.

Summary

- There have been 1078 successful fund applications and recipients of business support, 574 unsuccessful applications, and 60 SIF applications were still in progress at the time of the research. However limitations on the data gathered by delivery agents means that we cannot build a detailed profile of the characteristics of the organisations and individuals who have accessed the funds and support.
- There is overall support for the design of the current package, particularly the funding package and so there should be no fundamental changes made
- There are gaps in the current package, with start up and embryonic social enterprises being excluded if they are operated by a group rather than an individual; and there could be benefits in offering another fund that includes loan finance for those at the top end of the TSEF, who are not quite ready for SIF funding.
- There is lack of awareness of what the overall package of investment and support looks like amongst all types of respondent.
- Amongst respondents there is limited awareness and some confusion surrounding the business support on offer. There is a wide range of business support on offer beyond the Scottish Government funded package, but the links between this package and the wider support, particularly support offered by Business Gateway, and local intermediaries, could be improved. The organisations eligible for support from HIE and Scottish Enterprise are well enough established that they are aware of their own needs and how these

organisations can help them, and so at this end of the spectrum the links are clearer.

- There is a desire among stakeholders to see more organisations who receive funding being encouraged, or even required, to access business support. However embedding support in the funds limits choice, and this should be avoided, perhaps by providing some of the funding for business support directly to the beneficiaries, rather than to the support organisations. Carrying out a business healthcheck or needs assessment for business development support check at the pre-application stage would allow organisations to be directed to the appropriate business support, and accessing this would be a funding requirement. Pre-application support was not considered such an important issue, however this seems to be because it is available when needed.

4 ACCESSING THE PACKAGE

Introduction

- 4.1 This chapter focuses on the process of accessing the funds and business support offered through the package. The Enterprising Third Sector Action Plan states a commitment to ensuring access to a range of financial products and advice that supports the growth of sustainable income streams by an enterprising third sector. The Action Plan aims to promote a heightened awareness of the social enterprise business model.
- 4.2 Drawing on the views of stakeholders, third sector intermediaries and applicants, access to funds and business support was shown to be dependent on a number of factors:
- Knowing what the financial and business support products are, the similarities and differences between them, and at what stage of an organisation's development they are most relevant.
 - Understanding what the social enterprise model is and why it's relevant to your organisation or to yourself as a potential social entrepreneur.
 - Knowing how to access these products, what the eligibility criteria are, who to contact, and how and when to apply.
- 4.3 This chapter will explore under these three headings what is working and what could be improved in terms of access to the package of third sector funding and support.

Knowledge of the package of financial and business support products

- 4.4 As with any new funding packages, developing a thorough, sector wide awareness can take time. The evidence indicates that mechanisms by which organisations can access information on the funding package are working well and there has been significant awareness raising activity through established networks at the national level. The fact that all the funds were oversubscribed suggests that awareness of and access to information about funding packages is not a major issue for established social enterprises or individuals who are linked into the sector
- 4.5 The principle methods for informing third sector organisations about the funding are:
- Central information and guidance through the Scottish Government's website.
 - Explanatory information on the websites of deliverers of funding and business support.
 - e-bulletins of national networks such as SCVO, SENSCOT, the Scottish Social Enterprise Coalition, Social Firms Scotland.

- Targeted and localised outreach, publicity, and promotional events through third sector intermediary organisations.
 - Through Business Gateway, Scottish Enterprise, and HIE (although third sector organisations involved in the research rarely cited these as sources of information on the package).
- 4.6 It was clear in the study that word of mouth has also been an important route by which organisations have found out about the funding and support.
- 4.7 This approach of using mixed methods and routes to raise awareness reflects an understanding of the diversity of the third sector and the different networks that work within it. Stakeholders believe that the package is successfully engaging organisations beyond the 'usual suspects'.
- 4.8 The qualitative research indicates that the promotional information being provided has raised awareness among social enterprises of the funding available to suit individual and organisational needs. Survey responses from funding applicants support this finding with 95% of successful applicants and 78% of unsuccessful applicants reporting that they had sufficient access to the information that they needed at the application stage.
- 4.9 Evidence shows that there is less awareness and understanding of the business support offering that is available. There is limited understanding of what the sources are for each type of business support, the levels of support available and whether the support is aimed at staff, managers, board members or a combination.
- 4.10 While it may be expected that applicants and beneficiaries might not have extensive knowledge of the full package of support and certainly not the elements that they have not used, the majority are not aware that there is an overall package that includes business support as well as funding. This limits their understanding and awareness of how their organisation could develop and benefit from a continuum of support.
- 4.11 This lack of awareness of the overall package may be because there are nine primary delivery agents, that, with the exclusion of the Scottish Government (who is delivering the Third Sector Enterprise Funds) have been funded to deliver their particular element of the package, drawing on their specific expertise in that area. This mix of specialist providers is a strength of the funding and business support. However the support does not currently have a shared, recognisable brand that promotes the providers and the services as part of an overall strategic approach. This hinders any potential to market the component parts as a package. The absence of a brand for the package also makes it difficult to distinguish the components from any other support that the delivery agents provide.
- 4.12 This lack of a single, strategic approach to branding the package means that awareness raising is more difficult and results in a lack of cohesion among the component parts of the package. Even among the delivery agents there is some but not extensive awareness of other components of the package, which

limits cross referral. The most notable impact of this is that those receiving funding are not being encouraged to seek business support to help maximise the benefits of the funding. A number of the fund applicants reported being unaware of the business support on offer, and were eager to know where they could find out more. The fact that only 7% of organisations who apply for one of the funds (excluding SEF) receive business support through the package is an indication of the lack of cohesion between the funding and business support. Similarly, an absence of a joined up approach has meant that some funding has been awarded to enable social enterprises to pay for consultants to help them develop business plans, a service they could access through the business support components of the package.

- 4.13 As a result, because beneficiaries and applicants may not be aware of all of the options open to them, they are at risk of being passive in the process of accessing the investment and support that could suit them best. In some cases, they are dependent on the first agency that they come into contact with plugging them into all of the right components, and as we have shown this is not always happening.
- 4.14 There is consensus that it is desirable to develop a brand for the package and a one point of entry approach (with local access points) to guide individuals and organisations to the right funding and support. However, development of a more cohesive strategic approach should also retain the mix of specialist expertise gained through the mix of providers (which is viewed as a strength of the package) as opposed to a more generic service.

Understanding the social enterprise model

- 4.15 Despite the availability of information on funding and support, intermediaries and stakeholders report that a significant part of the third sector does not engage with the package as the organisations do not recognise its relevance to their activities. These are primarily community based organisations that deliver local services. They may choose to reject or do not identify with the language of business and enterprise; becoming a social enterprise may not fit in with their social objectives and missions. Examples provided during the interviews included Rape Crisis Centres, organisations that befriend people with learning difficulties delivered entirely by volunteers, and a counselling service delivered by volunteers. In some sense, however, these organisations are not the primary target of the Enterprising Third Sector Action Plan.
- 4.16 Yet, some of these organisations may be more “enterprising” than they realise. For example, they generate a portion of their income through trading to support their activities. However, may not perceive trading to be a core activity or objective. This highlights an issue around the way in which statutory bodies, including the Scottish Government, communicate with and market these types of opportunities to third sector organisations.
- 4.17 Intermediary bodies and stakeholders report that there will always be voluntary organisations that remain largely dependent on grants as their activities do not fit with the social enterprise model and it is important that this continues to be

recognised by strategic stakeholders and funders. If they were no longer supported, there is a danger that local communities would lose valuable services. These organisations have the potential to be cost effective because of their volunteer input and to contribute medium to longer term savings to the public purse, but they do not consider that they will ever be self sustaining or generate significant or perhaps even any earned income. While there may be cases where these organisations could operate under another models, for example operating a separate business to fund a charitable arm, these alternative models are not being considered by this section of the sector at present.

- 4.18 Despite the reluctance of or challenges for these organisations to adopt the social enterprise model, in the current financial climate it is particularly important that they should continue to be supported to be more 'business-like' in how they manage their services. This might require a change of terminology in terms of promoting 'financial sustainability' and greater clarity that support is aimed at supporting a sustainable third sector. Local authorities and community planning partners have a key role to play at a local level in promoting 'enterprising' practices among more traditional voluntary sector organisations.

Knowing how to access the package of funding and business support products

- 4.19 The key feature of the process of identifying possible funding support is that applicants know about and are able to select (perhaps with guidance) which type of fund or business support is most suitable to their needs.
- 4.20 Funders commented that despite the level of publicity produced they are still dealing with inappropriate enquiries for further information and receiving applications for funding that do not meet eligibility criteria. As described earlier in the report, 46 organisations completed an application for more than one fund. This is not efficient and can dissuade applicants from applying for funding in the future. The rush to put in applications before the closing date of some funds may also have resulted in some poorer quality applications. Within the current programme there is no mechanism for redirecting unsuccessful applicants to other support. There is also no link to other forms of business support while organisations are waiting for a decision on their funding application.
- 4.21 One potential way to address this would be to offer a one door approach that would provide a contact point for existing social enterprises or potential social entrepreneurs when first applying for either funding or business support. The evaluation explored this model with interviewees and found overwhelming support for this type of one door approach albeit with some caveats. It would offer individuals and organisations a single route to find out what their options are, what they are eligible for and to be signposted to the most appropriate fund and/or support. This would involve conducting a business health check and needs assessment to identify what funds and/or support would be appropriate.
- 4.22 Whilst generally supportive, there are some concerns amongst stakeholders and funders that a one door approach could limit choice if this was to mean

having one delivery agent. However, with a single clear brand and an easier route to access the funding and support the current model using a range of delivery agents could be retained. Some stakeholders also favour having local routes into a national process, with the same, or improved choices lying behind the entry point. Careful consideration therefore needs to be given to the process for accessing the application process. The entry points should route individuals and organisations in to a single, consistent and accessible process for assessing need, eligibility and signposting to funding and support through the health check and needs assessment.

- 4.23 There was a strong sense amongst some study participants that there would be benefits in it being flexible enough to reflect local circumstance and infrastructures rather than it being developed and promoted as a single, national access point. The feasibility, strengths and potential issues of this would need to be explored in detail.
- 4.24 There is clearly an opportunity for the Single Interfaces to have a role in this, but there is a challenge in going down this route in ensuring consistency and quality of support and how these Single Interfaces will work is still not clear or tested. Single Interfaces would need time to develop and bed in before this possibility could be investigated further.
- 4.25 Overall, the research and consultation has identified that whatever its final structure the one door approach should ensure that the individuals and organisations accessing the support are made aware of all that is available and be active in deciding which elements of the package are most appropriate for them to access. Sitting behind the single access point, there should be a range of funds and support that are delivered by the organisations best suited to deliver these elements – in other words whichever organisation manages the one door entry point should not deliver a generic package of funding and support, but rather co-ordinate a package delivered by the most appropriate agencies. This package must also complement the business support services provided by Business Gateway, Scottish Enterprise and Highlands and Islands Enterprise.

Summary

- Knowledge of the individual funds is relatively high due to the use of the wide range of existing networks as a means of promotion. The majority of applicants are aware that there are different levels of funding available even if they do not know the specifics. Awareness that there is a package of funding and support is low however, and awareness of the types of business support on offer and how to access this is particularly low.
- Local intermediaries indicate that the package is being accessed by organisations of varying sizes and from a range of sub-sectors. However, there may be a need for continued support to build the capacity of organisations which do not identify with the language of 'enterprise' and therefore do not feel that the support is relevant to them. With support these organisations may move towards a more enterprising business model. That said, it is also important to remember that for other organisations their

structure and the nature of their activities may not be compatible with the social enterprise model.

- While having a range of delivery agents ensures that the package is being delivered by those with the appropriate expertise, there is a lack of cohesion between the elements and a need for a better overarching brand. A one door approach would enable third sector organisations to understand the range of funding and support on offer and proactively choose that which best meets their needs.
- Whilst there is wide spread support for an overarching brand and a single point of access, applicants and stakeholders feel local level intermediaries should have an important role to play. Local routes into a national process is the favoured option.

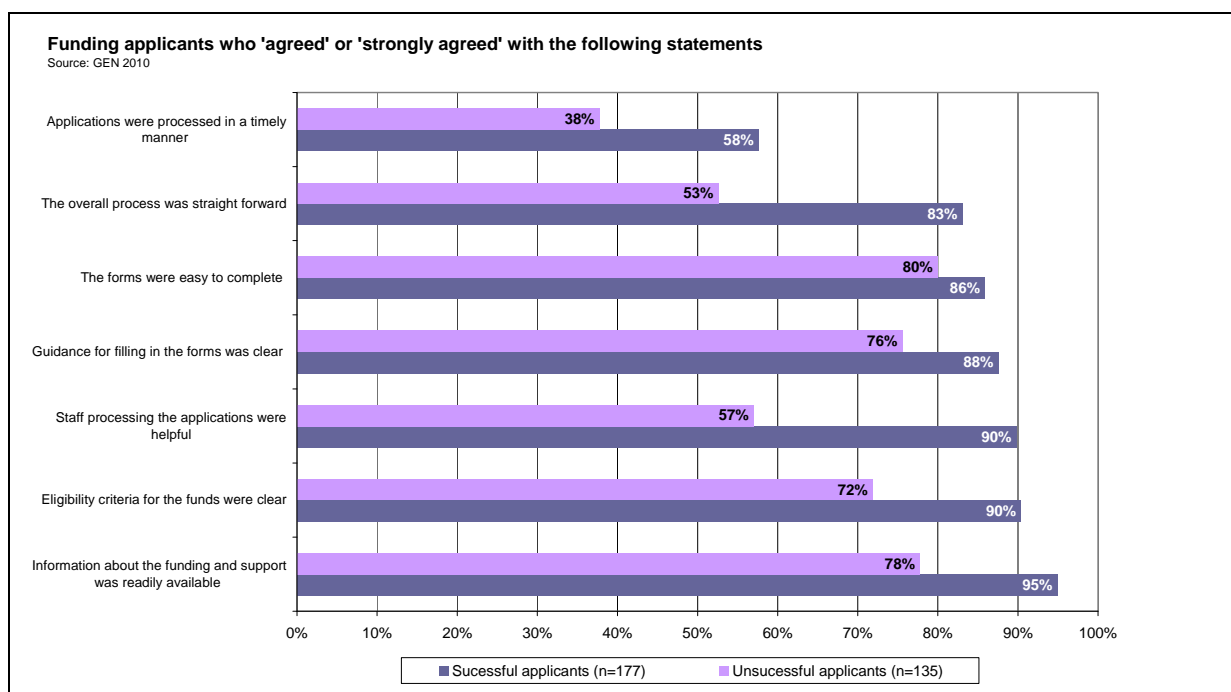
5 APPLICATION PROCESS

Introduction

5.1 This chapter focuses on the application process for each of the funds⁹. It considers the difference in satisfaction levels between successful and unsuccessful applicants; satisfaction with and views on the different parts of the application process for each fund; and the ways in which the application processes may be improved. Our analysis draws on the views of successful and unsuccessful applicants, delivery agents and strategic stakeholders.

Satisfaction with the process

Figure 5.1: Satisfaction with the application process



5.2 Overall, applicants are satisfied with the application process for Third Sector Funds. Our survey found high levels of satisfaction among both successful applicants and unsuccessful applicants for the majority of measures considered. As might be expected, satisfaction levels in all cases are lower among unsuccessful applicants (Figure 5.1).

5.3 Satisfaction is lowest in relation to the time taken to process the applications, with only 58% of successful and 38% of unsuccessful applicants reporting that applications were processed in what they believe to be a timely manner. Overall satisfaction with the volume and quality of information available to support funding applications is high; 95% for successful applicants and 78% for unsuccessful applicants.

⁹ With the exception of the Aspire to Enterprise support, individuals and organisations do not go through an application process to receive business support.

5.4 The following section looks more closely at the fund applicants' satisfaction with the application process.

Satisfaction with initial information and assessment

Table 5.1 – Satisfaction with initial information and assessment (% applicants who 'agree' or 'strongly agree' with statements)

	SIF	TSEF	TSRF	TSCU	SEF	Total
Information about funding and support was readily available	92%	87%	80%	100%	88%	88%
Eligibility criteria for the funds were clear	86%	83%	50%	100%	82%	83%
No. of respondents	36	223	10	9	34	312

Note: Seven of the ten Resilience Fund applicants who responded to the survey were ultimately unsuccessful.

Note: Because the response rate for TSRF and TSCU is low, the findings for these particular funds should be treated with caution.

5.5 A majority of applicants to all the funds indicated that they are satisfied that information concerning the funding was readily available to them and that the eligibility criteria were clear. However, the evidence shows a degree of confusion among some applicants, and in particular unsuccessful applicants to all funds highlight a need to further clarify eligibility criteria as the guidance as it stands is not clear enough.

5.6 One particular area of confusion was among TSEF and Resilience Fund applicants. These Funds were open to organisations of similar size and stage of development (although the two Funds support different needs). Our survey found that six out of the ten respondents who applied for the Resilience Fund also applied to TSEF. Overall however, it should be noted that there were only 12 organisations which applied to both funds. This is possibly a reflection of the delay that occurred in informing applicants of TSEF funding decisions and changes in financial circumstances that occurred in the intervening period.

5.7 One experience of an organisation responding in the qualitative consultations showed the impact of this confusion. This organisation was unclear about the most appropriate route for their organisation to take and was unaware that they could only receive one of the funds. As a consequence the organisation expended considerable resource completing two applications while only being able to proceed with one.

5.8 Conversely, one organisation which unsuccessfully applied to the Resilience Fund commented that, after finding out about TSEF they feel they would have been better to apply to that fund as they were looking to develop and grow the organisation. Some unsuccessful SIF applicants also highlighted that with

hindsight they would have been better placed to apply to TSEF in the first instance.

5.9 Although applicants report that fund administrators are ‘signposting’ enquiries to the most appropriate fund, there are clearly instances where these processes have been inconsistent. Applicants perceive that advisers are knowledgeable of processes, procedures and criteria related to their fund but that overall appreciation of the entire package of support, which is necessary to enable effective signposting, is lacking. This was reinforced by strategic stakeholders who also highlighted room for improvement in the level of coordination and communication between the Funds.

Satisfaction with application forms and guidance notes

Table 5.2 – Satisfaction with application forms and guidance notes (% applicants who ‘agree’ or ‘strongly agree’ with statements)

	SIF	TSEF	TSRF	TSCU	SEF	Total
Guidance for filling forms was clear	81%	83%	70%	89%	82%	82%
The forms were easy to complete	83%	83%	80%	89%	85%	83%
No. of respondents	36	223	10	9	34	312

Note: Seven of the ten Resilience Fund applicants who responded to the survey were ultimately unsuccessful.

Note: Because the response rate for TSRF and TSCU is low, the findings for these particular funds should be treated with caution.

5.10 Overall, applicants are happy with the application forms and guidance notes provided by each of the Funds. Indeed, over 80% of applicants agreed that guidance for filling out forms was clear and that forms were easy to complete (Table 5.2). This was backed up in consultations with applicants where the majority indicated that application forms were straight forward, that information requirements were in line with those of other similar grants and were appropriate for the level of funding sought.

5.11 However, there is some evidence from the evaluation to suggest a divide amongst applicants to TSEF. Some organisations have considerable experience of completing applications for funding and some employ specialist business development officers and fundraisers. These organisations have the expertise and capacity to articulate their aims and successfully complete funding applications. However organisations with lower capacity, less experience of accessing funding, or of enterprising activities, have found it more difficult. In some cases these organisations have had to pay for assistance to develop and complete their application.

5.12 Respondents highlighted simple measures that are helpful for organisations applying for funding. For example process flow charts help them understand why they have been asked for the information required, how it will be used, by

whom and at what point. Simple checklists for applicants are also useful to ensure that they have included all necessary documentation in the required format with their initial application, thereby lessening the likelihood of delays and duplication at later stages. These were provided to TSEF and TSRF applicants.

5.13 In relation to SIF, there is a need for more detailed information around State Aid legislation¹⁰ and the information required of organisations in order to satisfy State Aid regulations.

5.14 At the local level intermediaries report that they have not always had enough awareness and information about the detail of the current package of investment to effectively assist organisations in completing their applications. There is a need for the Scottish Government and other delivery agents to further develop these links at the local level.

Satisfaction with application processing and staff

Table 5.3 – Satisfaction with application processing and staff (% applicants who ‘agree’ or ‘strongly agree’ with statements)

	SIF	TSEF	TSRF	TSCU	SEF	Total
Staff processing the applications were helpful	81%	74%	70%	78%	82%	76%
Applications were processed in a timely manner	58%	42%	50%	67%	79%	49%
No. of respondents	36	223	10	9	34	312

Note: Seven of the ten Resilience Fund applicants who responded to the survey were ultimately unsuccessful.

Note: Because the response rate for TSEF and TSCU is low, the findings for these particular funds should be treated with caution.

5.15 By and large, applicants are happy with the assistance provided to them by delivery agents. They report that when they have contacted delivery agents for advice they have been knowledgeable and helpful. However, there was criticism of the reactive approach that many perceive has been taken. Both survey respondents and intermediaries indicated that advisers are available to provide assistance but are not generally proactive in maintaining contact.

5.16 Overall, applicants value continuity in contact with delivery agents and a ‘personal touch’ throughout the application process. While changes in staffing, roles and responsibilities is inevitable when funding is administered over a

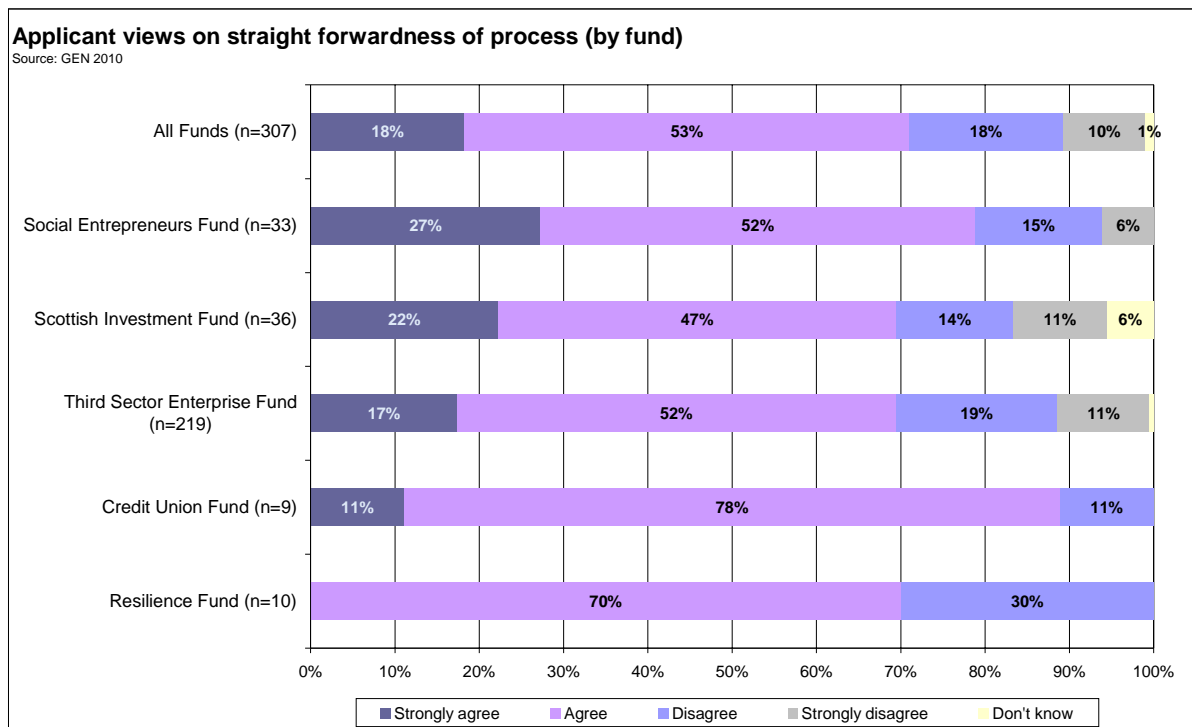
¹⁰ State aid is a European Commission term which refers to assistance from a public body that has the potential to distort competition and affect trade between member states. State aid granted without Commission approval is viewed as unlawful and may be subject to repayment. It is extremely important to establish whether a project or policy proposal constitutes State aid and, if so, how they be taken forward in compliance with the State aid rules - whether they require notification to the Commission, or do they fit with an existing approved State aid scheme or block exemption.

period of time, effective recording of client contact and monitoring of progress can ensure a smooth transition during a changeover and help avoid duplication. This issue was highlighted in relation to the SIF, where staff changes are felt to have hindered the (necessarily lengthy) application process for some organisations.

- 5.17 Some unsuccessful applicants perceived that funders lacked understanding of their proposals. This issue is particularly acute for SEF and TSEF applicants who are less well established or experienced in the area of social enterprise. For these organisations, which may find it more difficult to clearly articulate their aims, site visits, regular communication and establishment of mutual understanding and positive working relationships are viewed as important in helping them to develop their applications.
- 5.18 As previously mentioned, a criticism of the funding package, by applicants and stakeholders has been the time taken to process applications. This is the major cause of dissatisfaction for many applicants and has been particularly pertinent for TSEF as Table 5.3 demonstrates.
- 5.19 The reasons for these unavoidable delays with this fund are largely due to the fund being significantly oversubscribed. This became particularly pertinent once a closing date had been set on the fund, with over 200 applications being received in the last two weeks of it being open. The original intention had been for TSEF to be delivered by an external body but the need to go through a full procurement process would have resulted in unacceptable delays in launching the fund. There is consensus among interviewees that in future the processing and management of the funds should be contracted out.
- 5.20 Stakeholders involved in the development of the fund were positive about the TSRF application process because the fund was developed to mitigate the effects of economic recession in response to calls from the leading intermediary bodies representing the third sector. These intermediary bodies were then involved as partners in the development of the Fund and in a 2 day assessment process to make decisions on which applications should be successful. All of those involved report that this partnership has been effective in designing a fund that meets the needs of the sector and in ensuring that decisions were made in an efficient and timely way.

Improving the process

Figure 5.2: Views on how straightforward the application process is

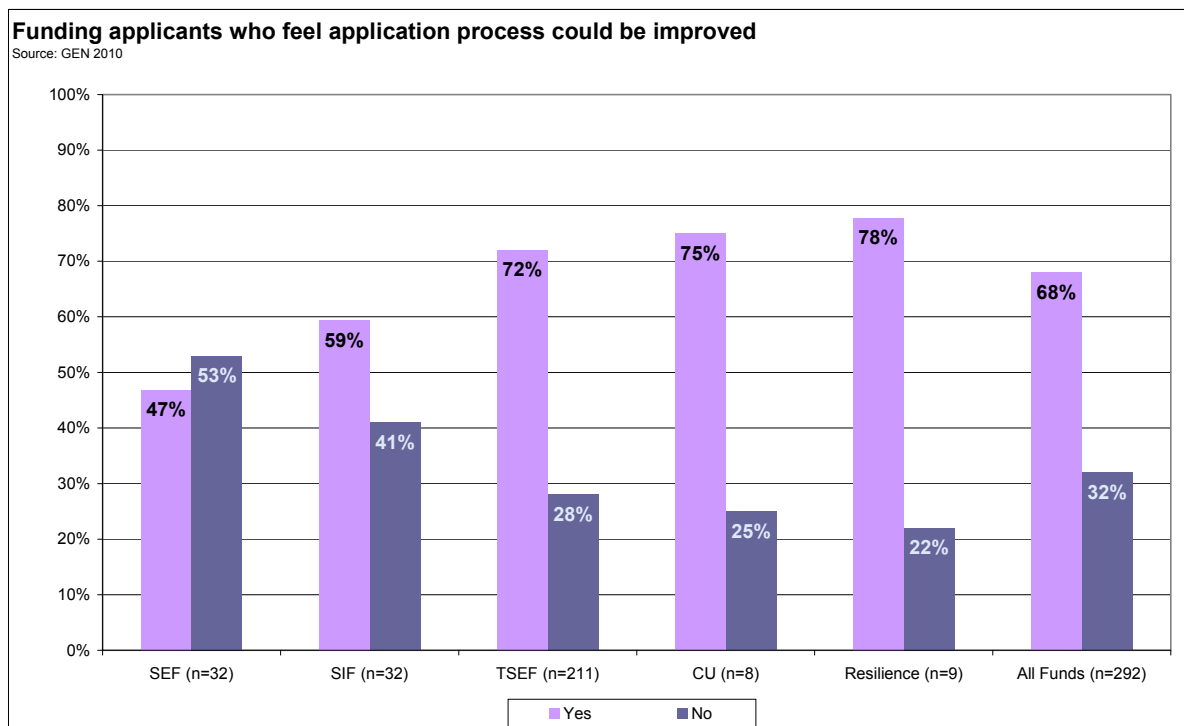


Note: Because the response rate for TSRF and TSCU is low, the findings for these particular funds should be treated with caution.

5.21 Application processes are working reasonably well. Figure 5.2 reiterates that in the main applicants are satisfied with the processes in place. For all funds, a majority of applicants agree that the process was straightforward.

5.22 In saying this, a significant proportion of applicants to all funds believe that there are improvements that could be made to any future application process (51% of successful applicants and 90% of unsuccessful applicants). Figure 5.3 provides a breakdown by Fund.

Figure 5.3: Improvements to the application process



Note: Of the nine Resilience fund applicants who answered the question seven were unsuccessful

Note: Because the response rate for TSRF and TSCU is low, the findings for these particular funds should be treated with caution.

5.23 If the Resilience Fund and Credit Union Fund are excluded (due to low survey response rate), it is apparent that applicants perceive some room for improvement in the application process. Comments from applicants focused around the need to improve the time taken to process applications. The timeliness of decision making on funding is an area where applicants would like to see significant improvements. Applicants are very aware of the delays that occurred in the processing of TSEF but in many instances this information has come through wider networks rather than directly from the Scottish Government. A significant proportion of applicants expressed a view that information about the Fund, including opening and closing dates, should be available as early as possible and ideally closing dates should be announced at the same time as the opening date. One applicant commented:

“To have an open application scheme for which a deadline is then set with minimum warning is the worst of both worlds. I can't help feeling that our application would have had more chance if we'd submitted it two or three months earlier. The length of time then taken to inform us of the outcome (almost four months) was very damaging to our plans”

5.24 Clearly the issues that affected the TSEF have caused considerable dissatisfaction. As a result there is strong consensus that the administration of Funds should be outsourced. As we have already discussed, this was the original intention for the TSEF. The time implications of a procurement process

need to be built into the planning schedule for the future delivery of the third sector investment and support package.

5.25 Applicants also identified the need to:

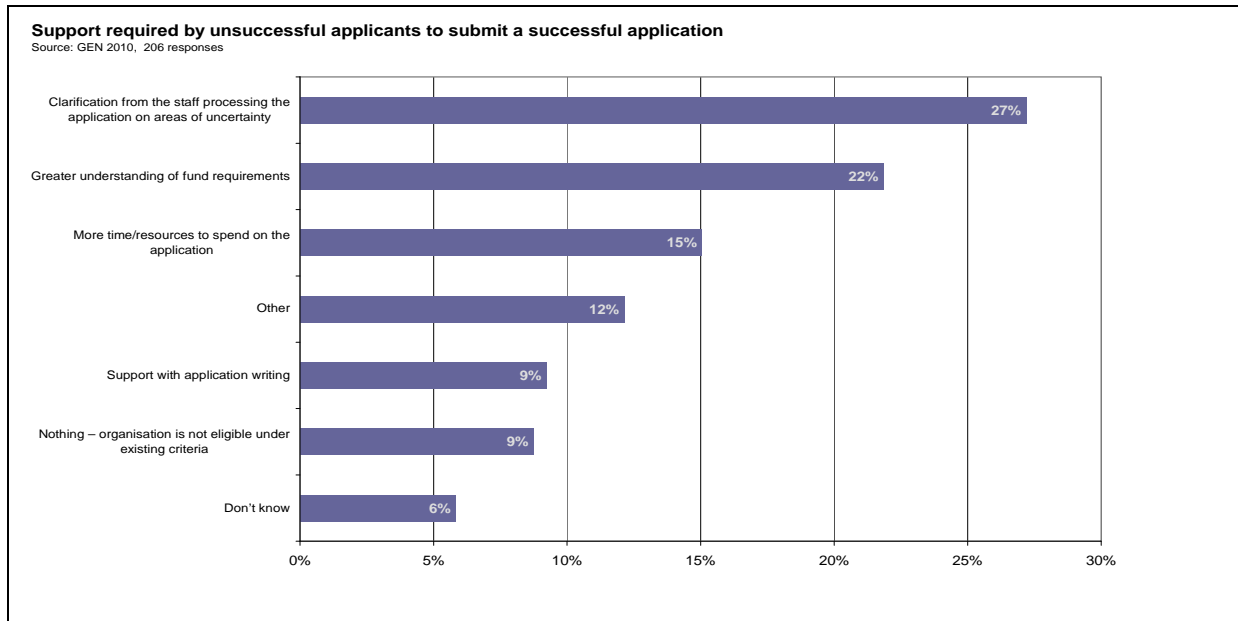
- Better anticipate and plan for the flow of applications. In a political climate where third sector organisations are being encouraged to become more enterprising, there is a feeling that the Scottish Government should have been better prepared to manage the flow of applications to what was inevitably going to be a popular Fund.
- Improve communication with applicants. A number of applicants commented that a more interactive process would be the most appropriate model in supporting their applications. Where communication has been good, applicants have highlighted this as a positive feature of their experience. Conversely, another applicant commented:

“I found when I phoned up for help with information staff simply referred me back to the guidelines, which I’d read and had also attended one of the workshops. I was wanting more detailed help and response to questions.....”

- Clarify eligibility criteria and provide more detailed feedback. A common issue for unsuccessful applicants was the need for greater clarity on eligibility and detailed feedback that the organisation can use to develop. Suggestions from applicants included the use of two stage application procedures to route out ineligible organisations/ proposals at an early stage, saving time and resources for both applicants and delivery agents. This could take the form of a short one page pre application to confirm eligibility followed by submission of a full application and business plan. This is more like the SIF model and may be most appropriate for organisations applying for higher levels of TSEF funding.

5.26 Stakeholders are clear that the application process should not be a ‘pass or a fail’ system, but should be a learning process. Detailed feedback is therefore crucial, as is dialogue throughout the process.

Figure 5.4: Support required by unsuccessful applicants to submit a successful application



5.27 Figure 5.4 illustrates the views of unsuccessful applicants in relation to the support they would need to submit a successful application. Clarification from processing staff on areas of uncertainty and a greater understanding of the Fund's requirements emerge as the most significant support needs. Provision of a business development health check or needs assessment would provide this clarity to organisations at an earlier stage in the process and help improve applications.

Summary

- Overall, applicants are satisfied with the application process, reporting that sufficient information was available to them and processes are on a par with other similar Funds
- There is evidence of some confusion in relation to eligibility criteria. This was strongly articulated by unsuccessful applicants. There is also evidence that some applicants were unaware that they could not apply for more than one Fund at the same time
- There could be better coordination and communication between funding administrators who should have better awareness of the whole package in addition to their own fund
- Some lower capacity organisations, with less experience of accessing funding, or of enterprising activities, would have valued additional assistance with the application
- Applicants value regular communication and a 'personal touch' to support them through the application process

- The timeliness of decision making on funding is an area where applicants would like to see significant improvements
- Health checks and needs assessments, to clarify the eligibility of applicants and the specific needs of their organisations would be a useful addition to the process, especially for larger investments
- There were significant issues with delays in making decisions on the TSEF, and in future the management of the funds should be contracted out.

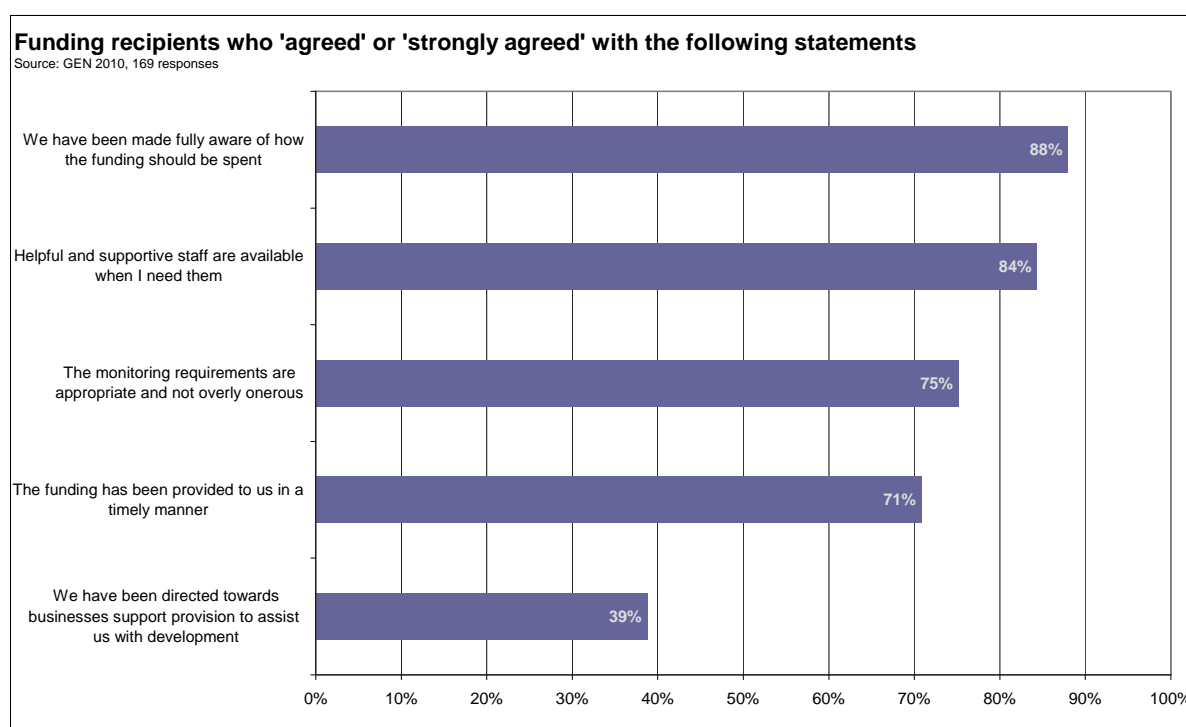
6 DELIVERY OF FUNDING AND BUSINESS SUPPORT

Introduction

6.1 The process of delivering the funding and business support is discussed in this chapter. It considers the delivery of the funding, the effectiveness of the administration processes, the extent to which the funding is meeting the needs of beneficiaries, and areas for improvement. It then considers the effectiveness of the delivery of business support to third sector organisations and how effectively the business support package is meeting the needs of the sector.

Effectiveness of the Delivery of Funding

Figure 6.1: Applicant views on the delivery of funding



6.2 Overall the delivery processes of the funding package are robust, although in many cases the funding has only recently been awarded and so for these beneficiaries it is too early to comment on the effectiveness of the delivery process. As figure 6.1 shows, over 70% of survey respondents agreed or strongly agreed with 4 of the 5 positive statements.

6.3 There is no evidence of any confusion about how the funding should be spent, with 88% of respondents reporting that they had been made fully aware of how it should be spent. Evidence from the qualitative interviews with successful applicants shows that discussing the proposed application with an adviser has been an important factor in ensuring that funding recipients know how the funding should be spent and how the spend should be evidenced. The evidence shows that advisers and printed guidance have been effective in communicating the uses of the funding to successful applicants.

6.4 However while beneficiaries have been very clear about expenditure that is eligible through the funding, TSEF beneficiaries raised concerns about the requirement to spend the money from the fund during the year that it was open for applications. It has meant that organisations whose funding was awarded later in the year have faced a compressed timescale to spend the money in the agreed way and provide the evidence for it. Comments included:

“We have been given two weeks to make the full 09/10 spend and told if we don't make it we will lose it. It has left us with major short-term cashflow problems”

“We have been offered funding on 11 March 2010 with an expectation that we should spend almost 25% of our offer by the end of March 2010.”

“Funding also needs to be longer term than one year as most Social Enterprises take something in the region of 3 years to become stabilised.”

6.5 There is a high degree of satisfaction amongst funding recipients with the support provided by delivery agent staff after funding is awarded, with 84% agreeing or strongly agreeing that helpful and supportive staff are available when they need them. Consultees were positive about the attentiveness of fund staff, and their responsiveness to any questions or issues. One applicant to the Credit Union Fund said that both the advisers they dealt with were “very good” and gave them “more than enough support”. Another applicant to the Resilience Fund said the level of support they received was “superb”.

6.6 There are no significant issues with the timeliness of the provision of funding once decisions have been made and there is no evidence of any issues with the monitoring requirements of the funds. This finding was consistent across all of the funds.

Table 6.1: Number of respondents strongly agreeing or agreeing they had been directed to business support

Fund	Number/Percentage of Respondents	Total Respondents
Social Entrepreneurs Fund	16 (80%)	20
Scottish Investment Fund	5 (31%)	16
Third Sector Enterprise	40 (32%)	126
Credit Union	1 (20%)	5
Resilience Fund	0 (0%)	2
Total	62 (37%)	169

Note: Because the response rate for TSRF and TSCU is low, the findings for these particular funds should be treated with caution.

6.7 Given the importance of business support in meeting the aims of the Enterprising Third Sector Action Plan to develop capacity within the sector to be more enterprising, it is significant that only 37% of survey respondents who

had received funding have been signposted to business support to assist with their development (Table 6.1)¹¹. The one exception to this is the Social Entrepreneurs Fund, from which 16 of 20 respondents reported they had been signposted to business support, reflecting the fact that business support was built into this fund. The consultations reflect this finding, with a number of individuals asking the evaluation team to signpost them to somewhere where they could find more information on the support available. It is therefore clear that there needs to be stronger links between delivery agents and greater emphasis on cross referral, ensuring a more cohesive approach. This will most likely be achieved through business development health checks and needs assessments which identify the most appropriate funding and/or support for each individual or organisation.

- 6.8 Whilst access to business support is a vital component of the overall package, the study found that some organisations do not believe that they need business support. This is likely to indicate a need to better promote the benefits of business support and to ensure that it is tailored to need.

Effectiveness of Delivery of Business Support

- 6.9 The delivery of business support is viewed positively in general. The survey found that overall satisfaction with the delivery of business support is high in relation to its format and content of the support, the staff that delivered it, and their overall experience of accessing it. Of 138 respondents:

- 69% agreed or strongly agreed that the content of the support was what they were looking for as an organisation
- 70% agreed or strongly agreed that their overall experience of accessing the support has been positive
- 77% agreed or strongly agreed that the staff delivering the support were suitably skilled and knowledgeable
- 79% agreed or strongly agreed the support was in a format that suited their organisation.

- 6.10 However, satisfaction is lower amongst organisations that received Firstport support that was not linked to the Social Entrepreneurs Fund. Although a smaller number of respondents (26 respondents):

- 54% (14 respondents) agreed or strongly agreed that the content of the support was what they were looking for as an organisation
- 54% (14 respondents) agreed or strongly agreed that their overall experience of accessing the support has been positive

¹¹ The low number of respondents from the Credit Union and Resilience Funds mean we cannot draw robust conclusions from this size of sample.

- 50% (13 respondents) agreed or strongly agreed that the staff delivering the support were suitably skilled and knowledgeable
- 69% (18 respondents) agreed or strongly agreed the support was in a format that suited their organisation.

6.11 Assessing the reasons why there is dissatisfaction with a service such as business support requires specific research and is beyond the scope of this evaluation. While the dissatisfaction can reflect a poor quality service, there can also be many other reasons why there is dissatisfaction with a good quality business support service. For example, there is often a tension between the support an organisation perceives it needs and the support that an adviser recommends. For instance, it may be that an organisation has to address other underlying issues for it to realise growth ambitions. It is possible that not enough time has passed for the benefits of business support to be realised, or that the business support service has provided the organisation with constructive criticism. Whilst recognising the influence these factors can have on organisations' perceptions, there is a need to consider how to ensure and maintain consistent quality in the business support on offer. Business development health checks and needs assessments tied into the funding process will help achieve this in the future.

6.12 In the qualitative research, there was a mix in terms of the satisfaction with support. One recipient commented that it enabled them to reflect on their organisation and how to improve it. One consultee reported that their consultant's travel time (from Edinburgh to Aberdeen) was deducted from their overall time allocation and so impacted on the service they received. A beneficiary of support from Aspire to Enterprise reported that whilst their advisor offered excellent generic business advice, the advice did not reflect a good understanding of the specialism of the organisation which meant that the adviser made some unrealistic income projections. However, it should be recognised that it is not the business advisors' role to make income projections or over-rule the client on these.

6.13 There was a feeling amongst a minority of survey respondents that business support should be more flexible and better targeted at organisations' particular circumstances. Comments included:

"If an organisation needs to develop business planning and to develop social enterprise, that is where all efforts ought to go to"

"More support for actual management training and more focussed support from staff who are not running around trying to support too many organisations"

"The business support could be more focused on an individual project"

"It would be good to have access to a mix of business support, targeted at specific needs as and when they arise"

Is the Package Meeting Organisations' Needs?

Table 6.2: Proportion of beneficiaries that wanted to achieve long term financial stability/increase income generation

Fund	Number/Percentage Wanting to Achieve Long Term Financial Stability	Number/Percentage Wanting to Increase Income Generation	Total Respondents
Third Sector Enterprise Fund	93 (73%)	92 (72%)	127
Credit Union Fund	4 (80%)	4 (80%)	5
Scottish Investment Fund	13 (87%)	11 (73%)	15
Resilience Fund	2 (100%)	2 (100%)	2
Total	112 (75%)	109 (73%)	149

6.14 Organisations apply for funding for a variety of purposes and the most common reason reported in the study is to increase income generation or achieve longer term financial stability. This was true of all the Funds, except Social Entrepreneurs Fund applicants, as 13 of 20 wanted to raise the profile of their organisation and focus more on marketing. This may be because these applicants are trying to build a business from an earlier stage of development. They may need to develop their brand before they can concentrate on other goals.

Table 6.3: Proportion of beneficiaries for whom funding met all/majority of their needs

Fund	Number/Percentage	Total Respondents
Third Sector Enterprise Fund	82 (66%)	125
Scottish Entrepreneurs Fund	11 (61%)	18
Credit Union Fund	4 (80%)	5
Scottish Investment Fund	12 (80%)	15
Resilience Fund	1 (50%)	2
Total	110 (66.7%)	165

6.15 In general, the various funds tend to have met all or the majority of successful applicants' needs.

6.16 Business support beneficiaries were less likely to report that the support had met all or the majority of their needs (49% reported it had met all or the majority of their needs, while 33% reported it had met none or a minority of their needs). This is perhaps unsurprising given that business support is less tangible than funding. There are more elements to the business support and so more that beneficiaries could be critical of. Further, expectations of what business support is and what it can deliver are likely to be less well developed than expectations of what funding can deliver. It is challenging for business support organisations to ensure levels of satisfaction are high no matter what form the support takes. However, there may be some value in looking at well-developed

tools/products/services delivered by Business Gateway, Highlands and Islands Enterprise and Scottish Enterprise.

Impact to Date

6.17 There has been limited time for the full impact of the package to be known. This is an early assessment of impact with the expectation that in the longer term impact can be more effectively evaluated.

6.18 Perhaps unsurprisingly, successful applicants tended to report that they are entirely satisfied with the funding. One applicant to the Resilience Fund reported that the funds had allowed them to do everything they had hoped it would, namely developing partnerships and expanding their operations as a result. An applicant to the Credit Union Fund reported the money received had allowed them to invest in upgraded IT and move away from paper based systems. This had increased their productivity and provided training opportunities for volunteer staff.

6.19 Survey respondents tended to say that not enough time had passed to gauge impact properly. This is perhaps unsurprising, especially as some respondents highlighted the need for more time to spend the money appropriately. However, the various funds have generated some notable impacts to date, especially around income generation/cash flow and marketing:

- Third Sector Enterprise Fund: 32% (38 respondents) said they had been able to raise the profile of the organisation whilst 31% (36 respondents) said they had increased income generation.
- Credit Union Fund: 3 of 5 said they had increased income generation, achieved longer term financial stability and raised the profile of the organisation.
- Social Investment Fund: 5 of 14 said they had resolved short term cash flow difficulties.
- Social Entrepreneurs Fund: 10 of 19 said they had raised the profile of the organisation.

Summary

- The processes put in place to deliver the various funds appear to be working well. The monitoring requirements are clear, staff are well regarded and funding has been delivered in a timely manner
- Although it is clear how the funds are to be used, for some the timescale in which to spend the money is too compressed
- There is more dissatisfaction with the business support on offer than with the funding. However the reasons for this can be complicated. There is a need to consider how consistent quality can be ensured and maintained in future

- Levels of signposting from the funds to business support appear to be fairly low. There is a need to strengthen links between delivery organisations to raise awareness of the business support available
- The package is meeting most beneficiaries' needs, although levels of satisfaction tend to be lower amongst those receiving business support and lower still amongst those who received business support not linked to the Social Entrepreneurs Fund. It may be that well-established services provided by Business Gateway, Highlands and Islands Enterprise and Scottish Enterprise could provide more direction on standards and quality, however the study team are not in a position to comment on the effectiveness of other services and their appropriateness for the third sector
- Most commonly applicants report that the funds are used to increase income generation or achieve longer term financial sustainability
- Despite the relatively short time that has passed since the package of support was put in place, demonstrable impact has occurred for a significant minority of organisations.

7 CONCLUSIONS AND RECOMMENDATIONS

- 7.1 It is clear from the study findings that the package of funding and support has been very well received by third sector organisations, stakeholders and other funders. The evidence indicates that the overall approach that has been taken is the right one and has a significant contribution to make to developing an enterprising third sector. There are some gaps and areas for improvement but the key message is that the package should not be significantly altered, rather it should be fine tuned to maximise its impact.
- 7.2 This chapter discusses the key areas that should be considered in the development of the package post-2010 and makes recommendation for how to address the issues identified.
- 7.3 These are early suggestions based on the findings of this evaluation which are intended to form the basis of discussion and development within Scottish Government.
- 7.4 The key areas for consideration are:
- Cohesion of the package
 - Improving business support
 - Gaps in provision
 - The wider third sector.

Cohesion of the package

- 7.5 The package of funding and support is not currently operating as a package. It is a collection of funds and business support that in some cases complement each other but very much sit apart. Illustrating this, third sector recipients are generally not aware of the full range of funds available and are even less aware of the business support elements of the package.
- 7.6 The reasons for this are that the components of the package are delivered by 9 different delivery agents, and there is a lack of formal links and infrastructure to engender sufficient cohesion between the components. The package lacks a single cohesive branding that ties them together and this makes it challenging for:
- Individuals and organisations to know what is offered through the package and to make informed choices about what elements best meet their needs. It is also difficult for them to see the continuum of support and aspire to and plan their own development accordingly

- Delivery agents to know about each of the component parts and to ensure that there are appropriate cross referrals e.g. for funders to refer individuals and organisations to appropriate business support.
- Co-ordination of management information data to allow consistent monitoring of who is accessing the components of the package (and who is not) and robust client tracking.

7.7 The study found that the current routes in to the package can sometimes be complicated and inconsistent. There is strong support for the development of a one door approach to provide a common entry point to route individuals and organisations in to a single, consistent and accessible process for assessing need, eligibility and signposting to funding and support. Sitting behind this one door access point would be the range of funding and support types and delivery agents with a single clear brand and an easier route into accessing the components of the package.

7.8 The entry point should be flexible enough to reflect local circumstance and infrastructures and it need not be promoted as a single, national access point, rather, with regional access points that route enquiries to a single, common system that links the whole package together.

7.9 Careful consideration will have to be given as to where the local portals will be located to ensure a high quality, consistent service. It must be developed in a way that is visible and accessible to the wide range of individuals and third sector organisations regardless of size, sector or stage in development. There is the potential for the local Single Interfaces to have a role and this should be explored as part of the feasibility stage.

Recommendation 1: Develop a branded, one door entry point to the package where individuals and organisations have a business health check and needs assessment at the point of contact. This would involve a short review of business needs, following a consistent approach and adhering to quality assurance standards. This will identify which elements of the package (funding, business support or both) businesses should access to meet their needs. Following this screening process will ensure that only those who are eligible and likely to secure funding are routed in that direction, and only those who will truly benefit from business support are directed to business support. By putting more resources into the initial screening, the result should be a more streamlined application process with only those who are suitable completing an application form, and increased and better informed use of the business support services. While the one door entry point should be co-ordinated nationally and have a national brand, it should have more localised entry points. The potential of local Single Interfaces to fulfil this role should be considered as part of a feasibility study in due course. If a single entry point for business support and funding is not adopted, then there should be a pre-application stage which tests eligibility and also identifies whether funding and/or business support is the best option.

Recommendation 2: All data on the clients should be maintained nationally, tracking their progression through the package over time using standardised datasets.

Recommendation 3: Staff administering the health checks and needs assessment could contact the third sector clients at regular intervals, perhaps annually to identify whether their situation has changed sufficiently to merit another health check and needs assessment. This would identify any new needs that could be met through the package or through other providers, such as Business Gateway, Scottish Enterprise or HIE.

Recommendation 4: All delivery agents involved in the package, along with Business Gateway, Scottish Enterprise, HIE and Single Interfaces should understand each others' role and ensure that organisations are referred to the appropriate support..

Business support

7.10 Whilst there is a high degree of satisfaction with the funding elements of the package, there is less satisfaction with and clarity about the business support components. Whilst generally the business support is viewed positively, there is a relatively low level of awareness about the business support on offer meaning that there are organisations who could benefit from it but who are not currently doing so. The one door approach would help to address this.

7.11 It is important to recognise that there is always likely to be a higher degree of satisfaction with funding support than the more complex and in some ways, less tangible, business support. The benefits of business support will often take longer to be realised, particularly in terms of increased income. There is a more complicated mix of inputs some of which may be less relevant to the organisation than others or at least, be perceived to be so.

7.12 It is right that the Scottish Government should use business support as a tool to engender entrepreneurialism in the sector but it needs to consider how it can make sure that it is used more widely by third sector organisations that could benefit and how it can be tailored to need rather than driven by supply. At present, discounting the business support built into the SEF, only 7% of fund applicants have accessed business support through the funded package.

7.13 The study findings show that the current funding package, which is about investing in individuals and organisations rather than traditional grant funding, should be accompanied by business support to help maximise that investment. There is strong support for the business support becoming a compulsory or at least strongly encouraged condition of funding. However this should not mean that support is embedded in funding i.e. there should be a choice of provider and type of support rather than a specified support offer that is attached to a funding stream. There is recognition that some organisations, particularly those that are most well established, may not need formal business support, but they could benefit from light touch advice from a mentor who acts as a critical friend to the organisation.

7.14 The health check and needs assessment described in recommendation 1 would determine from the outset the particular needs and the degree of support required. If the one stop shop model is adopted then an individual or organisation would present with an issue they need help with and the health

check would be used to identify not only their business support needs but also to identify any funding needs they may have. This would enable individuals and organisations to be directed to the appropriate funds and business support (both pre and post-application support as applicable) to meet their individual needs.

- 7.15 This information could then be used when making the application decision to identify those for whom post-application business support is a necessary condition of funding and those for whom it is strongly encouraged. Business support needs will however change over time, and organisations should be encouraged to have the health check carried out as often as they deem necessary.
- 7.16 Although stakeholders would like to see the take up of business support more strongly encouraged, there is strong resistance to a model whereby business support is embedded in all funding. In other words, there should always be a choice of provider and type of support rather than a specified support offer that is attached to a funding stream. Respondents were clear that support needs vary and recipients of funding should not be provided with a rigid programme of support but with a tailored support to meet their specific needs. They also believe that there should be more scope for third sector organisations to choose the business support and the provider that they want to use, though perhaps not in a totally open market place.
- 7.17 Providing this level of choice could be achieved by having at least some of the funding for support follow the beneficiary rather than being provided directly to the support organisations. If this approach is adopted then there needs to be careful consideration of the balance between support being funded through contracts with providers as in the current model, and support that applicants can choose in a wider market place. There is also scope for third sector organisations to purchase the support from a wider but limited list of registered or pre-approved suppliers.
- 7.18 The business support element of the package does not currently link well to existing infrastructure, most notably locally provided support through Business Gateway (although the evidence on links with Scottish Enterprise and HIE is limited, these do appear to be better developed) and intermediary organisations such as the CVSs and local Single Interface organisations. This creates the potential for duplication of services. It also limits the opportunities for cross referral between these local business support services and larger, regional, or national providers. There needs to be greater emphasis on communication with the local intermediaries and Business Gateway to ensure they understand the package on offer, and how they can help to design the package of support to ensure best fit with their own services.

Recommendation 5: Consider making it a condition of funding, or at least a strong recommendation that recipients of the funds access business support, using the health check and needs assessment to identify when this is necessary and what support should be accessed.

Recommendation 6: During the pre-application assessment consider identifying that at least some of the funding for business support follows the beneficiary rather than being provided to the delivery organisations. This would increase choice, encourage competition between providers and could drive up quality. This model could be supported by the development of a guide that supports individuals and organisations to make good decisions about the type of support and provider they should choose.

Recommendation 7: Explore how the existing business support infrastructure provided through Business Gateway, Scottish Enterprise and HIE can better link with and complement the business support and funding offered through the package. This will involve identifying the needs of the sector, identifying the extent to which these agencies provide a service that is appropriate for the third sector, and exploring the barriers to engagement between the sector and the agencies. Findings from this research should be used to develop a strategy that will overcome barriers to engagement, and deliver greater alignment between the package and the enterprise network.

Gaps in provision

7.19 Given the lack of awareness and clarity about the business support package it was not possible during the evaluation to gather robust data on the gaps in the support that is provided.

7.20 Because the funding package is more widely used, there is a much higher degree of knowledge, experience and understanding of it. It is clear from the research that it has a good sectoral coverage and is highly valued by recipients and stakeholders. It successfully provides a spectrum of funding support to meet the wide range of needs across the sector although there are two gaps that the study has identified and that should be addressed. These are:

- At present start up funding is not available for groups and organisations that are new start and embryonic social enterprises. These organisations cannot access any of the funds as the SEF only supports individuals at the start up stage, not established groups, while the TSEF does not support organisations until they have been established for a minimum of 2 years.
- It should provide a fund that includes loan finance that sits between TSEF and SIF in the funding spectrum. Currently the TSEF is over subscribed due to its breadth. Some of the more established and financially sustainable organisations that apply to TSEF could be funded in part through loan finance, but they are not yet ready for SIF. For these organisations a fund with a small loan element and support to manage this could help them to move to loan financing earlier than the current package allows and also potentially enable more organisations to be funded with the same resources.

Recommendation 8: Consider widening the availability of funding to include groups and organisations which are new start and embryonic social enterprises and also to offer loan finance to organisations at an earlier stage than is currently possible.

The wider third sector

- 7.21 A very important finding of the study is that while the package of funding and support is, on the whole, working well for social enterprises and the most enterprising third sector organisations, there remains a significant proportion of the third sector that see that package as something that is not relevant to them. For many, the language of business and enterprise alienates them, and they do not consider the relevance of the package in the context of their social mission.
- 7.22 There tend to be two types of organisations in this camp: those who have the potential to become enterprising but do not yet recognise this or do not have the capacity to begin the journey to becoming enterprising; and those who, due to the nature of their mission and activities, are unlikely to ever be able to become enterprising and make significant moves away from dependency on grant funding.
- 7.23 The former issue could be addressed through more investment or more targeted investment in local third sector support infrastructures, for example CVSs or the Single Interfaces, to build capacity to a level whereby the organisation is ready to access the package.
- 7.24 For the latter group, there is a risk that if the government's focus is solely on making third sector organisations enterprising in a financial sense, they will not be able to survive. As a result important local services and activities could be lost. Strategically, it is important that they have the support that they need for example from local authorities and community planning partnerships to make sure that they, as appropriate, can continue to provide services. Where required they should be assisted to plan and operate in a more efficient and 'business-like' way.

Recommendation 10: The Scottish Government should work with local partners to ensure that funding and business support are effectively signposted and build on support available locally

Recommendation 11: Provide local intermediaries with tools and guidance that support them to raise awareness of the package in their local area. These should include examples of how organisations like them have benefitted from the package to show them how the language of enterprise and business relates to their own organisation.

ANNEX A – SURVEY ANALYSIS

Introduction

1. This annex details the findings from the online survey of successful and unsuccessful Third Sector fund applicants and business support recipients. Each delivery agent provided us with the contact details of applicants to their fund and/or recipients of their business support. A small sample was selected for interview and the remainder were sent the online survey. There was one exception to this. For data protection reasons Firstport were unable to provide us with the contact details of individuals who had received business support from them but not SEF funding. They therefore send the survey link directly to these individuals.
2. It details the profile of the survey sample, satisfaction with the fund application and delivery process, satisfaction with business support, the extent to which funding and support is meeting needs, and preferred models of support. Differences between funds and business support provision have been drawn out in the analysis.

Survey Sample and Response Rates

3. A total of 382 responses were received from a sample of 1353, giving a response rate of 28%.
4. The response rate varies by fund and business support product, as shown in the table below. The most positive response rates have been received from TSEF and Credit Union applicants. However the majority (65%) of the overall responses have been from TSEF applicants, which means that any findings from the overall survey sample should be treated with caution, as they will be skewed towards the views of TSEF applicants.

Sample and Response Rates				
	Total sample*	Responses received	Response rate	% of total survey responses
FUNDS				
TSEF	412	247	60%	65%
SEF	226	44	19%	12%
TSRF	189	10	5%	3%
SIF	127	45	35%	12%
TSCU	22	11	50%	3%
Sub Total for Funds	976	357	36.6%	93.4%
BUSINESS SUPPORT				
Firstport (not linked to SEF)	390	34	9%	9%
HISEZ	174	29	17%	8%
Aspire to Enterprise	139	54	45%	14%
Realise mentoring	21	11	52%	3%
CEMVO	12	3	25%	1%
Sub Total for Bus Support	736	131	17.8%	34.3%
Number of respondents: 382 Total sample: 1353 Source: GEN 2010 *Applicants that applied to more than one fund will be duplicated; Includes those that opted out and with undeliverable contact details				

- The survey found that 27% (104) of respondents had both submitted a funding application and received business support. Further, 7% of respondents stated they had successfully applied for more than one fund; 7% had unsuccessfully applied to more than one fund; and 2% had submitted a mix of successful and unsuccessful funding applications.

Funding Process

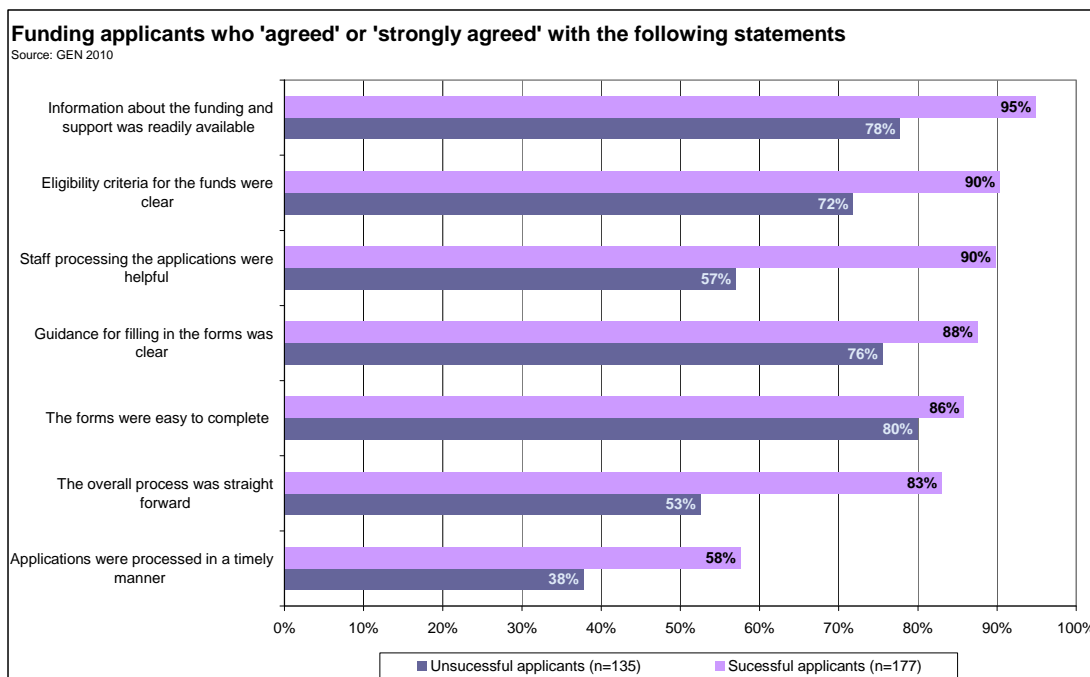
Awareness

- Respondents who had successfully applied for one or more of the funds were made aware of the funding through a variety of channels, most commonly word of mouth, accounting for one third of applicants (32%).

Source of initial awareness of the funding		
	Number of responses	% of responses
Word of mouth	52	32%
Scottish Government	45	27%
Other (please specify below)	35	21%
National networks (e.g. SENSCOT)	32	19%
Local Social Economy Partnerships (LSEP)	21	13%
Scottish Council for Voluntary Organisations	17	10%
Local CVS	8	5%
Don't know	3	2%
Source: GEN 2010		

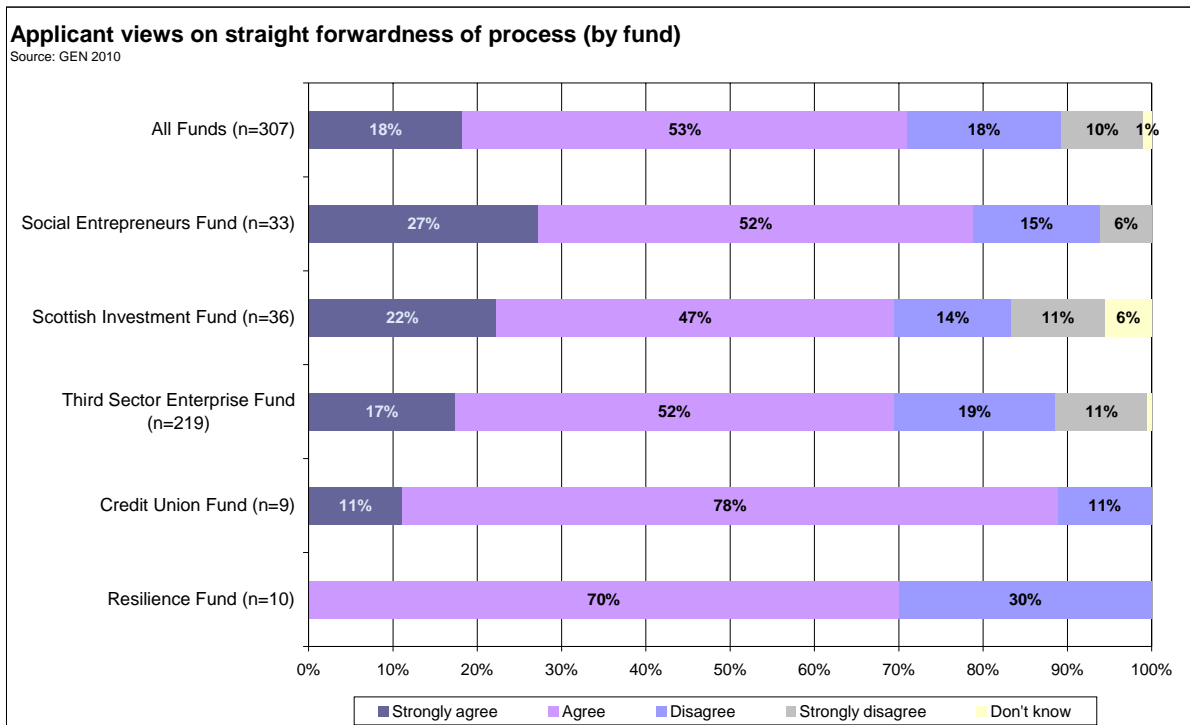
Satisfaction with Application Process

7. Respondents are largely satisfied with funding application processes, as shown by the next chart. As could be expected, respondents who have successfully applied for funding are more positive about the process. Fewer applicants are satisfied with the timeliness of the application process compared to other aspects of the process.



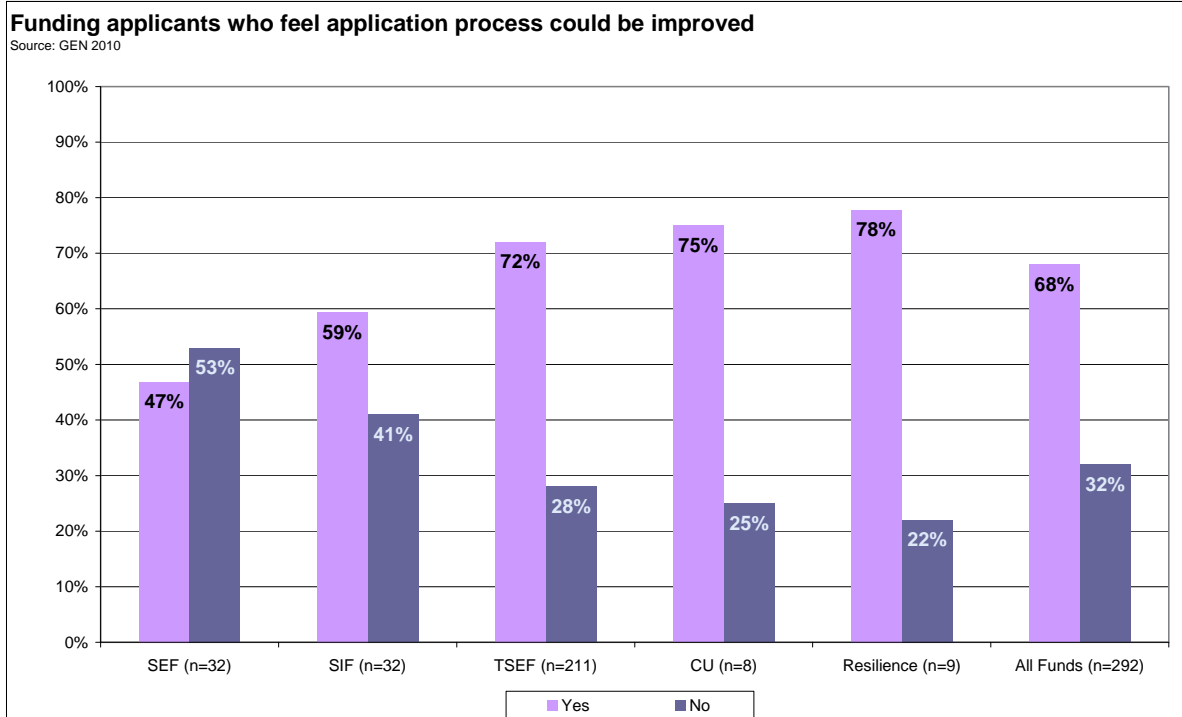
8. Between the funds opinions varied as to how straight forward the application process was. The Credit Union Fund was considered the most straightforward to apply for taking 'strongly agree' and 'agree' responses. None of the Resilience Fund applicants strongly agreed the process was straight forwards. However these findings should be treated with caution as the number of respondents is small for both the Credit Union and Resilience Funds. In

addition 7 out of the 10 Resilience Fund respondents were unsuccessful applicants and so responses may be skewed by this.



Note: Because the response rate for TSRF and TSCU is low, the findings for these particular funds should be treated with caution.

- In four of the five funds the majority of applicants feel the process could be improved. The Social Entrepreneurs Fund is the exception. In line with findings in the previous chart, Resilience Fund applicants were most likely to state that there is room for improvement, but again this may be skewed by the proportion of respondents who had been unsuccessful.



Note: of the nine Resilience fund applicants who answered the question seven were unsuccessful

Note: Because the response rate for TSRF and TSCU is low, the findings for these particular funds should be treated with caution.

10. Ways to improve the application process commonly cited by applicants concerned clarity regarding eligibility criteria and application guidance, managing applicants' expectations particularly regarding timescales and increasing communication with fund administrators. Also, ensuring assessors have the specialist knowledge to fully appraise applications and the opportunity for a Dragon's Den style pitch was cited by some applicants. Examples of the comments are detailed below.

"email updates of receipt and progress" –Successful TSEF applicant

"The people approving or rejecting the bids do not understand enough about the subject of the bid e.g. technology" - Unsuccessful TSEF applicant

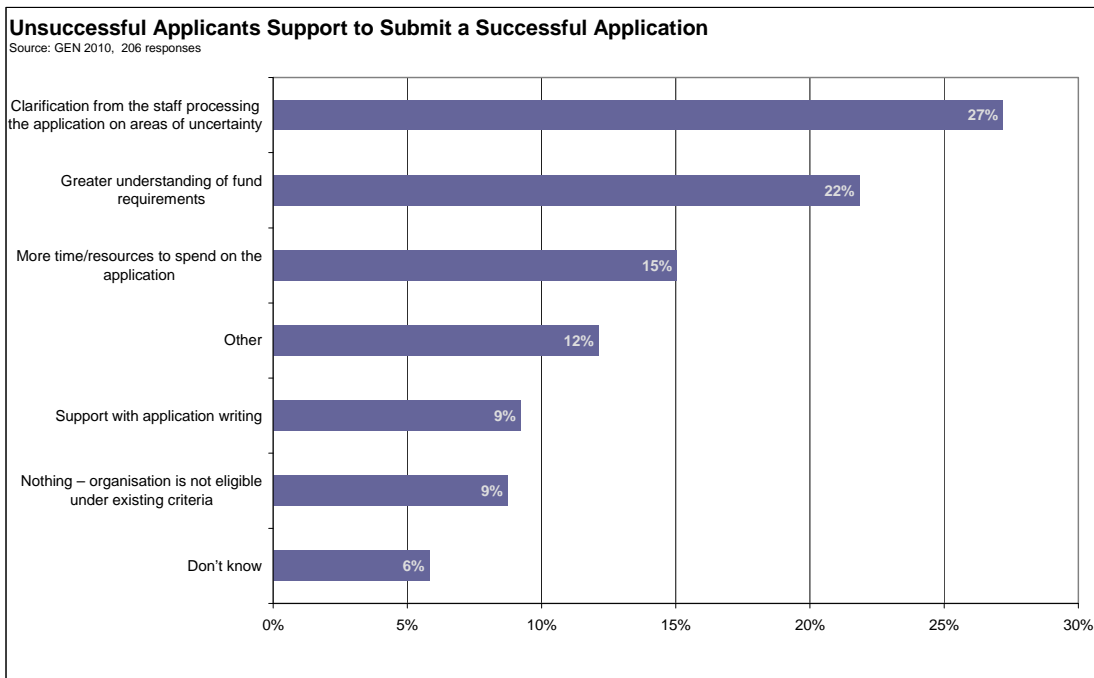
"A more detailed explanation of the various criteria would help - especially for those who are applying for the first time" – Unsuccessful CU applicant

"Clearer eligibility criteria and more detailed feedback to improve future applications" - Unsuccessful Resilience Fund applicant

Unsuccessful Applicants

11. We asked unsuccessful applicants what would have helped them to have submitted a successful application. Greater understanding of requirements and clarification of uncertainties were the most common responses. The main

variation between funds is that Credit Union Fund applicants more commonly stated that support with application writing would have helped them to submit a successful application (75%, 4 responses).



- Perhaps unsurprisingly, unsuccessful applicants tended not to agree with the decision (68%, 135 responses, disagreed or strongly disagreed). There was some variation by fund, as shown in the next table. Social Entrepreneurs Fund applicants were most likely to disagree with an unsuccessful decision, while Resilience Fund applicants were least likely to disagree.

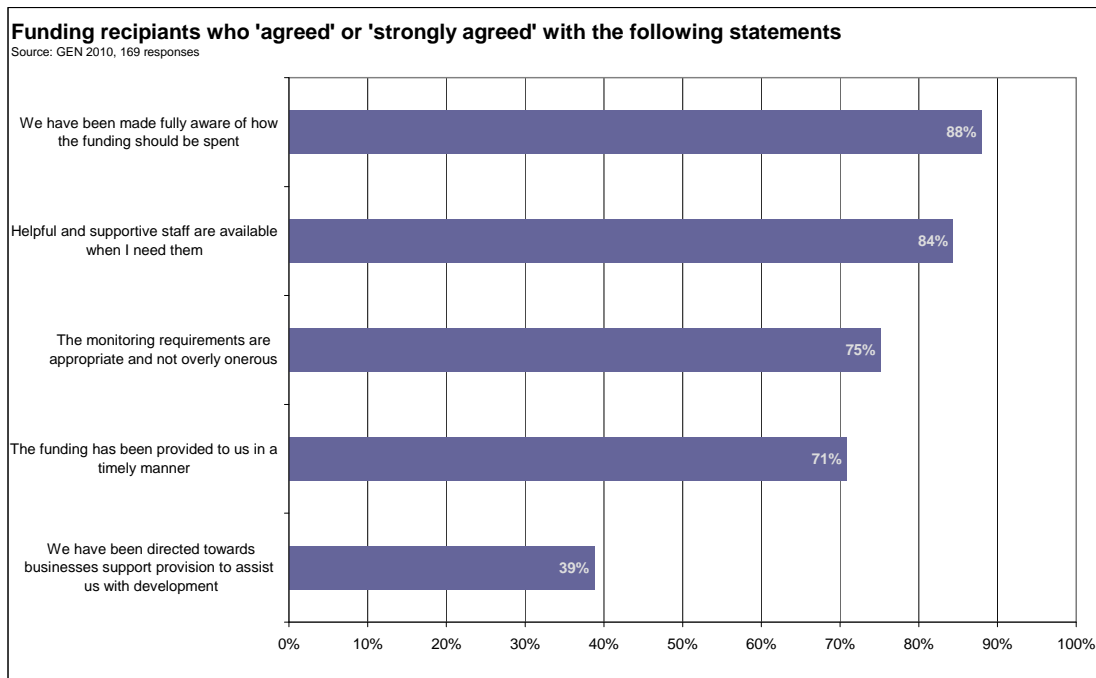
Unsuccessful applicants' disagreement with funding decision	
SEF (n=12)	83%
Credit Union Fund (n=4)	75%
TSEF (n=94)	69%
SIF (n=18)	61%
Resilience Fund (n=7)	43%
Source: GEN 2010, n denotes number of responses	

Note: Because the response rate for TSRF and TSCU is low, the findings for these particular funds should be treated with caution.

- Just over half of respondents sought feedback on their application (54%). There was little variation by fund, with the exception of the Resilience Fund where comparatively fewer respondents sought feedback (27%). It is worth noting that the Scottish Government report that to date feedback has been provided to 50 unsuccessful TSRF and 77 unsuccessful TSEF applicants.

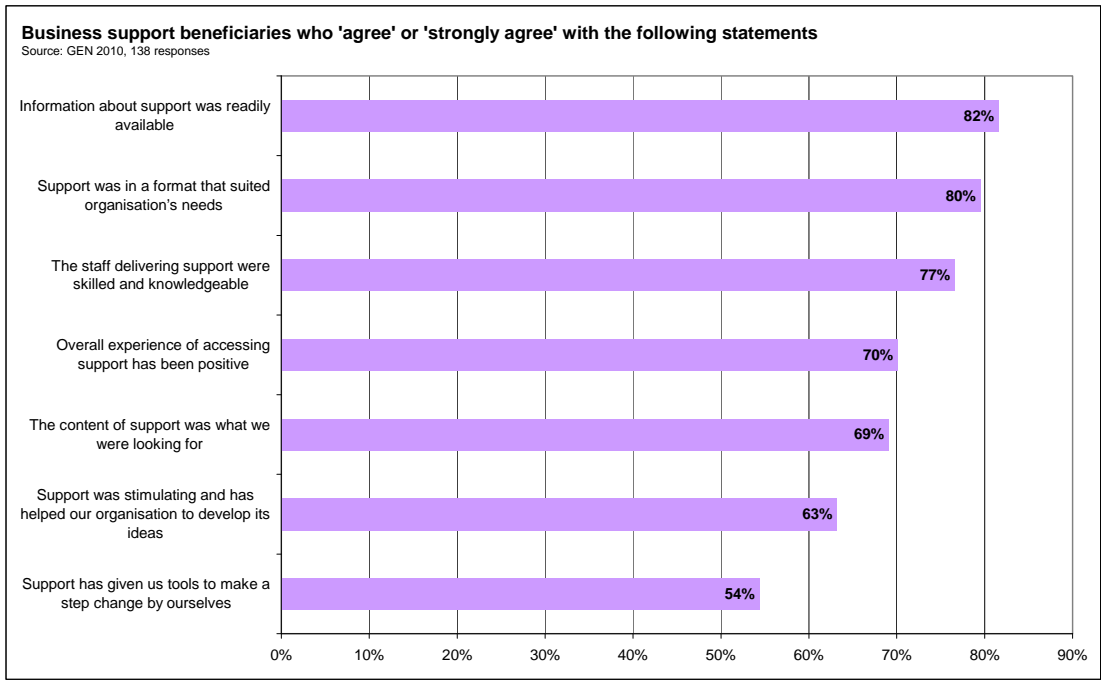
Fund Delivery Process

- Fund recipients are satisfied with the fund delivery process, though few organisations have been signposted to additional support (39%). There was little variation by fund.

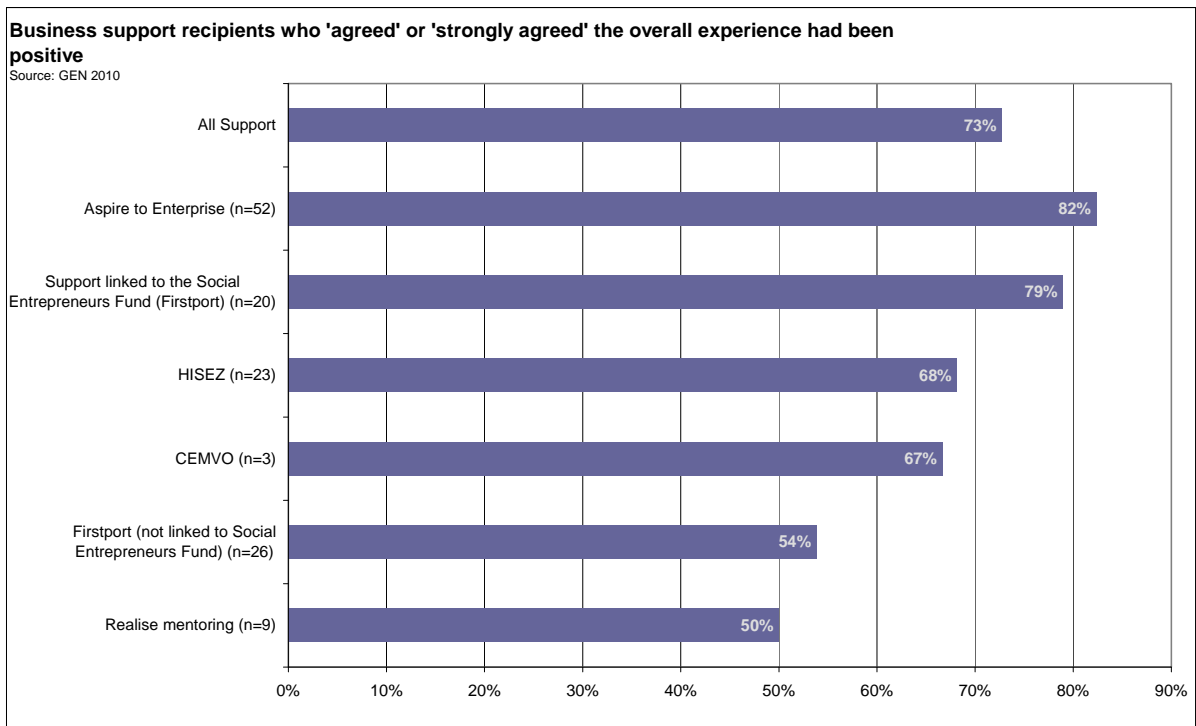


Business Support

- Business support has been well received by respondents. Respondents stated that information was readily available (82%), it was in a format that met their needs (80%) and delivered by skilled staff (77%). Just over half of respondents (54%) reported that the activity had given them the tools to develop the organisation without further support.



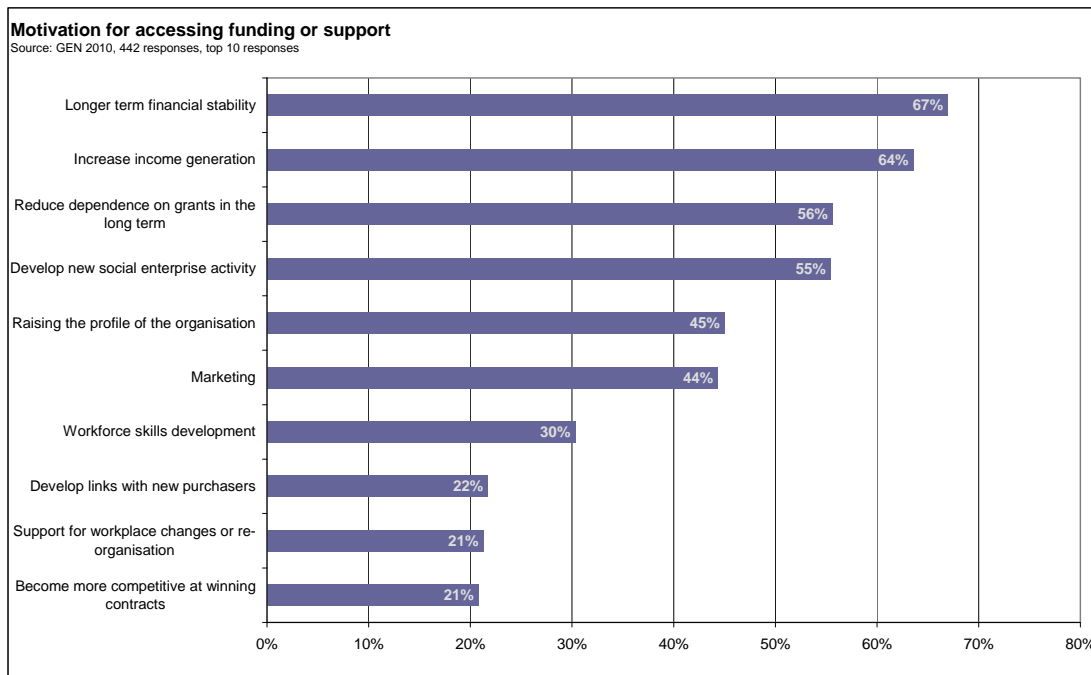
16. There is some variation in overall satisfaction by business support type. The highest degree of satisfaction was amongst respondents that had accessed Aspire to Enterprise support (82%), whilst only half of Realise Mentoring recipients agreed the support had been positive.



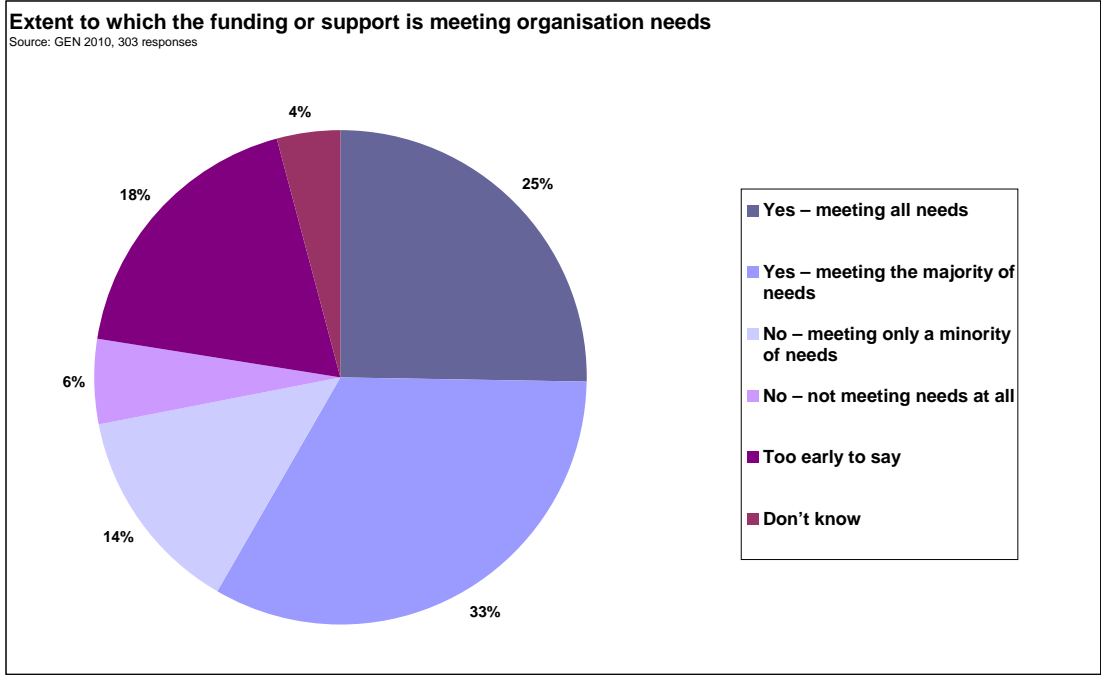
Note: Because the response rate for TSRF and TSCU is low, the findings for these particular funds should be treated with caution.

Funding and Support Meeting Organisation Needs

17. Financial factors are the top motivators for organisations accessing funding or support. The most common needs that organisations were hoping to meet are shown in the next chart. Financial factors such as longer term financial sustainability (67%), increasing income generation (64%) and reduced dependence on grants (56%) are the top three motivators.



18. There was little difference in the motivations for accessing business support compared to those for accessing funding.
19. Responses show that Third Sector support is well suited to the requirements of organisations. Nearly six in ten respondents stated the funding or support is meeting all or the majority of needs (58%).



20. There is some variation on the extent to which recipients feel funding or support is meeting their needs, as shown in the next table. Funding is more commonly meeting recipients' needs compared to business support. The low number of responses for some of the funds should be considered in the interpretation of these findings.

Funding or support is meeting all or the majority of needs	
Fund or business support type	% of respondents
Credit Union Fund (n=5)	80%
SIF (n=15)	80%
TSEF (n=125)	66%
SEF (n=18)	61%
Aspire to Enterprise (n=53)	60%
Resilience Fund (n=2)	50%
Support linked to the Social Entrepreneurs Fund (Firstport) (n=19)	47%
Firstport (not linked to Social Entrepreneurs Fund) (n=26)	42%
Realise mentoring (n=10)	40%
HISEZ (n=24)	38%
CEMVO (n=3)	33%
Source: GEN 2010 'n' denotes number of responses	

Note: Because the response rate for TSEF and TSCU is low, the findings for these particular funds should be treated with caution.

21. Examples of how the funding and support is meeting needs are cited below. These commonly included marketing and profile raising, capital investments and improving longer term financial prospects.

“Met the need to upgrade the premises and our computer systems.”

“Training improving governance, and workforce skills. Marketing helping to increase membership and therefore improving long term stability and dependence on grants”

“Levering other funding.”

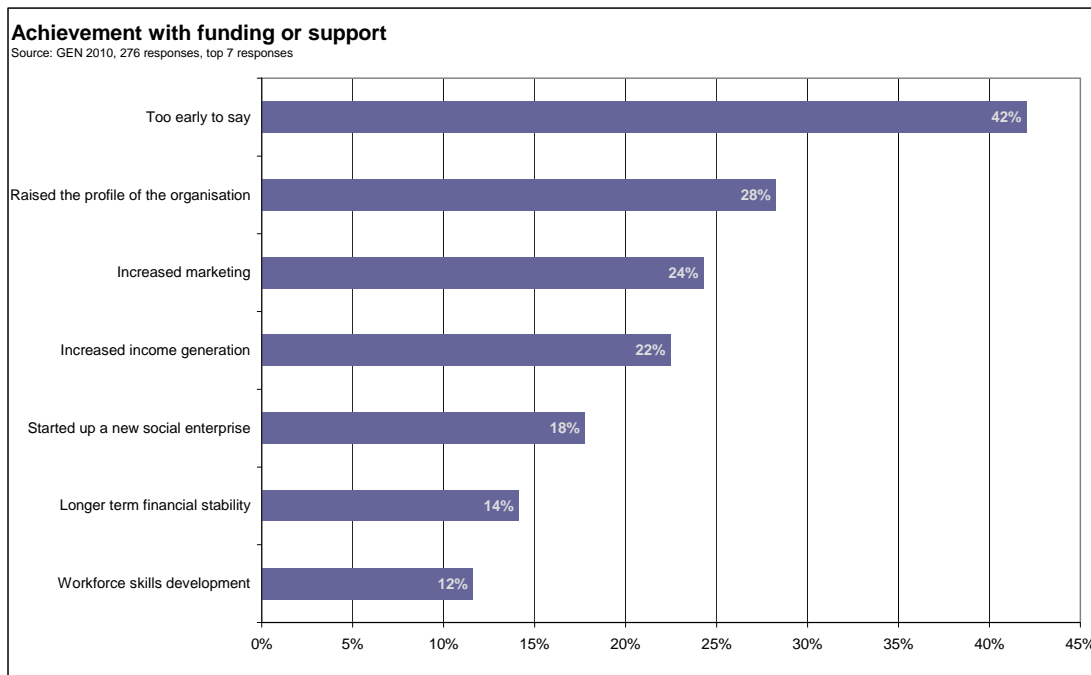
22. As shown in the previous chart, few respondents stated the funding was not meeting their needs. Some examples of these are cited below.

“We have not established links with new purchasers beyond those we had already identified at the beginning of the project.”

“Tight cashflow in face of recession”

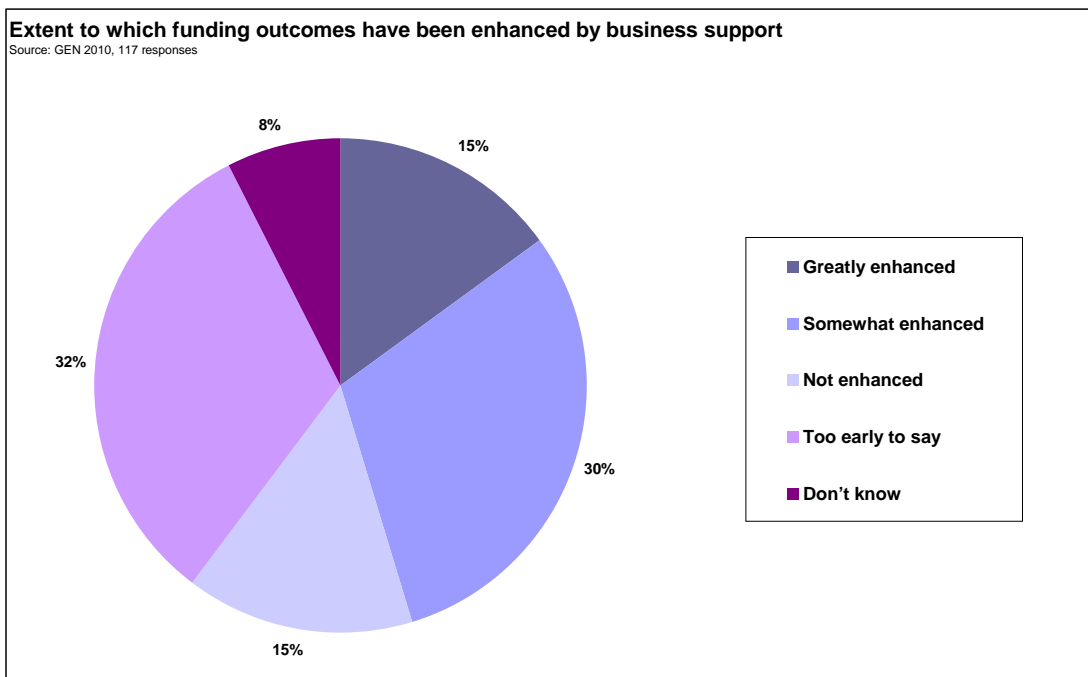
Activity Achieved with the Funding or Support

23. Most commonly, organisations stated it was too early to comment on outcomes of the support (42%). This is unsurprising as many of the previously mentioned motivations for accessing support are long term aspirations. In addition half of the TSEF applicants and all of the Resilience applicants will only have received notification of their funding decision a couple of weeks before they received the survey. Profile raising (28%) and marketing activity (24%) are the outcomes that respondents most commonly report having achieved to date. It is encouraging that over one in five (22%) have increased income generation, although it is unclear if this refers purely to the income received through the funds.



Structure of Support

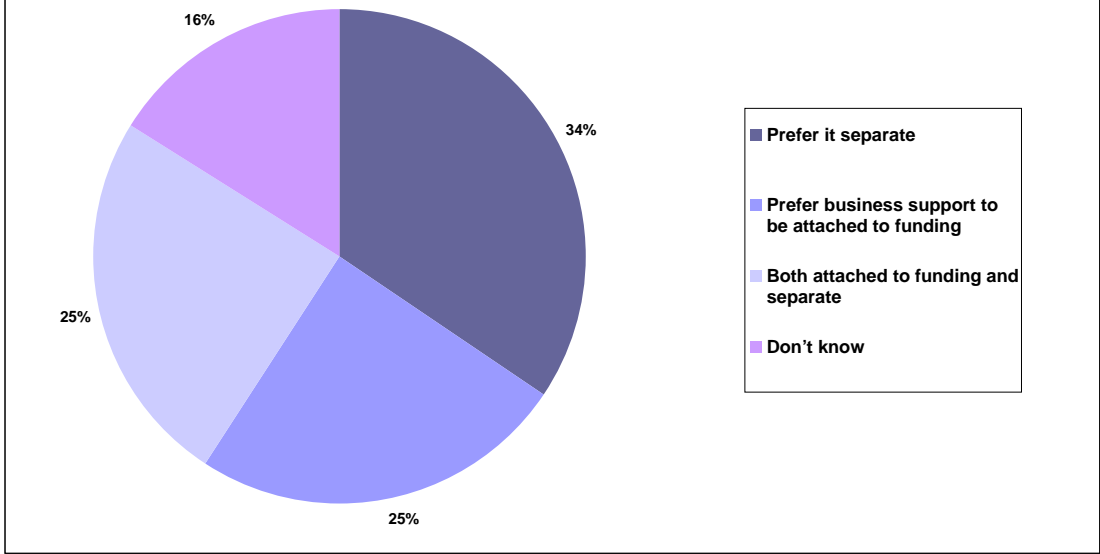
24. The majority of organisations who had received both funding and business support found the two elements to be complementary (65%, 93 responses). Firstport support in particular was cited as complementing the funding. This was the case for both the support they offer linked to the Social Entrepreneurs Fund, and for the support that they offer to non-SEF applicants (44% and 46% respectively).
25. The survey findings show a combination of funding and business support enhances the outcomes for the organisation. This was most common amongst Aspire to Enterprise respondents and those who received Firstport support linked to the Social Entrepreneurs Fund.



26. However, while respondents think that business support can enhance the outcomes of the funding, they are not convinced that the support should be attached to the funding, with a third of respondents saying they would prefer it to be separate. Only a quarter would like the support to be attached to the funding, while a further quarter would like there to be both. There was little variation by support type.

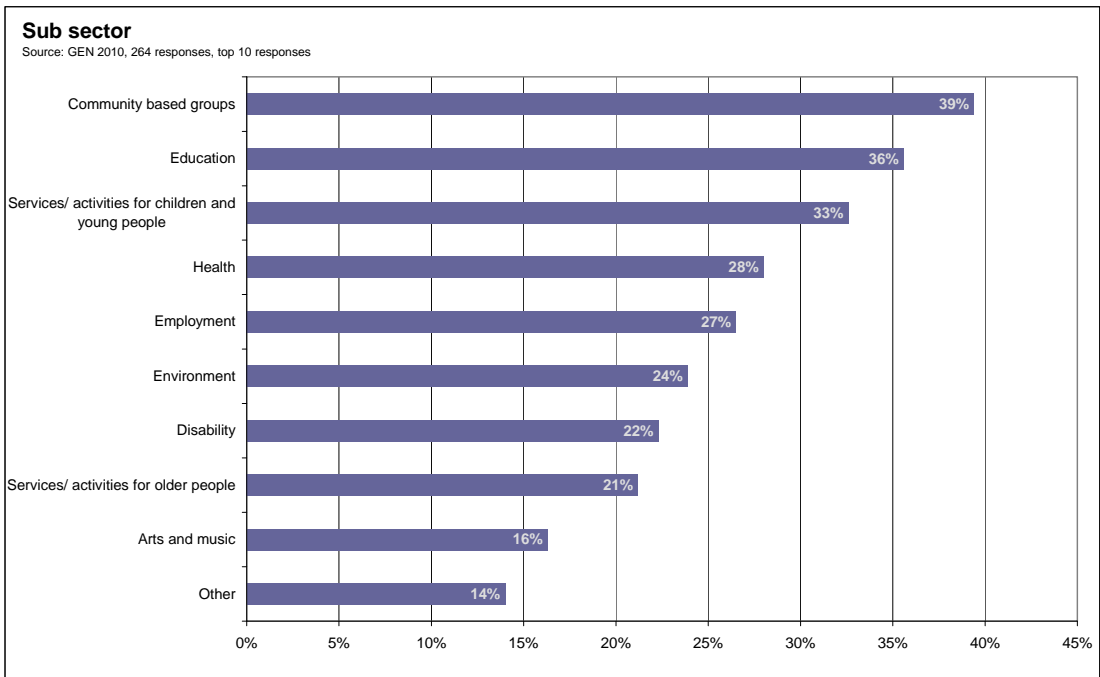
Preferred structure of funding and support

Source: GEN 2010, 130 responses



Background Profile of Sample

27. Responses have been drawn from a wide range of sub sectors, most commonly community based groups (39%), education (36%) and children and young people's services (33%).



28. Organisations varied in size, most commonly with 1-5 employees (46%) and with 11-49 volunteers (31%).

Organisation Size					
Employee Sizeband	Number	%	Volunteer Sizeband	Number	%
0	44	17%	0	35	13%
1-5	121	46%	1-5	54	21%
6-10	34	13%	6-10	55	21%
11-49	42	16%	11-49	81	31%
50-250	15	6%	50-100	18	7%
250+	9	3%	100+	18	7%

Source: GEN 2010

29. Respondents tended to be well established organisations, 45% had been established for over ten years.

Time Organisation has been Established		
	Number of responses	%
Less than one year	40	15%
1 -2 years	27	10%
3- 5 years	36	14%
5-10 years	42	16%
More than 10 years	118	45%

Source: GEN 2010

30. Applicants and support recipients had a large financial turnover. Two thirds stated this was in excess of £100,000 this year, which is high considering the current downturn.

Turnover this Year		
	Number of responses	%
Up to £10,000	23	9%
£10,001-£20,000	11	4%
£20,001-£30,000	6	2%
£30,001-£50,000	12	5%
£50,001-£75,000	13	5%
£75,001-£100,000	18	7%
£100,001+	163	62%
Don't know	19	7%

Source: GEN 2010

31. There was a varying degree of self sufficiency amongst respondents, as demonstrated by the range of turnover to grant funding ratio. However as

shown in the next table, for 4 fifths of respondents grant funding is less than 25% of their income.

Proportion of Turnover that is Grant Funding		
	Number of responses	%
Less than 25%	109	41%
25-50%	40	15%
51-75%	47	18%
More than 76%	48	18%
Don't know	20	8%
Source: GEN 2010		

Summary

32. The key survey findings are summarised in the following bullet points:

- Successful fund applicants are largely satisfied with the application and delivery process, more so than unsuccessful applicants, though the majority of respondents felt the process could be improved.
- While information was readily available to unsuccessful applicants, greater understanding and clarification of this information would have helped their application. Respondents tended not to agree with the decision.
- Business support has been well received by respondents, particularly regarding the delivery format and staff.
- Financial reasons are the main motivations for accessing funding and support. This is well suited to the requirements of organisations and is meeting their needs.
- While the majority of respondents stated that business support enhanced outcomes they had experienced as a result of funding, opinion was divided on the delivery structure this should take.

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