SUBMISSION FROM ABERDEEN FOYER

Submitted by Ken Milroy MBE, Chief Executive

1. Understanding the scale and growth of social enterprises and employee-owned businesses in Scotland

The Foyer is now in its 20th year having been established in 1995 as a Charitable Trust by the then Grampian Regional Council. It may interest the Committee to know that one of the Foyer’s first Trustees was former Councillor Maureen Watt. The Council saw merit in establishing some form of ‘partnership’ organisation that could provide a ‘vehicle’ for collaboration from existing public agencies/services and business and take forward the establishment and operation of a Foyer for Aberdeen and Grampian. The vision for the organisation was to:

- Provide a safe place to stay for young people who were homeless or at risk
- Enable people to move towards and into work
- Improve access to health services and promote good health, healthy choices and lifestyles
- Be enterprising, develop and operate businesses to support the Foyer’s work

Learning point – the key leadership role of the local authority in initiating and supporting the establishment of the organisation

Learning point – fostering collaboration across public, private and voluntary sector

In the early 90s the Foyer concept was being actively promoted in the UK by Shelter, which went on to establish the Foyer Federation. The Foyer model in the UK was promoted as a means of tackling high youth homelessness adapted from similar approaches to support young people in making the transition to independence in other European countries. At a basic level a Foyer would provide supported temporary accommodation for young homeless people together with opportunities for education, training and employment. In England and Wales Housing Associations established many of the Foyers that now operate, some 140 in total. The Foyer Federation has remained a key membership and networking body for Foyers.

Learning point – imitation, replication and adaption of models being established elsewhere, taking something to scale

Learning point – the importance of building a network of similar organisations to support further development and learning and give a collective voice to a new ‘movement’

Aberdeen Foyer was reconstituted as a Company Ltd by Guarantee in 1997 and also established a trading arm, Foyer Enterprise, through which the Foyer would establish and operate non-charitable, commercial activities to support the wider work of the Foyer.

Learning point – critical to have access to appropriate legal and business set up advice
The Foyer has over the last 20 years grown from an organisation of 5 staff and a revenue budget of £200k (grant from the local authority) to a group company structure, 100 employees with a turnover in excess of £4m, 90% of which is from direct sales and contracts (trading) and over 70% of these through public sector sales/contracts.

2. Hearing examples of innovation from businesses, for example employee involvement in developing new products, services or processes and innovative partnerships within communities

We see the Foyer as a social enterprise and our businesses, which operate through our trading companies, as social businesses. Initially all such business ventures operated through Foyer Enterprise, a company through which we established a number of businesses, some successful, some less so. In establishing the company we set 3 broad objectives. Any business would need to meet at least 2 of them:

- Contributing financially to the work of the Foyer
- Raise our public profile
- Provide employment and work experience opportunities

Foyer Graphics was our first business established in 1999, it still trades successfully. The business enjoys a healthy portfolio of customers and has over the years undertaken work for large multi-national oil and gas companies, Government departments and bodies. Our current top ten clients include notable names such as Visit Aberdeen, Step Change in Safety, Absoft, Grampian, Langstane and Castlehill Housing Associations, Oil & Gas UK, the Craig Group and activpayroll, as well as producing all the Foyer’s own graphics and marketing materials.

We established the Foyer Restaurant and Gallery in 1999 and through it also operated The Foyer @ HMT from 2008 under a 3 year contract with Aberdeen Performing Arts and also operated smaller scale catering ventures. We closed the Foyer Restaurant and Gallery in 2013 indeed all our catering businesses, after poorer trading results and significantly increased competition in the Aberdeen market.

In 2007 we opened a Ben & Jerry’s Partnership in Aberdeen’s Bon Accord Centre. Operating as a social firm the business proved a challenge to both operate commercially in a high cost location and provide training and employment for our clients, without subsidy. We did however make a profit in the venture primarily through selling our leasehold interest back to the centre owners to allow for a major refurbishment of the centre.

In 2008 we purchased a 50% share hold interest in the driver training company Roadwise with whom we had been working for a number of years to provide subsidised driving lessons for our client group. In 2012 we purchased the remaining 50% share hold interest in the company. As well as learner drivers (primarily young people) Roadwise also provides a range of driver training to businesses, many in the oil and gas sector. This aspect of our work has seen a sharp reduction in sales in the current downturn in the oil & gas sector. We are however successfully diversifying the business and have recently secured a new national driver training contract with a
large oil and gas company working with partners in other parts of the UK and incorporating a new coaching approach concentrating on improving drivers’ behaviours and attitudes.

Through a recent Innovation Grant from Scottish enterprise we are currently developing a new franchise product aimed at increasing the opportunities for people to become self-employed driving instructors. Already in the last six months as we have piloted the new product we have successfully supported two individuals, who were made redundant as a result of the oil and gas downturn, to become instructors. Interest has been shown from other individuals similarly affected by the downturn.

Road safety underpins our business approach to driver training and we see great merit in exploring the replication of schemes operating in England which offer an alternative to speeding fines and driving license points through the provision of speed awareness training paid for directly by offenders. This would seem to be a positive and sustainable means of further promoting a road safety message, so we are keen to engage with Scottish Government on how this might be achieved.

Alongside all of our social business ventures are our core service activities in terms of Foyer Housing, Foyer Learning, Foyer Health and our early intervention and prevention service, Foyer Futures. Across all our services we have benefited from design led techniques and the active involvement of staff and service users in the development of new and existing services and the creation of networks of support in, for instance, our employability work with local employers.

3. Assessing the sources of funding and support available

Grant support, particularly in the set up period for the Foyer was critical, given the organisation had no track record in service delivery. It is important that grant assistance for new ventures is available from public bodies as well as from charitable trusts and corporate donations. In the Foyer’s case all of the ‘capital’ investments required by way of housing provision and our Aberdeen training centre were made principally through existing public sector/service funding mechanisms with any capital asset remaining in the ownership of the public sector/service and leasing arrangements with the Foyer. These arrangements established in 1995 echo much of recent legislation embodied in the Community Empowerment Bill and the potential for ‘Community Asset Transfer’. Justification for the arrangements established in 1995 was vital to demonstrate that the Foyer would help meet statutory duties of public bodies. In the Foyer’s case close alignment and involvement in local homelessness strategies and services has been paramount and remains so.

Other funding arrangements that proved vital in the early phase and development of the organisation included a sizable grant from the then National Lottery Charity Board, together with smaller but important contributions from BBC Children In Need and the Lloyds TSB Foundation. At the time the public service procurement arrangements were not as developed as now, so proof of concept to secure longer-term public contracts was important for us. Many of these funds provided the opportunity to market test what and how we would work.
Understanding the changing public sector policy and funding environment ensured we aligned our service development and activity with relevant changes, most notably in the development of out-sourced ‘welfare to work’ programmes, health and wellbeing and health promotion services and housing support became and remains a focus for the organisation. Access to specialist expertise and advice has been very important. There are a network of organisations at local and national and UK levels that have supported us in this as well as strategy and service planning groups and consultation groups through local authorities and other commissioning public bodies.

Changes in public sector procurement arrangements have shifted with some commissioning arrangements moving from local to larger scale contracts, notably within ‘welfare to work’ activities. This impacts on a number of the Foyer’s services resulting in a shift from being a direct contractor to being part of the supply chain for larger ‘prime contractors’. This is an area of concern for smaller more locally focussed social enterprises.

The regulatory framework on the organisation has also increased since our establishment, e.g. OSCR, the Care Inspectorate, alongside increased contract compliance requirements.

With regard to our business activities, sources of financial support are more limited in terms of public funds. Generally bank support has been very good, both in terms of ‘working capital’ and access to loans for investment in equipment. We have benefited from Scottish Enterprise as an ‘account managed business’ and investment from Scottish Government Social Investment Fund through Social Investment Scotland giving access to both grant and loan funding.

We are members of Social Enterprise Scotland, Social Firms Scotland and SENSCOT and have undertaken training for our managers through the Social Enterprise Academy. The network of support bodies is proactive in providing access to information, advice and support. We are also members of the UK Foyer Federation, Homelessness Action Scotland and link now with the new body for employment training organisations ERSA. We are also members of the SCDI and Aberdeen & Grampian Chamber of Commerce and link with both Third Sector Interface organisations in Aberdeen and Aberdeenshire.

4. What public bodies are doing and should be doing to encourage these business models.

Throughout the Foyer’s ‘story’ public bodies, and the individuals from them, have been critical in providing support, encouragement, advice as well as financial support to help establish, develop and operate the organisation. It would be fair to say that without that involvement we would not be the organisation we are today. A key factor in securing that support has been our underpinning values as an organisation and our clear sense of purpose. People and organisations can ‘buy in’ to that sense of ‘doing the right thing’ and for many a strong sense of ‘public service’.

Increasingly it has been and continues to be about ‘bottling’ that support for the long-term and embedding it in clear areas of policy and strategy on the part of all public bodies. I would advocate emphasis at a local level with the Community Planning
Partnerships being an ideal forum to help align policy and support for social enterprise and develop, ideally, joined up action plans. There are already good examples of this in different parts of the country. Local Authorities are perhaps in the best position to lead in this area but it should be multi agency.

On our part we need to meet and indeed exceed expectations so we remain focussed on delivery, performance and outcomes. In 2014/15 we reviewed and revised our Strategic Plan setting out our ambition for the organisation over the next three years. Included within the plan are some key development areas for our staff including a commitment to nurture emerging talent and leadership. This would be a very clear area of focus for public bodies to contribute and support the Foyer and the wider sector.

Since 2002 the Foyer has been accredited by Investors in People, gaining a Bronze award in 2010. We have recently been assessed under the new IIP framework and have achieved a Silver award. We will continue to work with IIP over the course of the next three years, endeavouring to further improve our position. This will again provide opportunity for public bodies to focus their continuing support and input to the organisation aimed at further quality improvement and sustainability.