

# **Cross-Party Group on Social Enterprise**

**Tuesday 3<sup>rd</sup> of December 2024, 18:00 –  
20:00, The Scottish Parliament,  
Edinburgh**

## **MSPs**

Ariane Burgess MSP

Emma Roddick MSP

## **Non-MSP Members**

Booked Delegates:

Abubakar Yaro, AHRO Centre for Academic Research

Alex Richardson, Gladiators

Amy Homes, Shore Psychology CIC

Andrew Farquharson, Weel Consultancy CIC

Andy Paterson, Social Enterprise Scotland

Andy Williamson, Welcome Brain Consulting

Angela Barr, Kibble Education and Care Centre

Angela Lamont, East Lothian Council

Arkadiusz Bisiorkowski, Muirhouse and Flemington CIC

Aythan Lewes, EALA Impacts CIC

Babatunde Adetutu, Glow Impact CIC

Bayile Adeoti, Dechomai Ltd

Becca Gallacher, Edinburgh Social Enterprise Network

Beverly Campbell, seascape

Brian Morrison, Bravehearts (SCOTLAND) CIC

Bridget Stevens, Tap into IT

Caroline Newton, Sanitree

Celia Hodson, Hey Girls CIC

Chris Martin, Social Enterprise Scotland

Chucks Ododo, The Data Lab CIC

Claire Edwards, CHiL Board

Craig McEwen, Inspired Community Enterprise Trust Ltd

Daisy Ford-Downes, Firstport

Daniel Fisher, Greyfriars Charteris Centre  
Dean Fisher, SBSEC CIC  
Deirdre Aitken, Highland Blindcraft  
Douglas Westwater, Community Enterprise  
Elaine Brown, Edinburgh Remakery  
Elizabeth Docherty, Scottish Community Alliance  
Ellis Beardsmore, Pride Outside CIC  
Eloho Efemuai, Adeple  
Emily Dow, Goodies SCIO  
Fash Fasoro, Datakirk  
Fiona Scott, Repollinate  
Gael Drummond, Firstport  
Gareth Ruddock, Checkin Works and Giraffe Trading  
Giada Gaslini, Art and Spirituality CIC  
Gillian George, Scotland's Bravest Manufacturing Company  
Helen Denny, The Melting Pot  
Helene van der Ploeg, Grassmarket Community Project  
James Dunbar, New Start Highland  
Jane Mason, South Ayrshire Social Enterprise Network  
Jessi James, Edinburgh Open Workshop  
Jian You Lau, Goodies SCIO  
Jill Keegan, Scottish Community Alliance  
Joanne McClelland, EALA CIC  
John Reid, South Ayrshire Community Transport  
John Todd, Aban Outdoor Ltd  
Juli Huang, University of Edinburgh  
June Grindley, Creatovators CIC  
Kalsoom Bibi, Muslim Women's association of Edinburgh  
Karen Maclean-Yuille, Impact Hub Inverness  
Karen Ross, Happy Owl Craft Ltd  
Kate Deacon, Media Education  
Kenny MacLaren, Shopmobility Renfrewshire  
Kiernan Daly, Social Investment Scotland  
Kim Wallace, Social Enterprise Scotland  
Kirsten Hogg, SCVO  
Kirsten Logue, South of Scotland Enterprise  
Kirsty Platt, Wild & Kind

Lara Porter, Eskdalemuir Hub  
Lesley Compston, KLAS Care CIC  
Linda McCurrach, NODA Ayrshire  
Liz Gardiner, Fablevision  
Lynn Westwood, Create Business Properties  
Mandy Morgan, The Scottish Pantry Network  
Margaret McSporrán, Highlands and Islands Enterprise  
Matthew Chiu, Goodies SCIO  
Michael Nwosu, WasteAverse International  
Michal Rosinski, Muirhouse and Flemington CIC  
Michele Smith, Jasami Publishing & Productions CIC  
Mike Danson, Strathnairn Development Company  
Morven Fraser-Walther, University of Glasgow  
Morven Lyon, DTAS  
Lyudmyla Shurkovska, NGO  
Muir Keith, Solas for Nature Ltd  
Natasha Lee-Walsh, Edinburgh Open Workshop  
Neil Ritch, The National Lottery Community Fund  
Norine Babs, Norine Mindeyes Culture Connect inc.  
Patricia Abel, Transition Edinburgh South  
Pauline Hinchion, Scottish Communities Finance Ltd  
Pauline Smith, Development Trusts Association Scotland  
Rob Duff, Manheim Foundation  
Sally-Anne Hunter, Lifetime Consultancy  
Sarah Bronsdon, Lower Impact Living CIC  
Sarah Cameron, Community Enterprise  
Saskia Singer, Narture CIC  
Selina McMorrán, TSI Dumfries and Galloway  
Sheena Crossan, Third Level Foundation CIC  
Simon Shedden, Ben MacPherson's Office  
Stephanie Wade, Hub International  
Steve Lawrence, Edinburgh Social Enterprise Network  
Susan McGhee, Flexible Childcare Services Scotland  
Tina Macleod, Third Sector Hebrides  
Tommy Reid, Blueprint Imagine  
Tracy Thomson, Social & Community Capital  
Trev Gregory, Trade Right International

Yasmina Ferrigan, Hadeel Ltd

## Apologies

n/a

## Agenda

### **Ariane Burgess, MSP:**

Welcome all to the Cross-Party Group of the Social Enterprise, and it's brilliant to see so many of you in the room this evening. In fact, I think we've filled the whole of the committee room table, which is fantastic. And it's great to see so many folks online. Although I would say that TV that's usually on opposite me is not on, so I can't quite see people. Oh, and now we turned everybody off. So while we get that, while we fix that, I'll keep going. There's always technical things to figure out.

So yeah. So this evening, thanks so much for coming. I think it's a really important conversation around the challenge and the solutions. We're not just going to stick in the challenge space tonight, but we're going to go to solutions of funding an investment for social enterprise. Just to say that Emma Roddick is joining us online and she was due to be the chair but we're swapping around, but tonight she wasn't available to do it. So I'm coming in, but hopefully the next meeting you might have her in the chair instead of me.

So we are going to be recording the meeting that's not for public broadcast, that is just for our record taking so that we can get accurate record of the meeting. So what we're going to do is we're going to, we've got 6 speakers, 2 panels tonight. So we're going to hear from the first panel, then the second panel and then we'll keep Q&A to the end.

So do get your curious minds on, I'm sure you're already all do otherwise you might not be here and come forward with some questions. We're going to have about 20 minutes for questions, and then we'll go into AOB and do a little bit of tidying up at the end before we all head out into, I think what's maybe become a bit of a wet evening, but maybe the rain has passed through by the time we're done. Yeah.

So I'm going to start with the social enterprise experiences at this current time and I am going to begin with Lara Porter from Eskdale Muir Hub.

### **Lara Porter, Eskdalemuir Hub:**

OK, Thank you very much. Gosh, it's quite scary actually. I have to speak. Good evening and thanks for inviting me to come and speak today. It's been, it's great.

I'm Lara Porter and I manage a hub at Eskdalemuir. Tonight I'd like to share my journey in the past three years working within a community hub post-COVID and just explaining sort of the critical role that our hub plays for resilience and, and the sustainability of our community. Eskdalemuir is in Dumfries and Galloway and is

classified as remote rural.

To give you an idea of just how remote, we have 252 residents spread across 70 square miles. It's over half an hour to the nearest town with a shop and we have far more sheep than people and 1000 times more trees than sheep. Over the past 60 years, Eskdalemuir has seen significant transformation.

It started as a farming village which came home to a vast plantation of trees and then in the late 60's the Sammy Ling Tibetan Centre was established.

The largest Tibetan centre outside Tibet, Sammy Ling, became a refuge for many seeking solace. But since COVID-19, it's shifted to a more monastic focus, meaning fewer services for the broader community.

At the same time, Eskdalemuir became increasingly attractive to new residents. Not because of Sammy Ling, but because of our hub. One family told me that they chose Eskdalemuir over a house in Perth, despite Perth property being £100,000 cheaper and coming with extra acreage. And their reason was because our hub was there and it had a sense of community and a way to meet other people.

So the hub is the heart of the community and it wasn't always there. Before it was the hub, it was the old school and the school was closed. In 2002, local community brought the hub together and under the Upper Eskdale Development Group. And since opening in 2016, with thanks to National Lottery funding and leader funding, the Hub has been a vital lifeline, providing central meeting places where everyone can connect, celebrate and support each other.

We have a huge, vast sort of it's a small hub, but it has lots going on in it. We've got a cafe, a bar, craft shop, therapy and activity rooms, a community library, a community garden, a play park, an electric and electric charging points for cars and for bikes. We host men's sheds, baby and toddler groups, writers circles, traditional music nights and activities range from yoga, Reiki to gardening, walking, open mic sessions, drum circles, psychic nights, quizzes.

We have the lot. But looking ahead, providing all that is all fun. But we also provide a lot more than just activities. I have people coming in who are struggling to pay their mortgages or to pay for food. We are such a small community and very rural, I've had to help people with suicidal thoughts and that are on a suicide watch.

So I've had some who I've had to explain to them that if they're going to prostitute themselves, they're much more, they're worth so much more than a fish supper that they have to value themselves. My job and my role isn't just managing a hub. My job and my role has been looking after people like a mum. It's been like having to take people to hospitals, having to provide hot food for people. The working within a community, and I'm sure because everybody here works within communities I know that your job isn't just a job. And so it's very difficult how you value your work.

I mean, how much do I put on helping that person under suicide watch? How much is his life worth? I think we save the NHS, the council, we save them a lot of money in preventative medicine and preventative care. Even with my volunteers that come

in, I keep an eye on them so I know if their memory is going. I know if she's not eaten that day. I know you know she takes my dog a walk because she's lonely.

Community hubs are vital and we're not getting the funding and we're not getting the recognition that we require. And that's because the economy is not set up to value social enterprises when they don't value them well enough.

So my plea from this would be that we need to value and we need to have a set way of valuing what we do and then we can then put a value so that when we ask for our funding, because I was told, oh, you need £90,000 to run this year for core costs and for one member of staff, but that's cheap, I think for what we provide our community.

So it's being able to stand up proudly and say, actually, I have produced this amount of social value. So as funders, you know, we've been very lucky that I've just been awarded National Lottery community funding. So, my job hopefully will be in place for the next three years. But I know that I might not have the, you know, it's, it's very difficult with funding. That I have to find much funding. And I think funding could be managed differently so that we can so that we move forward and plan and make things better.

So the National Lottery is hopefully at the front line and I hope everybody will start to follow suit. But it's very important that we're valued more.

So it's been very good to be invited here so that I can see that. And, but, and I probably haven't said what I really wanted to get across, but I do worry about the future and about our core costs and how much money goes into buildings and capital things. And then they've come the businesses that are already there, the organisations are not getting the support they need and it can be wasteful and money like Moat Bray at Dumfries, you know, it's had to shut.

So I think it's really important that we we look after what people are doing on the ground and, and support them and keep them, keep them going. Thank you very much. Am I about right? Thank you very much.

**Ariane Burgess, MSP:**

Thank you. That was really delightful to hear how vibrant your community have is and also to hear the challenges. Thanks for making that very clear pitch there towards the end. I'm now going to welcome Alex Richardson from Gladiators to speak with us.

**Alex Richardson, Gladiators:**

Thank you, Chair. I'm aware of the allotted timeslot I have here, so don't want to dwell too much on our background just now. Only to say that Gladiators has been an organisation that's existed for 45 years, 25 years of them have been a social enterprise and our priority is age progressed physical activity through play advancing into sport, where we've been very successful at community and international sporting levels.

So I'd rather kind of move into the issues that I can here because there's quite a few

we want to we want to raise. Gladiators have enjoyed a healthy relationship with Foundation Scotland and cannae thank them enough for reducing our loans to interest only during COVID and most recently over the last year as the reduced post COVID income gradually caught up with our economy.

I would commend Chris and Elizabeth from their board for their understanding during these difficult times and I'm sure we are not unique at Gladiators but all involved in social enterprise sectors will be incurring some form of issues. But I believe that the system needs more flexible at the top end of government to make Foundation Scotland and their clients life easier. Please note this isn't a criticism of Foundation Scotland in any way, rather observations and recommendations from a social economy organisation based at the coalface of social enterprise.

Gladiators have been aware of CGIs capital gains investments between the private sector and HMRC in support of social enterprise for many years. It may go under a different name now, but the principle still exists.

For example, a private business is sold for 9 million, of which HMRC are owed a return of 4 million in capital gains tax. HMRC cannot directly give funds to social enterprises. However, the company can voluntarily choose to invest their tax contribution to social enterprise for the incentive of even receiving half their funds back in 10 years time, what is not to like about that?

This is why Social Investment Scotland funds 50% grant and 50% own to new social enterprise projects. Gladiators prior to COVID had a business plan backed up with two years of research funded by the lottery.

At that time we were 80% percent self funded. COVID struck just before the new financial year, just before Gladiators were about to make technical applications for capital funding towards an extension of our premises, create new additional much needed services.

The extension would have seen us as non-grant dependent. During our long 17 month lockdown period of no generated income, we kept feeding over 300 families per day with free hot meals. But the thought that once COVID was over, we would punch our way to recovery with the revisit of the lottery application. After the lockdowns were finished, gladiators along with the rest of social enterprise groups were told that we could not make capital applications for three years as COVID had bankrupted the capital funds of the lottery. However, social enterprise support bodies across Britain such as Social Investment Scotland were still paid their lottery match fund to preserve the partnership with the HMRC via the CGIS agreement.

One would assume to preserve the social economy support agencies for future years, which is understandable. However, it seems strange that the lottery is bankrupt when it comes to the social enterprise groups themselves fighting for their very existence, but not with regards to the social enterprise support agencies, which it is, at least as a self-defeating approach.

How do you exist as an agency and there is nothing left to support?

This would promote a climate of destruction and rebuilding as opposed to preserve and improve, with the latter being the cheaper and most sustainable option in the long term for social enterprise sector.

During normal economic times, 90% of new business ventures, either private or social sector fail in the first year. Since no new social enterprises were funded during the COVID lockdowns and the ongoing post COVID economic crisis, why were funds normally allocated to create and fund new social enterprises not given an emergency change of juice to protect existing social enterprises built up with many years of experience shielding them from the impact of COVID on their economies over future years.

Gladiator's economy remains three years later with an annual average £50,000 shortfall in generated income. Post COVID once again would a change of use have closed the gap and allowed us to continue our loan repayments with the CGI side.

How many social enterprises have collapsed due to a non-change of use emergency action? Whilst gladiators accept that social enterprises must stand and fall on their own merits just like any other business. Surely before you create a new social enterprise, the priority should have been to preserve and secure existing enterprises first during such dramatic times as COVID recovery.

Whilst Gladiators are grateful to Foundation Scotland in reducing your loan repayments to interest only. This is a debt delayed, whereas a change of use from creating to maintaining and protecting existing groups would have seen our £50,000 gap in our economy closed and the remainder of our loan paid off.

The question is how many loans were written off due to social enterprises collapsing in the local communities who could have survived and continue to pay their loans, which in turn would have seen those loan repayments coming back into the social investment Scotland bought to offset the change of use instead of being written off whilst preventing valuable community enterprises and their services being lost.

Unlike the private sector, social enterprises are dependent on grant aid or public sector soft contracts. Therefore they have a double COVID impact of not just a loss of generated income but public sector cutbacks as well.

Why was a COVID recovery fund not created over at least a five year period until the general economy and the public sector in turn returned to pre-COVID levels?

Finally with a Gladiator Board has other greatly concerning questions I hope to raise during the question and answers with regards to public sector soft contract priorities and with regards to social sector growth priorities being given to ALEOS of the public sector as opposed to stand alone social enterprises operating with less bureaucratic restraints, offering greater flexibility to deliver more direct and cost efficient services. I think to just finished not here. It was noted that yesterday the Scottish COVID inquiry issued a report indicating that since the lockdown ended, 20,000 Scottish small businesses has collapsed just in those three years. If that's the private sector, what chance does this does the social sector have?

Thank you.

**Ariane Burgess, MSP:**



Thanks very much Alex for bringing all that.

Kind of like that level of very specificity there and really calling for that change of use from creating to maintaining seems like quite a strong thread in what you had to say. We're now going to go online with our third speaker around sharing experiences at the current time, and that is with Bailey Adeoti.

Apologies if I mispronounce your name and apologies if I mispronounce your organisation so you can fix it all when I pass it over to you from Dechomai. Thank you.

**Bayile Adeoti, Dechomai:**

Thank you speaker, it's Dechomai, but you got the rest, right! Thank you.

So I'm the founder and CEO of Dechomai and we're a social enterprise that's 6 year old, and we started off by providing employment opportunities. When it came to hospitality.

In 2019, we noticed a gap with business support when it came to ethnic minorities accessing enterprise workshops. So, we started our first enterprise workshops in 2020 and before that we had been funded by Firstport and we'd received the start up grant. Obviously in 2020 lockdown happened and because of the close relationship with Firstport to help us pivot as everyone was doing, we also were able to access Boost which was a loan of £50,000 and continuing the support from Firstport. And later on with Social Investment Scotland, we noticed that there was a barrier to ethnic minorities accessing investment when it came to any type of investment in Scotland.

So last year alongside Firstport and Social Investment Scotland, Dechomai wrote a report called the Access Report, which actually launched this year and that was supported by the Scottish Government Ecosystem Fund.

So I'm just going to go over some of the findings from the access report and obviously also how that relates to Dechomai. So we found that there was no data capturing the total number of ethnic minority social entrepreneurs in Scotland. The census captured the totality of social enterprise board members from ethnic minority backgrounds, but it actually didn't quantify the number and even SENVO didn't have that number to hand. To where we originally set out to reach 264 social enterprises based on the 600,000\* social enterprises in Scotland, we ended up reaching 74 with our survey and further on 24 participated in our focus groups.

Some of the barriers that we identified was those limited awareness when it came to the diverse support and the financial support when it came to social investment. Those confusion around business support, lack of trust with financial institutes. And some of one of the examples that I like to give is there was a woman that we interviewed and she had £30,000 cash to buy a building.

She approached her bank and her bank refused her any credit. She needed £40,000 and later on when I did have a conversation with Social Investment Scotland they

had said that if that woman had come to them. They would have if she already had £30,000 they would have happily supported her. But she didn't realise that organisations like Social Investment Scotland and Firstport were able to provide the support.

That woman has vowed that she won't get a loan, that she will get her friends and family to support her by her own building and she won't rely on institutions that provide loan support. Immigration seems to be a barrier with organisations lacking knowledge and when it comes to residency statuses and visas and that also acts as a barrier when starting up getting a business bank.

Many entrepreneurs that we interviewed didn't have High Street business banks and if they had online business banks, it was banks like Daisy which are new up and coming banks, which sometimes funders don't recognise. There's also mutual misunderstanding with investors and a distinct need. So, there was a knowledge gap with investors too when it came to ethnic minority entrepreneurs and also it was noted for the lack of support, lack limited engagement and visibility.

The recommendations that the report had was strategic awareness campaigns and we have been working with our partners Social Investment Scotland and Firstport to combat some of these barriers.

We've partnered with Social Investment Scotland to do funding socials where we've bought funders into the room. We've also launched an investment readiness programme with Firstport where we see 17 entrepreneurs from diverse backgrounds accessing support with people who are facilitating and delivering that look like them, speak like them, and they can identify with all the barriers that they face. Also, more accessibility for funding streamlined application forms. It's been described that some application forms you're easier getting into Harvard than applying for some of this investment and more networking opportunities. Also, something that we've looked into is more detailed segmentation of support.

I normally say that I'm one of the fortunate ones because I've tried to embed myself into the ecosystem and having relationships with providers such as Firstport and Social Investment Scotland and even being a member of Social Enterprise Scotland has meant that I've known about information opportunities and CPGs to be able to attend. The report does have further recommendations which I'm sure maybe Kieran from Social Investment Scotland will speak about. But I think something that we've noticed, just to follow on from the speakers before me is we provide a holistic support, well a wrap around support I should say.

So also, other things that we signpost people to, our budgeting workshops, debt management and funding resilience workshops, and we also, if we can, if our funding permits, we incorporate this in our programmes. We're also seeing more entrepreneurs and social entrepreneurs not starting businesses as quickly in Scotland. So even though the Global Entrepreneurship Monitor this year noted that's ethnic minorities in Scotland are starting businesses quicker than they've ever done before, quicker than women, quicker than men, they're all coming out of the universities, they're coming out of spin outs, they're not coming out of the communities and not coming out of grassroots.

Why is that?

Because we're seeing more and more entrepreneurs starting their businesses slower and not even wanting to register them because of the lack of support and also because they need to feed their families, they need to put, we need to put food on the table and something else that we also try and incorporate in our programmes is some sort of gift voucher at the end to say thank you for taking part in our courses. Here's a wee token of appreciation because we realise that people are in dire straits.

I'm sure I could keep going on and on, but I think we have an opportunity together as a group to unlock the potential that these community groups have. We called it the access report because when we provide these opportunities for exit ethnic minority entrepreneurs, the door is open. The door is open for other protected characteristics, the door is open for disabled entrepreneurs, the door is open for entrepreneurs that identify as LGBTQ plus. So if we can start today, if we can start supporting entrepreneurs from underrepresented communities, then we could do so much more and give everybody access that they deserve. Thank you.

### **Ariane Burgess, MSP:**

Thank you, precious piece of work that you've done. So thanks so much for that contribution, and I just want to say we're doing so well. We're all right on time. So moving to the other side of the table, we're now into what I've got the heading here is so from our funding investor panel, the title is what we're hearing from clients and partners and how we're responding. And I'm just going to, I'm going to go with, I'll just give you an order.

So I'm going to go with Neil, Kieran and then Morvan. So Neil Ritch, who's the Scotland Director at the National Lottery Community Fund. Thanks very much.

### **Neil Ritch, National Lottery Community Fund**

Hello everybody. What are we, what are we hearing? What are we seeing? If you, if you work in funding, you enjoy a very kind of privileged view of the world. You, you get to see amazing people who want to do good things all the time and thank goodness for that.

Because the thing we're hearing most of all is that times are tough, costs are up, demand is up in terms of services, demand is up in terms of what funders are seeing and applications coming in. So we've probably seen a kind of, I think an entrenched 30% increase in applications to the National Lottery Community Fund and income is lower, donations are squeezed, reserves are squeezed. If we look at things like that side to Tracker, 60% of organisations are concerned about eating into their reserves and there's real challenge there, I think for funders about how we help people rebuild within the parameters we have and people are squeezed.

Recruitment and retention is tough and leadership, I think in the third sector can be a lonely business because of that and when we see real challenge in organisations, what we often see is kind of that point of pressure on leaders been a key, key challenge for organisations.

I think it becomes easy in that context to be stretched in all directions and distracted from the core of what organisations do. One of the things that often happens in those scenarios, I think the organisations move towards funding but away from what they are I think that's a real, real risk.

But contrary as it may seem, I remain an optimist about the voluntary sector and social enterprise and the people in it and the communities it's rooted in. People continue to rise to those challenges with such grace that it's hard not to be optimistic. The National Lottery Community Fund has an incredible privilege. We invest between 60 and £70 million in communities in Scotland every year and the work we support is the tip of an extraordinary iceberg.

I think we see resilience, creativity, energy in the sector every single day and the recent past tells us and, and listen to Lara tells us that community anchors are vital and extraordinary institutions. They're not nice, fun things to have. They're absolutely fundamental to not just community life, but to people's lives and, and being able to provide the fuel for that is, is an incredible privilege.

It's important not to be too Pollyanna\*\* about things. That's equally important. So not to give in to despair too easily as a fund that I would say times are tough and there's no doubt of that, but there is a significant amount of opportunity. And what does that say to funders?

I think it means that those of us entrusted to manage funds need to deliver the best service we can. We need to be provide clear, quick, flexible, unrestricted, if we can, multi year funding based on trust, based on respect, realism and honesty and I've just listened to Bayile talking about applications there. One thing you should always do if you want to know how you're doing is ask your big sister.

So my older sister applied to Award for all, our very straightforward simple grant programme. But that's what I told her it was and after that the process was all finished because I obviously observed all the rules and had nothing to do with any of it. I said to her, oh, it's really straightforward, isn't it? And she said things to me that would have made me blush.

She really did and so it's always worth remembering how challenging it can be to be on the other end of the process as you're responsible for. So last week we launched a new set of funding programmes in Scotland, Community Action and Fairer Life Chances, through which we'll invest at least 166 million in Scottish communities by 2029 and that's on top of changes we've made towards for all, expanding the programme to two years and a maximum grant of £20,000 rather than £10,000.

Those are real expressions of faith in community, in voluntary organisations, in charities and in social enterprises. To some extent, they're the best hope we've got in. In challenging times, our funding will focus more on poverty, disadvantage and discrimination of people who face those challenges every day. It will be more bespoke.

We will make some bigger and longer grants and we'll widen the definition of community to not just be to recognise that locality is not the only basis on which we

grow trust, but community might be around identity, around shared interest, around shared experience and that feels really important if we think about how folk operate in rural Scotland, for example, or how new Scots are finding their way in Scottish society.

But all of that will remain built on two things that are really important to us, community, connection and relationships and those are the two things that have made me an absolutely determined optimist. There are great things happening everyday and I'm really lucky that we just get to put a bit of fuel in those amazing machines that people built.

**Ariane Burgess, MSP:**

We're doing so well on time. I don't think you've really had to do anything amazing. OK. Thank you so much for that Neil and, and yeah, that's really exciting. This, the new bespoke funds. That sounds like really you have been listening and I really like that. I think what you said, longer grants, that means multi-year funding.

**Neil Ritch, The National Lottery Community Fund:**

Yeah.

**Ariane Burgess, MSP:**

That's the, those are the magic words, aren't we, that we all love to hear. Yeah. OK. We're going to move on to Kieran, Kieran Daley. Who's the Head of Market Building at Social Investment Scotland.

Thank you.

**Keirnan Daley, Social Investment Scotland:**

I'll set some context on what we do at Social Investment Scotland before going into what we're hearing. So since 2001, we've invested more than 150 million into more than 550 charities and social enterprises and we partner with Scottish Government with Better Society Capital, Lloyds Banking Group and other institutions to create funds for a range of purposes and different impacts.

Since we started trading in 2001 we have innovative and developed new funds based on what the economic climate has needed. Our 10 year strategy, Building an Impact Economy has four different segments so communities access to finance, innovation and market building. Market building is the term we use for all of the programmes and business support. We deliver Social Investment Scotland essentially to encourage more trading and to encourage organisations to be confident in becoming more sustainable.

Our loans can range from as little as £10,000 up to the million plus work, depending on the funds that we have under management at any one time and the type of different risks that our investors are happy with. Last year, 32% of our loans were under £50,000 and average loan size was about £210,000 and that's fairly

consistent. So, in terms of market building and the support we offer, obviously these are challenging times for charities and social enterprises.

The economic environment was challenging before and it's worsened, so recent increases in employers, National Insurance contributions and increased demand for funding has created a really competitive environment. Any organisation that relied on local authority funding and also partnerships with local authorities will find things challenging. At the moment we often use the word growth and scale within the sector and I know from experience of running social enterprises that can make people wince and for the avoidance of date at Social Investment Scotland, when we talk about that, we mean growing revenue and supporting organisations to try and work towards being sustainable.

A lot of organisations had reached that point before the pandemic and there's been a number of impacts since then that made getting back to that point increasingly more and more challenging. So in terms of market building, the three areas that we deliver are growth programmes to supporting organisations to focus on trading and leadership. There's two programmes in particular Ambitions 16 week programme funded by the People's Post Code Lottery that support a cohort of organisations to look at their leadership skills and also putting systems in place to grow from organic growth to looking at more systems to help them grow. The partnership with Social Enterprise Scotland's called Purchase Power, which connects corporates with social enterprises with products and services to try and encourage them into supply chains.

The second area is investment attractions. So, we run different events round about Scotland called Funding Socials with different grant funders like the National Austria Community Fund and others to try and bridge the gap between grant funding and social investment and to try and demystify the processes for attracting investment. We're also involved in a partnership with Nature Scotland and Nature Based Investment to encourage investment in that sector.

Lastly, but not leastly, our business support is centred around about an associates programme where we pay an expert consultants that we retain at Social Investment Scotland who have specific advice and give on accountancy, financial planning, strategy and real I guess projects that might keep people up at night and by assisting them getting closer to taking investment.

So I want to talk about our case study in the last couple of minutes. So, Indigo Childcare are a social enterprise based in Castlemilk in Glasgow. Now, Castlemilk is one of Glasgow's most deprived communities where families are experiencing acute in work poverty. We know from various publications from Joseph Braintree and others that were experiencing Victorian levels of in work poverty and things are pretty severe. So, Indigo received support from one of her associates which led them to acquire a new childcare business in East Kilbride.

Incidentally, this was a private childcare business that they brought into the social enterprise model. With that support, they also take an £800,000 loan from Social Investment in Scotland which help them to secure this new this new operation. So, in terms of impact, there's a projected increase of revenue of round about £800,000 per year and 50 new jobs created and securing 90 jobs across the business. The extra

income means that they can retain more affordable rates for families living and in work poverty, which means 500 families can either remain or enter worker education significant impact. The caveat to that is that the increase in National Insurance contributions means that it's made a real dent in that impact last couple of minutes.

So, so in terms of trends and the kind of the what we're seeing in terms of our loans, according to R.E.M. Patch report, our active loans continue to rise, albeit at a slightly slower pace than the year before, so 3.6 million as opposed to 6.5 the year before.

However, enquiries for loans have gone up and so since the 1st of April 2024, we've received 149 enquiries for loans compared to 1 to one the year before. So, 23% increase year on year attendances or events have increased and we've seen a 93% attendance. We're doing more events and we're working more with grant funders to be more visible within communities. And in terms of risks, we keep active communication with our customers to make sure that if they are experiencing any challenges, we know about it in advance so that we can help them to do something about it. We often refer on to things that the crisis support service within the ecosystem as well and just to, to, to wrap up, I guess the bad debt rate within Social Investment Scotland remains acceptable in terms of our own risks and within what we think is a reasonable rate to look up. And so similar to the a balanced view, it's tough in terms of social enterprises ability to generate income.

It's a tough environment. However, we're seeing some real positive impacts and positive stories come out from great social enterprises like Indigo Childcare.

**Ariane Burgess, MSP:**

Thanks very much Kieran for that. That's very interesting in it and kind of exciting that you offer all these different programmes and ways of supporting people. So, not just the investment, but actually building capacity as well along the way, which I think is really an important part of the puzzle when people start down the road of, of starting an A social enterprise.

Now we're going to go to our last speaker of the evening, which is Morven Lyon, who's the head of Democratic Finance at the Development Trust Association of Scotland, otherwise known as DTAS, and that's part of the Democratic Finance Scotland.

Morven, thank you.

**Morven Lyon, Development Trust Association Scotland:**

Thanks for having me. So yes, DTAS is a member of Support Network. We support over 350 community development trusts all over Scotland and it's great to have Lara here. So Lara's one of our members bringing that to life. So a development trust, as Lara outlined, it's a place based organisation that's led by local people and they are extremely enterprising at their core. So they often own local assets, run local enterprises and deliver the key services that Lara was outlining.

So, the list is pretty endless, but I've written down here community LED housing,

childcare, community hydros, Co working spaces, employability services, community transport and I could go on and on.

What were you telling me about your archaeology trail? That was a new one tonight. Yeah.

So I'm here today to talk about one of DTAS's key support programmes, which is Democratic Finance Scotland, which we're delivering in partnership with Scottish Communities Finance and we've been set up to support community enterprises to increase their financial resilience and also crucially, to increase their local democratic control.

So, I'm going to tell you a little bit more about the programme and the sport that we have on offer. But as requested, just a little bit of context and background in terms of what our members are telling us in terms of this funding and finance crisis. So, I think there are several factors at play.

So, to pick out a few things, the grant funding environment, we've talked about this already. Grants are diminishing. They're short term, they're piece meal. Delays in public sector funding decisions is a huge issue. So, many third sector organisations not being able to forward plan, as you were saying, in some instances having to issue redundancy notices to their staff and then backtrack and then irony of us having to all comply with these Scottish Government Fair Work principles.

You know, with public services failing or closing, communities are often just expected to step in and fill that void and start delivering that service and clearly there's been market failure there and so that business is going to be a marginal, that asset is going to probably be a liability. So, there needs to be some bespoke funding and finance solutions and products on the table to make that stack up.

A couple of things our members are saying as well around loan finance. So, sometimes they say that they're unable to access the financial products they need to deliver the enterprising activity and there's lots of risk aversion around loans still and a kind of lack of understanding sometimes in low capacity to take loan finance forward.

There's also extreme burnout in the sector. So, you know, after that groundswell of community activity and COVID now with the cost of living and the energy crisis, we have a lot of groups that are just in in crisis. We've actually haven't had to start delivering a crisis support service internally at DTAS with one person actually just fully dedicated to that and in that I think that we've been running that for six months and she's already had 22 development trust referred into the service and we're hearing lots of groups voice concerns with local democracy and local control and feeling like they don't actually have a voice and if there is a problem, they're not sure what the structure or mechanism is to, to get their voice heard.

So, enough about the problem is let's talk some solutions. So, Democratic Finance Scotland, so we were set up to try and tackle this. We're not going to fix it all. But as I said, we're we've been set up to help social and community enterprises to increase their financial resilience and try and move away from grant dependency and look at



what are the other ways to raise money locally. So, the programme has got 2 strands.

The first is to support groups to diversify and increase their income sources with a focus on local sources of money and that's really important. The second thing is to help community enterprises to increase their democratic power and their control to make sure that money, once they've got it, is managed and is spent well. So these magical new sources of, of local income, what are they?

I'm going to just very briefly talk through five that we're focusing on over the next three years. The first one is community shares, which I think a lot of the people in the room will be familiar with. So this is not a new model. DTAS have been delivering a support programme on community shares for 10 years. We've raised £20 million from 18,000 citizen investors across Scotland. So, this is a popular form of investment crowdfunding. We're going to continue with that with a focus on what new sectors we can bring in and trying to get some more share offers up and running in SIM D1\*\* and two areas linked to that, we're going to focus on community bonds, so another way of raising money from your community, but this is debt rather than equity, so there's no ownership involved in the way that community shares has ownership baked in.

So, this is essentially again about asking local people to invest in your business, often very small amounts, and you've got a fixed term and a fixed interest rate and our partner organisation, Scottish Communities Finance is going to be leading on that work. Another exciting thing we're piloting at the moment is local legacy giving. So, there's a massive legacy market in Scotland, but a huge amount of that money goes to national charities. So, we think this is non tap market and more people should live, should leave their legacy to local organisations.

So we're running a pilot at the moment with 10 development trusts to hand hold them to launch a local legacy giving campaign and then we'll use that learning to roll out that support across our network and then the last two things I want to mention are one off community lotteries.

So we know that lots of groups do regular community lotteries, but we think there's a space potentially for one off community lotteries where groups want to say purchase a specific asset or set up a specific business. So again, we're going to run a pilot on this and at the moment we're just looking into the regulations around one off community lotteries and thinking really seriously about the parameters and safeguards about gambling for that and then finally, this is a biggie and I could talk for hours about this, I won't, don't worry.

But they're all the income from local renewable developments and this just transition that's happening across Scotland and making sure that it actually is just so two things. One, community benefit funds, ensuring that developers, local developers actually give community benefit funds to local communities and those are distributed fairly and then the second one, which is extremely underdeveloped in Scotland, is shared ownership opportunities.

So if our development is going up in your locality, the community should be offered

an opportunity to invest into that and then that would provide long term revenue streams to that community. So we have formed a coalition, it's called the Scottish Community Coalition on Energy. So it's DTAS, Community Land Scotland and Community Energy Scotland and we've put together our key policy asks on some of those points that were taken to key players in Scottish Government.

I think I'll stop there. Have I? Have I gone over? OK, so yeah, get in touch. The support is available to any social enterprise across Scotland that has local roots. So the eligibility is very broad.

**Ariane Burgess, MSP:**

Thank you. Thanks very much for more of them for that and I really love actually the kind of contest there.

You've got the kind of the Big Lottery kind of approach, but then also here right at a local level, people in the community actually buying shares and investing in what matters to them and that's, that's really important part of how we certainly at my region is the Highlands and Islands, a lot of rural communities. I do think that that's going to be part of how we kind of keep people rooted in in a good way. We are now have some time for questions and a bit of discussion.

So I did prompt you all at the beginning and encourage you to have questions. So the floor is open, please indicate very clearly so I can see who wants to come in and Andy, will you help me see who wants to come in online?

Also when you do come in, I'd be really grateful if you could introduce yourself and say your organisation or just like a little bit so we understand where you're coming from with your questions. Oh, I was going to do that. Oh, yes, OK, yes, sorry.

Getting prompted here. OK, So before we do that. So now you get a little moment to think about your questions, brew them up. I'm just going to pop over to Sarah Cameron, who's going to tell us about the crisis button.

**Sarah Cameron, Community Enterprise:**

I'll be really quick, promise. I think that Duncan sent everybody a link to the crisis button and hopefully you've all heard about it. But it was something that we created in partnership last year. So it was autumn 2023, recognising that the sector was in crisis, lots of organisations in crisis. So it's a partnership that we've got between ourselves, Community Enterprise, the Scottish Community Alliance, Detas of course, and just Enterprise Partners as well.

Up to this date, we've had 132 crisis requests. So, those are not organisations that are just that we can then pass on to just Enterprise Oregon Accelerate or another type of support. These are organisations that are ready to close their doors. 3/4 of them are still going, 1/4 are closed or preparing to close, but we expect that to rise because obviously it takes time for people to apart from anything, just come to terms with the fact that they're going to have to close the doors.

The majority are in financial crisis, but we do have smaller numbers around governance and systems and operations and they cover the majority of the local

authorities as well. So I think I asked Victoria today what that was looking like and she said 30th of the 32 local authorities we'd we'd had organisations from, but there were spikes in Edinburgh and Glasgow, which I guess you would expect as well and there's no particular sector as well.

So that was a question I asked her if there was any particular sector, but she said it was, it was seen across all types of organisations. So that's a very quick update. I've kind of got some of the key challenges, but I think maybe they have been outlined by our speakers already around public sector funding constraints, public sector reform and potential outsourcing, severe restrictions on capital funding to alter and increase buildings, funders under pressure from increased demand, cost of living, reducing customer spend and obviously costs escalating.

You know, we've got utilities and insurance and what have you. So that's how it stands at the moment.

**Ariane Burgess, MSP:**

Thank you very much for that. I think that's that sounds like a really great resource for organisations and kind of keep them buoyed up and supported in that process in that crisis process. OK, so now we're going to go to questions and a bit of discussion.

I do want to say I was struck me I the previous meeting that we had, there was a kind of like a kind of issue aired that sometimes these meetings can get a bit jargony for some people and maybe we should introduce a kind of jargon buster approach or something. I know you've got the glossary going, but even within a meeting, I used to do a lot of training before I got elected and we used to have a system where people could signal, have a hand gesture or signal when a speaker used a term that was just like.

Or we could maybe have a round up of jargon words and just offer people to kind of say their jargon word of the night and then we can make sure that we busted at some point because we really absolutely want to make sure that everybody is, you know, coming along in the conversation.

There are certainly not actually words tonight that were shared by some speakers, but some terms that definitely were starting to get into much more technical detail than even I could follow. But hopefully in the discussion will maybe bring some of that out. OK, so anybody got a question that wants to start off can be in the room or online.

Please do raise your hand and as I said, please say who you are and press the yeah, press the button that says speak or the one that's been so worn out.

**Michal Rosinski, Muirhouse and Flemington CIC**

Hello, my name is Mihal Roshinski. I am a director of Muirhouse and Flemington community interest companion in Motherwell and sort of my English is not very well

and know everything understand and sometimes it's my question is sometimes it's mixed.

Sorry, I have small problem and maybe I'm helping me. Because my organisation has a new project about community life in Muirhouse and Flemington to get the life come back because in Muirhouse and Flemington this have a very big problem and social problem because I have a lot of people who each have problem and this is mixed people, Polish people, Germany people and Scottish people.

This is a place no use that and my organisation and try helping and new project and reactivation and involving walking and people and pool. Yeah, this is new activity.

Listen and you have activity and walk and people and sometimes it's activity and disciplined people and I try and starting and promotion and school disciplined people and every people and go and outside and walk and use it. Sometimes I see this is problem because it's the very people who walk and talk and can discuss problems. This is can get very people it's close and sometimes I look in it's Facebook and maybe I verify that in the groups and work me activity is very people is very close.

This is problem yeah, because and sometimes people and I my language I speak Polish and I have conversations on this problem and another group and because it's the old people sometimes this disabled people I send message it's organisation.

This is new activity for people and ward and walk and knowledge walking and put together and walk and nothing it's remove information. I speak is and the very people it's no see have support people and no contact yeah, this is a problem and sometimes and problem this is and funding yeah, because it's sometimes people. What is this walking? This is recreation. This is activity. This is sport yeah.

This is half problem yeah and this year I starting in Poland and world championship I win and so and maybe my success this bronze and the cyber people Nordic walking yeah and I have bronze and sometimes it's no C because it's my body it's no C and I decided I have problem. This is a problem because it's people not being able to see people's problems disabilities.

It's "no, no, you walk and sport everything, no activity recreation yeah, sometimes no activity disabled people."

This is my problem and I look in and partners people may be helping me and everything and this project yeah and I look in it's people and look in it's maybe systems and helping me and not working.

No old people and activity and young people yeah it's I find that one instructor and Edinburgh and Rosemary it's helping and go and walk and people and demonstration and not working.

This is old people and sometimes so that's a great explanation.

**Ariane Burgess, MSP:**

I'm just wanting to kind of just tease, tease out there.

What what did you do You have a question for any on the panel around because so I just kind of summarised?

**Michal Rosinski, Muirhouse and Flemington CIC:**

What I got maybe helping me my friends because better speak English.

**Ariane Burgess, MSP:**

Yes. OK, but you, I think you did well. Let me see if I caught what you said and there were people around the table nodding their head. It is a problem introduce new ideas like this work, which is yeah, I think we got that, Yeah, very helpful for the people to get active in the every age and any every kind of the disabilities, because not always disabilities the person who can, for example, lost.

But what I was trying to understand is, is there a question?

**Arkadiusz Bisiorkowski, Muirhouse and Flemington CIC:**

The problem is to get funds even for him to get the place where he can that are to build the the area like the path which have the education path for the people to to see how they can work sometimes. It's sometimes it's end grant because it's community grant, it's application only and community group, charity group and my organisation. This is and we're a CIC Yeah. There is no acceptance.

I don't send and the small and the grant here because you speak me you know a community group. You don't and charity you no acceptance my and send application Yeah and sometimes only and the bigger and grant. I need start and small grant. This is a local grant.

This is close my organisation Yeah and sometimes I need open and community group because my organisation have and and three years and and working and half close and start application and community grant Yeah yeah so discarded from the grants because of the that here he also work as a CIC.

**Ariane Burgess, MSP:**

So they said you can you can get the grants for you or what you will doing only if you will be working as a community group.

So yes, and I can imagine that there are people around the table as nods, nods and that have met that level of frustrating frustration.

I'm going to, I think we've got it and because there's definitely been odds and notes being taken. So, just we're hearing that kind of that frustration, that lack of a kind of place for a specific set up to actually get funding and get started. So anyone got any thoughts or reflections on or experiences around that, that we can reflect back to our colleagues?

Even not people on the panel?

**Gael Drummond, Firstport:**

So yes, hi I'm Gael Drummond from First Port. We are probably best suited to help both from our funding options and our support piece. So I'll connect with you at the end of the session and we can see how we can we can help.

**Ariane Burgess, MSP:**

Great, thank you very much.

**Gael Drummond, Firstport:**

No worries.

**Ariane Burgess, MSP:**

Alright, great. We should do this more often. I've got this like it's not quite a speed dating or something. Come with your problem and find somebody who's got your solution. OK, Super.

So Andy's indicating that we've got someone online, so we'll go online, and then I've got someone else in the room that I'll come over to.

So Andy, who's there?

**Andy Paterson, Social Enterprise Scotland:**

Yeah, if Michael could go first, please. You raised your hand first if you're still there, Michael? We can come back to Michael.

**Ariane Burgess, MSP:**

OK, So, Michael, be ready. We're going to come back to you and now we're going to go to.

**John Reid, South Ayrshire Community Transport:**

Hello, my name is John Reed, I'm from South Ayrshire Community Transport. It's about the late payments or the process from the Scottish Government. I was at an event today organised by Pass for All and that's around active travel and they've provided funding through a community fund which is now gone. Transport Scotland have Perth through the regional transport authorities and there was a year's funding transition funding for a year and the regional authority where we're dealing with the Strathclyde Partnership for Transport and they're waiting for funding for the budget tomorrow and they'll get their allocation from Transport Scotland and then that'll go to their committee in March.

If it misses the committee in March, it'll go to June and that means there'll be a three month funding application process. So if it's the one that's in June, that'll be September and then the funding has to be spent by March 26<sup>th</sup>. Every organisation in that room said that they're going to run out of money in March and they're going to lay staff off and there's this programme was announced, not at the Pass for All conference last year and there's been no organisation to get the funding in place if it misses the committee and that's traffic like passions of transport.

I don't know about the other regional transport authorities as well and so that really has an effect. Everybody in the room you can see being deflated with that and all of them doing community projects.

**Ariane Burgess, MSP:**

Yeah, thanks so much for bringing that up and I think that certainly is an issue that's again lots of acknowledgement in the room, but also beyond the room. I've, I've come across that in my work out in my region where that kind of gap and that, that delay and, and also the uncertainty that it creates, creates and actually, I think when I was hearing Lara talking earlier, the, the issue around people who work in the third sector who get that, that kind of the development officers or whoever it is, they get that one year of funding, that's their salary and they never know if the next year they're going to get another year and another year.

I've had young people, but people of all ages, but speaking with young people in particular who feel like they can't stay in the sector because they can't actually establish a life and think about having a family.

So there's a real knock on effect to these things of that lack of certainty. So I don't, I don't know if this is what we can do about that. But let's come to because you this is specific about Scottish Government funding here. So, maybe there's something where we could write a letter to the Scottish Government collectively kind of now while we're in budget time and say they've really got to get on with it.

I mean, I kind of, I think they know they need to do it, but I think we could also encourage them with something like that and if anyone's got any other ideas. Yeah, go on, You put your hand up. So does that sound like a good idea maybe to write to the government and maybe we could think about which appropriate parliamentary committee we could write to as well?

**Lara Porter, Eskdalemuir Hub:**

It also happens with the CLLD funding and so the funding comes in, oh, the funding. It means that you get a lot of money to be spent in a very short amount of time and so really it's not useful at all because we just end up spending it on capital costs and so you have got not got anything for staff or for core costs. So, I think that makes really difficult and I think the Scottish Government, do you need to do better for the social areas.

**Ariane Burgess, MSP:**

Yeah, certainly that's been something. So Lara was just talking about the CLD funding there, but that is certainly something that there was a committee that recently did some work on social enterprise, wasn't there? Who was that?

**Neil Ritch, National Lottery Community Fund:**

It was the social, social justice in their pre budget report which was published a couple of weeks ago, picked up by SCPO. So colleagues, the Scottish Government certainly are aware of the challenge of time, yes, decisions.

**Ariane Burgess, MSP:**

Sometimes you can be more aware, something about being translating awareness into action from 1 aim to another. Yes. Come on in, Alex.

**Alex Richardson, Gladiators:**

Yeah, we know in the new financial year, the, the voluntary third sector is it's really, really tough time. I'm speaking with 45 years of experience. There's real hard times coming. If we can't find sufficient funding, then what? Social enterprise earners own funding from the same pot of money that the government spends every year. There is many soft contracts in the public sector that can be carried out by social enterprises.

Now it may not be what core your core activity, but I'm a great believer if you can, if you've got money earned, then it's sustainable long term and as opposed to, we were speaking about here, one year's funding, what happens next year? There's no long term sustainability.

My organisations had a great, a great plan sitting in the table business plan for the last six years. How do we know that? The lottery concluded with us 6 year ago. Now we can't even look ahead any more than one year to the next. From now on. It would take about two years for that plan to go to fulfilment to even get to the funding stage. We can't guarantee that we would still be here by the time they're planning but reached maturity. So where I'm coming from is, is why can't the Scottish Government take an initiative where they bring a law and where they guarantee social enterprise at least a 10% ring fence of soft contracts in the public sector that can be delivered.

I'll give you an example, my organisation back 2000 and six 2007, we were having a 1600 schools and nurseries with the oral health message combined holistically with a physical activity message with the kids.

Now we linked up with NHS but but their contract was to deliver supplies to all the schools which we took out of our play teams, saved them a fortune, saved them millions.

So where I'm coming from is, is there's a role for social enterprises to play, but there must at first be so a guaranteed in a sense the opportunity to bid for soft contracts. So, why can't the Scottish Government, why can't it be a review with Social



Investment Scotland and say, well, we have the bottom level soft contracts that most community groups don't have to be a genius to deliver, but could, could bid for and if you can, if you can be saying in the public sector this 10% of soft contracts, the Scottish Government now says only social enterprises and community groups will bid for that, then that cuts down the private sector competitiveness.

Although I have to say social enterprise will deliver cheaper than the private sector. That's, that's a guarantee because we're not tied up. We have the bureaucracy of what the private sector's tied up with. It's just another thought.

Why don't we look at a different dimension of these problems?

**Ariane Burgess, MSP:**

Thanks for that and I, I, I would, I would have to take that away. I think we can look at that and, and take it away and just understand, you know, that is why, what is, there's a legal thing in there that prevents it from happening or something like that. So yes, please do.

**Morven Lyon, DTAS:**

I mean, I guess what we're talking about here is the procurement pillar of the community wealth building agenda and you know, that's such a good idea and there is a push there for that to happen. But I think we're saying that like practically, how do we make that happen?

You know, what we're hearing from our members is, yeah, the principal is there, but actually those procurement processes that they have to go through and the hoops that they have to go through to get even the smallest contract, it's just not feasible a lot of the time.

So yeah, I think the the principles there and the, I guess the community wealth Building bill is coming.

**Alex Richardson, Gladiators:**

Very quickly where I'm coming from is this. If you've got the government funding the social enterprise and the third sector and funding the public sector by prioritising procurement at our level, even if it's 10%, then the one pot of money, it's funding both. If you can't fund social enterprise, if we've to endure cuts over who knows how many years, then use the one pot of money rather than two by allowing us to prioritise tenders for soft contracts, then the one pot of money is funding both. It's a logical, it's no rocket science, it really isn't it. But but who?

Where did we start and who takes that to the government and who fights for that? You know, how do we prepare a paper?

**Ariane Burgess, MSP:**

You think that's us, right? Yeah, we take that.

**Keirnan Daley, Social Investment Scotland:**

Got some thoughts. Deal me in then. I guess I agree with a lot of those points. In terms of an example that I use with Indigo Childcare, we were speaking to them recently and it just makes sense that the community interest company framework that they have for their business locks in the community benefit. Whereas if you write the tender, there's a private company, they're going to illustrate what the community benefits are going to be.

Though in a tender, you are not locked in to actually delivering sometimes the benefit that you promised within the tender submission. Whereas if it's a community interest company, it's locked in, it's going to happen. So it's something that we agree with and we're certainly working with Social Enterprise Scotland and others to look at how we can try and set up social enterprise to be in the best position to win these contracts and understand what their social value can add to win the contract over somewhere else. So it's something that we're looking at.

**Alex Richardson, Gladiators:**

I can bounce some ideas of you, you know.

**Ariane Burgess, MSP:**

All right, good. We've got some creativity happening. All right, So we've got have we got, have we got just. So, we've got Michael, I'm just going to say so and then we've got a friend who's sitting at the broadcast desk there and then the chap over here with a very fine beard.

OK, Michael, can you hear me?

**Michael Nwosu, WasteAverse International:**

My name is Michael. I'm a graduate of University of Dundee. No, currently I'm carrying out a research project on social enterprise funding. They have made some suggestions on the chart.

So my thinking is that the funding challenge that social enterprises are facing can be resolved if governments can pay more attention to the circular economy. Because I believe that the social enterprises are more, you know, position to be able to help government in that sector because they are closer to the communities and they have the capacity and also the vantage position be able to recover maybe items or goods like electronic appliances or whatever goods that could go into recycle.

But government have to put up the framework where companies or corporations can take back these items from social prices. So that we will we will not be having the problem of all these appliances going to landfills or staying idle in homes are not being used. So there's a research that is going on now and I hope to work with the Social Enterprise Scotland to, you know, develop that framework which will come as a recommendation to government and I believe this stays true.

It's going to help so many social enterprises about funding because I see the

opportunities that they have in, you know, generating both jobs and also generating works through shared stroke, circular economy, business hybrid.

So we are developing that innovative business hybrid. So with time, if I'm going to work in time in time there with Social Enterprise Scotland, be able to develop that Business Innovation or that business model. So that's just my contribution because I've been researching about social enterprise funding. So I believe is something that holds so dearly right from when I was in Scotland, because currently I'm the middle, but I hope to come back to Dundee soon. Thank you.

**Ariane Burgess, MSP:**

Well, thank you so much for that, that suggestion, Michael. Maybe we can again add that to our, our, our, our letter to the government to highlight the, the aspects of the social, the circular economy. Certainly an approach that is close to my heart.

So yeah, we need everything to move into that circular mode and I just want to remind us, some of us might have been here when John Swinney was convener of the CPG and it was the he convened for two meetings and at one of them he said he wanted to see at least 1/3 of Scotland's businesses be social enterprise.

So, we can also put that in our letter, remind him and hold him to it. OK, we're going to go over here.

**Kate, South Lanarkshire CIC:**

Thank you very much. So I, my name is Kate and this is my first cross party group and I'm going to come back. It's great. I think it's amazing. Thank you for having me.

So I have I work in a community interest company, but I also in my live in South Lanarkshire and in a small village and one of the things that I am learning here tonight is that one of my concerns is we try and reverse inbuilt structural inequalities and at the moment, I can see structural inequalities starting in the way we are running our development trusts and expecting communities to set up social enterprises because at the moment it seems to be dependent on people having the capacity to volunteer and where I live in my village, people don't have the capacity to volunteer.

In the village nearby to me, which is much more affluent, they have an amazing amount of resources and that they're able to generate because they have a educated retired population and they can form a really powerful group and they can write the applications and they can get amazing resources.

Whereas in my village, in my community, we struggle to get anybody to volunteer to do anything. There is so much money in our local wind farm pot and we keep being told, please apply, you can have any money you want. There's so much money. We

have nobody with the ability to do that. I'm on so many voluntary groups. I can't go on anymore.

It's just so frustrating because it's like it's happening across the country and it's being replicated in so many different ways and I think there's a real ethical problem at the root of what government and local authorities are calling giving power to communities.

You're not really giving power to communities, you're just giving responsibility to communities and the idea that the assets are actually liabilities is really true and you then give them to communities that for having to use volunteers to run them, the volunteers don't have the training and support that they need there.

There's immense community tensions because of that relationships breakdown within communities. There's, there's like people are distraught in many ways and I think that it's, it's kind of I'm total believer in social enterprise and a total believer in, in everything.

But the what I see happening at the moment I think is ethically really questionable and I think that we will look back and see that we have got vast, there's a vast difference between the resources that different communities have based on their capacity to volunteer.

That is wrong and that underpins a lot of what's going on at the moment and somehow we need to find a way to change that.

So in my community, it's not about money. Actually, we have got so much money, but we can't access it because we can. We don't have the voluntary capacity. So it's just an observation. It's more a personal observation than the work observation. But I just think it's really important.

**Ariane Burgess, MSP:**

Thanks so much for bringing that into the into the space, Kate.

There's another element of that which you kind of just said yourself, you can't go any more on any more committees because often in communities it's the same 10 or so people that seem to wear all the same hats and then other people think they're trying to take the power or something like that, which is not the case.

1:16:58

You're just trying to put the finger in the dyke and solve the problems. But I feel inclined to come to DTAS there.

**Morven Lyon, DTAS:**

I mean, well, big question. Yeah, a couple of things. First of all, I agree with you. It is an issue. We do have a problem with communities that have resource and capacity in communities who don't. A couple of things that we try and do at DTA. So one, is that we absolutely advocate for core funding.

So volunteers can only go so far and it links to the conversation we're having before,

you know, we've done research and we've got reports on if you want communities to take on these assets, they need to be paid and paid properly to do that.

We've got an aspiring development trust support programme at DTAS as well. So for exactly those communities where they just need some support with those first steps around involving the community and kind of galvanising. So that's potentially something that I could talk to you more about and yeah, I do think we need to do more, much more capacity building in the sector and, and funnel more support into those communities that aren't as well resourced. It's actually an easy job when you're working with communities that are high capacity.

You kind of can get swept into that pipeline, but actually it's working with communities that don't have resources where we need to really focus our efforts and then just two final things.

One thing we've been talking a lot about the details lately is when to say no, like and actually encouraging communities to have confidence to say no. Like no, I'm not going to take on this business that's failing or this asset that's crumbling and pushing back a little bit and then the point about community benefit funds is huge.

You know, like there's needs significant work about making sure that those are going to the right organisations being distributed fairly and not just automatically being given to groups that are well resourced and already set up.

So yeah, lots in that we are trying.

**Kate South Lanarkshire CIC:**

Yeah, I just wanted to raise it because I think it's it is that thing about it's really hard to reverse the inequalities once they're there and when you see them being actually happening before your eyes, you're like, this is for the future. This is building structural inequalities into our communities rather than empowering them.

**Ariane Burgess, MSP:**

Yeah, yeah, yeah, we've got that. Thank you very much. I just not quite answering your question, but I just had a thought about this thing around when community should say no to taking on that town hall that the council's kind of had closed up and can't do anything with and it comes back to Michael's point about circular economy.

I had a really interesting conversation for a podcast episode that hasn't come out yet. I've got a podcast called Regenerative Scotland with the chief executive 0 Waste Scotland, Ian Gilland, and he really talks about how we need to see everything has a value. So all those buildings that become a burdensome asset could actually maybe we need to go all right at some point. We don't have the human capacity to keep these kind of buildings for posterity and our heritage, but they have value, the stone has value, the slates have value, and maybe that's the way that communities could start to approach.

Those buildings, so rather than them being burdensome because they're big and they're draughty and certainly in my town, local Development Trust, doing amazing work, doing a retrofit on the town hall, but like putting millions in and really struggling to to kind of get the funds there. They'll get there in the end. But we could look at some things differently, and maybe we need to actually have a look at that kind of the built environment and what do we do differently with that and how do we see the value in a different way?

I'm going to come over to you and then let me just see and, you know, depending on how this one goes, we might have time for another question.

**Aythan Lewes, EALA Impacts:**

Yeah, I think that might be quite short. My name is Aythan. I work for a social enterprise, architecture and buildings and consultancy. It's just a clarify, clarifying question for Alex. Soft contracts? This is a jargon buster. I haven't come across that phrase before. Just wondering if you could explain what soft contracts are.

**Alex Richardson, Gladiators:**

Yeah, Well, well, let's take the NHS for example. Nobody needs to have two surgeons and five specialists working for the social enterprise. But for example, when my organisation was delivering for the NHS, we delivered for like 6-7 years now, we had our core activities and obviously we were looking to fund that self fund that through delivery, a soft contract. Now that soft contract was we would combined what the NHS needed along with our core activity. So we were going to a school to deliver physical activity through play and maybe there'd be a generic message at the back of that as well.

We would also drop off, drop off their supplies with their play team for that particular school. Now one small package could cost back then 15 year ago was costing the NHS sometimes £40 just to deliver one package. We're multiplying this by hundreds of thousands of packages.

Now. Our, our play teams were based and, and, and, and, and we would make the orders up and those orders would go with our six play teams to, to, to those schools and those nurseries.

So we piggybacked, we saved them. Let's not be kidding. We saved them a fortune through not having to send our deliveries by express delivery. We saved them a fortune, but at the same time we earned enough money at 10.36 local people who on our commercial downtime could work on our core activities in the community. We went through a period of years for about 7 or 8 years where the seven or eight years where we were self, we were virtually self funding all the free activity in our entire community off off the benefit of that one soft contract.

Now, at the end of the day there the credit crunch put paid to us because, you know, no public department with the NHS was going to pay their own people up and make them redundant when they could get rid of the soft contract provider or the service provider in this case, which was us, which is common sense, you know. So it didn't

matter how good a service you delivered that that's that these things come to an end at some point. But my point being is I'm giving you an example there. There's a lot of small things that that doesn't take rocket science.

Anybody can be a delivery person that doesn't take rocket science to deliver these things. But there's myths when it comes to the, when it comes to the tender process. There's these myths still in the, in the public sector, like they're third sector, they're not professional. Give it to the private sector person and the real ones who who know nothing about business. Sad to see it as people who spent their entire life in the public sector spend their life trying to get rid of your money at the end of the year.

Use it or lose it. Spend it. Walk into any any gym in any school in Scotland, slide the door open, boom.

That's all the active school equipment that was all funded by use it or lose it money when I could have been paying some of my coaches to get in and educate the kids in different sports. You see, there are all worlds around my room. So this is where I'm coming back to with soft contracts. It should be made legally. Take a section halfway or different public sectors and say right, see that.

But there we're ruling that only, only third sector applies. For that only, only the social sector applies. I don't think it's, it's rocket science to do these things. But I'm just giving you one example. But now use your imagination. Of course, a lot of public sector departments, what could you do that saves them time, money and effort? You will find if you sit down, there's loads of things there that can be done in the public sector. And like I say. So in one breath you're saying, well, if I've done that contract, is it not taking time away from a group?

Well, actually, no, because if you don't have on that contract, you of course bought an additional workers. Now you've created jobs in the social enterprise sector. So, many workers will cross over between your voluntary work and your, you know, whatever you're doing with the contracts on commercial downtimes, which is such a win, win in both sides of the fence, to be honest with you.

**Ariane Burgess, MSP:**

OK, thank you. So something there about mutual benefit.

**Andy Paterson, Social Enterprise Scotland:**

I was just going to ask you to put on your mic. Ariane, I'm sorry.

**Ariane Burgess, MSP:**

Well, I'm just going to check a little bit of behind the hat kind of consulting with my colleagues here. So we're a little bit over moving to the next thing. But do, can I take this next question? OK, please come on in. Great.

**Julie Wong:**

Thank you for fitting me in. My name is Julie Wong. I work at the University of Edinburgh and the Edinburgh Futures Institute, and I'm working with a group who are assessing the feasibility of a mutual credit system for the social enterprise sector, whereby social enterprises who exchange goods and services with one another can provide those goods and services using mutual credits instead of drawing down their cash reserves.

So their cash reserves can be used for other things like NI and salaries and it builds as well on top of Michael's circular economy point. So my question for both panels is actually two questions.

One, to what extent do you think social enterprises trade amongst each other? How much is there an internal market within the social enterprise sector?

And 2nd, what are the regulatory barriers and opportunities that you might see facing this kind of idea?

Thank you.

**Ariane Burgess, MSP:**

OK, two huge questions with not much time to end. So, you don't have to answer both of them. But has anyone got any kind of like response for Julie?

**Keirnan Daley, Social Investment Scotland:**

I've got some thoughts. So, so my thoughts are just as a general broad statement. I know that most social enterprises that we work with will try to work with social enterprise supply chains as much as possible. Sometimes they're maybe not the best fit, so they, they can't choose that model.

But as as a, as a kind of sense. So, an example of say, hey girls when they were starting out wants to work with Haven to, to warehouse their products and that that works for a good amount of time and until such times as they had to go to different warehousing options.

So I think 9 out of 10 times people will try and keep it within some sort of social enterprise supply chain.

**Ariane Burgess, MSP:**

OK, anybody else got any responses?

Nope. Nope. All right. Wow. Well, I think maybe you've introduced a new some new ideas. I don't know if it's new. Is this new?

**Morven Lyons, DTAS:**

I think we, yeah, definitely have a lot of work to be done in the community social entity sector to pool resources and to kind of have, yeah, either enterprises and trading with each other or investing in each other. That's something that we've looked at. We're interested in this idea of a collective kind of wealth funds that groups that can maybe in in invest into, but also that provides cheap investment out.



So we're kind of looking at similar ish ideas in the community sector. So yeah, maybe we we talk more.

**Neil Ritch, National Lottery Community Fund:**

I suppose that speaks to a tradition of mutual aid across that sector as well, which is certainly happens informally in all kinds of communities and places. But that sounds like a really interesting model to explore because it's also speaks to that, that sense of wealth building within the sector, which I think is important.

**Ariane Burgess, MSP:**

Yeah and, and in a way it gets away from the limitation of having the the, the, the financial side of it, the money side of it, and actually start looking at trading in a different way. It's almost like almost kind of having creating a kind of currency in a way, isn't it?

But it's not the pound. Yeah. OK, very briefly, Just very briefly.

**Joanne McClelland, EALA Impacts:**

You probably won't be able to answer it, but I think maybe it's an elephant in the room question.

But if we're looking at raising the value of social enterprises, their social value, surely we need to pit it against the negative value of practise that is for profit and extractive. Like if we're not going to be, we're not, we're not at a lower level, we're at this, we should be at the same level and we can only achieve that by seeing the value of what's not being achieved by a for profit extractive practise.

If we're doing regenerative practise, we've got bells and whistles with lists. Everyone around this room's got lists of all the social impacts that they're delivering.

If we're not also putting the list together, if it's hidden away in a Sheffield Hallam report about solar panels and the impacts it's having in international and and therefore then locally as well, when we're never going to be able to see the true value of what we're we're capable of achieving in the social enterprise sector.

**Ariane Burgess, MSP:**

Yeah, thanks for that. Can you just introduce yourself retrospectively?

**Joanna McClelland:**

Yeah, sorry. My name is Joe McClelland. I'm the social, I'm run a social enterprise called the Ala Impacts and I'm an architect.

**Ariane Burgess, MSP:**

Brilliant. Great. Thanks very much. OK, Andy, I'm trying to close this down.

**Andy Paterson, Social Enterprise Scotland:**

I'm so sorry. It's just to very quickly say that there's a lot of online agreement for kind of procurement change and working with the circular economy. And to respond directly to the negative impact, there was a SPICe report.

SPICe is the Scottish Parliament's Information Centre. So they're researchers who have looked into a new metric to calculate kind of social value, because right now the third sector is about the fourth biggest sector when looking at financial turnover in Scotland. So I think if there's this idea of a new metric to calculate this, and I think you'd see the huge value in our social businesses here.

**Ariane Burgess, MSP:**

Brilliant. Thank you very much for that. OK, we're going to move into AOB. I'm going to try to do this quite quickly and let's see if we can and eight O'clock as we committed to do at the beginning.

So this is just a bits and pieces. The date is basically it's about the date and where we're going to meet again and I hope that you've enjoyed the evening so much that you will come back or join us online.

So the next meeting is on the 4th of February and it is going to be in this room 6 O'clock to 8 O'clock.

So please come back and, and as I said, or join us online. Thank you so much. I think it's been a very wonderful evening and I think maybe let's just have another round of applause for our awesome speakers and, and as I've got a minute to, I also just want to do a little round of applause for our secretariat.

Duncan and Andy, thank you so much.

We're organising this brilliant evening and getting the panels together and making sure I knew what I was going to be doing tonight, so thank you.