

Final Report



Scottish Government

Review of Supported Businesses in Scotland

Rocket Science UK Ltd with Forth Sector
Development

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We would like to thank staff of the 13 supported businesses (Appendix 1) we have worked with. They have been very generous with their help and time and have contributed significantly to the development of our recommendations.

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Executive Summary

Introduction

Rocket Science with Forth Sector Development were commissioned by the Scottish Government to review the current status of Supported Businesses in Scotland and provide recommendations and guidance for these businesses about how they could enhance their sustainability while providing the best support to staff with disabilities.

Our brief was to:

- Identify challenges and obstacles identified by supported businesses in Scotland
- Identify opportunities, sources of funding and support available to supported businesses in Scotland
- Identify examples of best practice within supported businesses in Scotland and beyond
- Identify best practice from the broader third sector and private sector which may be applicable to supported businesses
- Provide concrete recommendations to, and guidance for, supported businesses on how they can increase profitability while providing the best support to staff.

The review is therefore seen as a strand of the Government's efforts to create a vibrant group of supported businesses playing their role as part of a more comprehensive approach to helping disabled people find sustainable jobs which provide both a fulfilling experience and appropriate support.

Our work has included:

- Detailed analysis of 13 Supported Businesses who volunteered to take part in the review. This involved analysing their financial information, business plans and marketing plans where available. We held in depth interviews with them on their premises to explore their current situation, issues, challenges and opportunities and the way that they are responding to them.
- Identifying examples of good practice from these visits.
- Presenting our interim findings to a workshop of supported businesses and key stakeholders and gaining feedback on our conclusions and initial recommendations.
- Developing ideas about the transitions that businesses need to make and how they can be helped to make these transitions a success.
- Creating tools to help businesses assess their progress on this transition journey.

Supported businesses in Scotland

Our analysis of the businesses shows that they do not form a 'sector' in the conventional business sense. They cover a wide range of businesses which have in common a commitment and purpose around supporting disabled people in a work environment.

Supported businesses have a number of features in common:

- They tend to focus on simple assembly tasks, with some drawing on semi-skilled trade work (e.g. joinery), and to concentrate on local markets and particularly public sector markets.
- All of them are changing, some faster than others, and are at different stages on a journey to greater financial robustness. Some are part of larger groups and are able to draw on them for expertise, support and investment. Others are small and light on their feet in shifting markets. Some remain tied to Local Authorities and tend to have more of the features of a client support service rather than a business.
- The most financially robust and commercially focused businesses are developing a strong market presence and are underpinned by sound business disciplines and management. But even for these the support available from the public sector (notably through Work Choice) is critical in making up for low productivity and ensures that they can compete for contracts. Should there be a significant reduction in this support even they would be vulnerable in terms of viability.
- The constraints on Local Authority budgets are throwing more focus on the costs of LA supported workshops. This may provide a threat although there is also evidence of sustained political support for such workshops in some areas.
- All the businesses are seeking to balance sustainability with purpose – in other words, they are trying to find a way of providing a supportive working environment where people with disabilities are able to carry out tasks which contribute to the production of valued products and services, while trying to ensure that they have a sustainable business model through sales.
- All of the businesses have been affected by the recession, though some are now seeing increasing sales.
- All are operating in tough commercial markets and, even when they have forged a supportive relationship with private sector customers, need to show value for money and enhanced value over time.

Those further down the path of commercialisation exhibit two features:

- They use their public sector track record to move into private sector markets
- They use the existence of Corporate Social Responsibility commitments among target private sector markets to gain access to these markets.

In summary, nearly all the businesses are focusing on becoming more financially sustainable but reductions/re-focusing of UK Government (Work Choice) and/or Local Authority support would provide a significant threat even to the most commercially successful supported business.

Transition journeys for supported businesses

We have identified two 'transition journeys' that supported businesses need to take to respond to the current funding environment, specifically the current dependency of some on Local Authority funding and likely changes to Work Choice. Scotland's supported businesses are at different stages on these journeys.

- The **commercialisation transition** to a more sustainable business model which will involve a stronger focus on:
 - Commercial products and services
 - Product and service development and innovation
 - Business development and marketing
 - Increasing scale where possible
 - Strengthening, and actively using, management information

This commercial transition journey is reflected in:

- Board and management skills and experience, which are drawing more fully on commercial experience and expertise
 - Identification of commercial markets and needs
 - Responsiveness to changes in market demands
 - Investment in equipment and training to maximise productivity
 - Creating viable mixed workforces
 - Active management using high quality management information
 - Expanding beyond local markets
 - Supported businesses using their positive image combined with a competitive offer in terms of goods or services.
- The **employability transition** to a model where the supported business will provide a supportive real work experience which will help disabled employees gain the skills, confidence and work routines to help them thrive in conventional employment – instead of providing long term employment with little chance of moving on. This will involve a stronger focus on:
 - Changing from being a long term destination to being a place where skills, confidence and routines can be built so that people can work effectively in a conventional workplace
 - Building skills and providing a range of experiences
 - Building a range of employer connections so that there is a ready source of conventional jobs for staff to aim for and be helped to prepare for
 - Tendering for a range of other employability contracts and using the work environment to help a range of people make progress to conventional work
 - Attracting new supported employees and retaining existing supported employees in the context of individual budget-based programmes.

Managing progress through the employability transition is at least as important as making progress through the commercial transition, but on the whole progress on the employability transition is currently weaker.

We have used these transition journeys – and the good practice that we came across – to develop two Transition Scorecards (Appendix 5, page 52) that we hope will be of value to businesses in identifying their development priorities and targets and subsequently describing their progress on the transition journey.

We have identified a range of support needs to help supported business through these transitions and their practical ramifications. These include:

- Access to:
 - Financial expertise
 - Money
 - Procurement expertise (particularly important if public markets become a growth market for supported businesses)
 - Specialist advice (particular to specific industry).
- Support for:
 - Product development
 - Taking forward a change management process
 - Business planning processes
 - Sales and marketing
 - Improving processes, efficiency and competitiveness.

We have identified the main current sources of guidance and financial help available for these aspects of transition and these are set out in Appendices 7 and 8 (pages 65 and 69).

We have also identified a range of opportunities that face supported businesses and the Scottish Government and others that will help both to enhance the support available for transition and to create a more sustainable approach to helping disabled people into sustainable work. The approach we have identified with supported businesses has six themes which, together, would form a powerful transition support package:

- Setting supported businesses in a wider 'lifelong learning' approach
- Creating new funding models to support transition
- Supporting an actively managed learning network of supported businesses
- Encouraging business related activities that might come out of this network – for example the creation of tendering consortia and the creation of a supported business brand
- Developing public sector markets
- Embedding supported businesses in a more comprehensive supply chain to provide a wider range of opportunities for their disabled employees in terms of appropriate progression.

Our recommendations on supporting the Commercialisation Transition

Based on our investigations, **we recommend** that three agencies should discuss the issue in more detail, namely:

- The Scottish Government, which has a clear policy interest and limited financial resources. In particular, we recommend that Scottish Government should look at the whole range of its activities (such as its funding of self-employment for people with disabilities) and how they might be brought together.
- The BIG Lottery, which also has a clear policy interest in the client group and developing social enterprise models of delivery and has financial resources at its disposal.
- The organisation which wins the contract for the Enterprise Growth Fund continuation. Here there are funds of up to £250K to support organisations to grow and become more commercially sustainable.

It should be possible to look at the overall landscape of supported business and to identify particular businesses that could benefit in the longer-term from an integrated package of grants, loans and business support. We have identified two potential steps:

- **The first step** would be for the Scottish Government (SG) and BIG Lottery to discuss what we might call 'strategic intent' and agree criteria for segmenting supported businesses. In practice this means that SG and BIG Lottery would agree on the types of supported businesses they would be willing to engage with and develop structured financial support packages which could involve Social Investment Scotland (SIS), DSL Business Finance or other organisations specialising in this market such as Unity Trust Bank.
- **The second step** would be to assess the business plans on the basis of whether they are likely to achieve sustainability and, where appropriate, to consider if they should seek support from the Enterprise Growth Fund (EGF) for non-financial business support. This could then be aligned with the EGF process for allocating its £6 million over two years. An element of this step would be the consideration of whether moving to a social enterprise model would lead to advantages in accessing further funding and markets.

Our recommendations on supporting the Employability Transition

As with the commercialisation agenda, the support offered to help with transitions from subsidy to sustainability can be seen as financial and broad business support. Our view is similar in that **we recommend** that the Scottish Government, BIG Lottery and other potential investors should look at how they can collaborate to help those supported businesses who want to operate in this market become sustainable through a combination of loans, grants and business support.

If the Scottish Government wishes to support transition for organisations with a focus on employability we have identified some practical actions it could take forward:

- To form a view of how its own recruitment processes, and those of key public employers (notably Local Authorities and NHS) could support this objective
- To support its own HR teams in delivering this
- To keep the future of Work Choice under review and decide whether it wants to supplement any income under that programme when it is revised after 2015
- To work with the BIG Lottery and (if possible) the contractor for EGF to create a strategic approach around which investment could be made in employability based supported businesses.

1 Introduction

The Scottish Government has a clear approach to supporting disabled people into work:

- They are committed to delivering a consistent person-centred approach to supporting people with a disability who want to work
- They want to ensure that all those disabled people who want to work get the opportunity to find fulfilling jobs, suitable to their skills.
- They want to help disabled people access mainstream employment, but also recognise that supported businesses can play a valuable role.

In the light of evidence that some of Scotland's supported businesses are struggling in the current economic climate Scottish Ministers are keen to ensure that viable businesses are offered relevant and appropriate support to help them survive.

Our review of supported businesses in Scotland is part of this supportive approach and is aimed at developing recommendations and guidance that will help supported businesses move successfully to a more sustainable future.

Our work has included:

- Detailed analysis of financial and other business planning information from 13 supported businesses. These businesses, which represent approximately half of Scotland's existing supported businesses – and a cross section from highly commercially focused to Local Authority linked workshops – volunteered to be part of the review. These businesses were:
 - Blindcraft RSBI Glasgow
 - Beltane Products
 - Dovetail
 - Erskine (no longer technically a supported business following the closure of some parts of the business but included here because of its retention of a strong focus on a disabled client group)
 - Hansel Alliance
 - Haven
 - Highland Blindcraft
 - Lady Haig's Poppy Factory
 - Matrix Fife
 - Remploy
 - Royal Blind Scottish Braille Press
 - Send it Fulfilment Solutions
 - The Sign Factory.
- In-depth interviews with these businesses based on our analysis of the information received. Our aide memoire for these interviews is included as Appendix 2 (page 47).

- Production of confidential reports for each business providing them with our assessment of strengths and weaknesses and issues (outline in Appendix 3, page 49). We asked businesses to advise us of any corrections of fact or interpretation and agreed a final version for their use. These reports remain confidential to each business but we have drawn on them to identify common themes, issues, challenges and opportunities. We have also aggregated the data to describe some overall patterns across the group of supported businesses.
- Presentation of our interim findings and recommendations to a workshop to which all these businesses and other stakeholders were invited. We have incorporated the feedback from the discussions at this workshop in this report.
- Production of a Draft Report and consultation with supported businesses and stakeholders.

The output from our work has been:

- A confidential note for each business, describing the strengths and weaknesses of each business, the opportunities they face and the way that they are responding to the need to make a transition to greater sustainability. These notes were discussed and agreed with each business.
- Identification of the two 'transition journeys' that they need to take in the light of current threats and opportunities:
 - The commercial transition journey, which allows supported businesses to strengthen their income through product and service sales
 - The employability transition journey, which allows supported businesses to move from being a long term destination for disabled people to being a place where they can gain the skills, routines and confidence that will help them move on to a conventional workplace.
- Two transition scorecards to help businesses prioritise their transition actions, set themselves targets and capture their transition progress.
- A guide to sources of support and finance for the different aspects of the transition journey
- Recommendations on a wider strategic approach to helping disabled people find sustainable work.

In Chapter 2 we describe the background and context for this work. In Chapter 3 we describe the character of supported businesses and their clients and the issues that they face. In Chapters 4 and 5 we describe the two transition journeys that businesses need to make. In Chapter 6 we describe the support available for supported businesses undertaking the transition journeys and ways in which this could be enhanced and in Chapter 7 we present ideas on a more strategic approach to helping disabled people find work. We present our recommendations in Chapter 8.

2 Context and sector

The Scale and Nature of the Sector in Scotland

The Scottish Government has adopted the following definition of a supported business:

"a service where more than 50% of the workers are disabled persons who by reason of the nature or severity of their disability are unable to take up work in the open labour market."¹

The supported business 'sector' in Scotland is diverse, and there are recognised supported businesses operating across a range of markets including furniture, print and document management, IT recycling and laundry. The size and scale of these businesses varies greatly from turnovers of under £100,000 to multi-million pound operations; each supporting a varying number of individuals.

Some of these businesses are profitable, some of them currently loss making. From one organisation to the next there is significant variation in terms of their reliance on grant funding and public sector financial support.

This variation is what sets each organisation apart. What unites them is, firstly, a common goal of providing employment to people with disabilities, and secondly, the similar challenges and issues they face as a result of current economic conditions and changes in public sector policies. The impact of these challenges and issues – and their ability to respond – will vary between organisations.

In this Chapter we describe the features of the context (European, UK and Scottish) and the key themes which are affecting Supported Businesses.

The European context

Changes to Article 19

The European Commission are currently going through a process of revising the existing EU public procurement rules. As part of this review they are proposing changes to Article 19, which creates a provision for reserved contracts within EU public procurement rules – in other words provides an opportunity for supported businesses to win specific contracts from public sector organisations.

Currently Article 19 states:

"Member States may reserve the right to participate in public contract award procedures to sheltered workshops or provide for such contracts to be performed in the context of sheltered employment programmes where most of the employees concerned are

¹ As defined in Regulation 7, Public Contracts (Scotland) Regulations 2012.

handicapped persons who, by reason of the nature or the seriousness of their disabilities, cannot carry on occupations under normal conditions. The contract notice shall make reference to this provision."

The proposed changes are as follows and include Article 19 becoming Article 17.

The proposed Article 17 currently states:

"Member States may reserve the right to participate in public procurement procedures to sheltered workshops and economic operators whose main aim is the social and professional integration of disabled and disadvantaged persons or provide for such contracts to be performed in the context of sheltered employment programmes, provided that at least 30% of the employees of those workshops, economic operators or programmes are disabled or disadvantaged workers. The call for competition shall make reference to this provision."

Within the proposed amendments there are three critical points which broaden the scope of the provision of reserved contracts:

- The existing provision covers only "sheltered workshops" while the new proposals cover "sheltered workshops and economic operators whose main aim is the social and professional integration of disabled and disadvantaged persons".
- Currently at least 50% of the workforce must have a disability for the organisation to qualify under this provision. It is proposed that this number is reduced to 30% of the workforce.
- Lastly and notably, the current provision covers only employees with a disability. The new proposals seek to cover disabled or disadvantaged workers.

If the changes to the provision of reserved contracts are to be approved as currently recommended this may have an impact on the use of reserved contracts and supported business. The consequences are likely to be:

Increased competition

- It is likely that there will be a significant increase in the number of organisations that qualify for reserved contracts; this will include a number of social enterprises – particularly those with an employability focus for individuals disadvantaged in the workplace.
- This increase in competition may affect the ability for supported businesses to win reserved contracts.
- However, a key complaint from Public Bodies in using reserved contracts is that there are not enough providers to enable any real level of competition (often there may only be one provider who can bid for the contract). This increase in the number of qualifying organisations may allow Public Bodies to ensure there is a level of competition to justify using more reserved contracts.

Changing the employee 'mix' of Supported Businesses

- From a procurement standpoint, a supported business which is maintaining a level above 50% of disabled employees for the purpose of qualifying for reserved contracts may be looking to reduce the level of supported employees if this fits with the business and strategic goals of the organisation.
- Again, from a procurement standpoint, supported business could look to have a mixed workforce to include employees who are disabled as well as those who are disadvantaged in the workplace.

Any changes to EU public procurement rules are likely to be translated into new regulations in Scotland before the end of 2014.

The Sayce Report

In 2011 the UK Government commissioned Sayce Report on specialist disability employment programmes was published. Within the report's recommendations are a number which, if implemented, will have a significant effect on Scotland's supported businesses.

The report emphasises the need for more personalised employment support, tailored to the needs and aspirations of the individual, and advocates *funding of the individual* to access employment and not *funding for the facility*. The report states:

*"Government funding should be invested in effective support for individuals, rather than subsidising factory businesses"*²

It also advocates an end to the current model of subsidy to Remploy factories, stating they are no longer fit for purpose in the 21st century. These recommendations have since been implemented by the UK Government resulting in the closure of the majority of Remploy's factories in Scotland.

Finally, the report advocates that open employment must be considered a possibility for everyone and that disabled people, particularly young disabled people, hold the same educational and employment aspirations as their peers.

The clear theme of the Sayce Report is that, wherever possible, supported businesses should be seen as providing a route to conventional work and not a long term destination in their own right. Given that the latter is a key feature of nearly all Scotland's supported businesses at the moment this theme (and its working through into funding models) provides these businesses with a significant challenge, which we address in this report.

² Recommendation 3 – Page 107 of the Sayce Report <http://www.dwp.gov.uk/docs/sayce-report.pdf>

Work Choice

The majority of businesses that contributed to this review are accessing funding from the Work Choice programme. This currently provides a £4,800 subsidy per eligible supported employee. This financial contribution is critical to the financial sustainability of a number of supported businesses who rely on the subsidy. The Work Choice contract is due to end in 2015 and uncertainties exist over its successor. The Sayce Report once again advocates a personalised support approach post the current Work Choice contract:

*"The Department should, when the existing Work Choice contracts expire, cease any specific guarantee of funding to supported business places, so that funding follows people rather than facilities."*³

In its place the Report suggests that Work Choice funding should be rolled into individual budgets, with Access to Work creating one general Work Programme and one individual budget-based programme.

Individual budgets and the employability function within Supported Businesses

Uncertainties over the future of funding after the current Work Choice contract casts a long shadow over supported businesses. Will funding be maintained at its current levels or will there be a reduction? Will there be a new programme replacing Work Choice altogether? If this is in line with the individual budget route outlined in the Sayce Report, then will supported employees choose to remain with supported businesses or will they opt for a different path? Even if current employees choose to stay with supported businesses, will new entrants decide to opt for a supported business or will they choose a mainstream employment route?

In facing a potential policy shift towards individual budgets, supported businesses will have to become not only businesses selling their commercial products but they will also have to 'sell' their employability function to potential clients. Those that can do this will flourish, those that cannot will find that the demand for their service will diminish as their workforce shrinks.

Focus on Outcomes

In addition to the prospect of individual budgets, contracts for the provision of employability support are moving towards payment by results (i.e. being paid when clients get a job, with subsequent payments for sustained employment). This is a key feature of the Department for Work and Pensions' Work Programme, their flagship 'payment by results' welfare to work programme for the long term unemployed that was launched throughout Great Britain in June 2011. Although there are attachment fees paid when clients start the support service, service providers are paid almost entirely by results - defined as sustained job outcomes for participants. Although a mainstream

³ Recommendation 5a - Page 74 of the Sayce Report <http://www.dwp.gov.uk/docs/sayce-report.pdf>

employment programme, the Work Programme is providing services to a significant volume of disabled people.

The economic context

A changing economy combined with tougher economic conditions has had an effect on the sale of goods and services that a number of supported businesses produce and in particular those producing traditional products. Many have seen a reduction in trading income as a result. However, some have continued to adapt and innovate in an ever changing market place. The supported businesses that can continue to do this will be best placed to respond to the market.

A significant part of the economic context is the public sector spending cuts that are having an impact across the whole third sector, forcing it to undergo significant change. The continued reduction in public sector grant funding and subsidies from all forms is causing – and will continue to cause – significant trauma for supported businesses. There have already been significant casualties: in Scotland this has included the closure of Remploy Factories and in 2011 the closure of the BlindCraft factory in Edinburgh, the oldest supported workshop in Europe, after the ending of financial support from Edinburgh City Council. A number of supported businesses who participated in this review are experiencing a reduction in funding from public sector sources. This trend seems set to continue.

The unintended effect of high levels of subsidy

High levels of subsidy have protected some supported businesses from market forces. This has also led to a lack of focus on marketing, product development, innovation and more generally on efforts to enhance income from product and service sales and so reduce the scale of subsidy required to sustain the support service.

There is a clear indication within this review that supported businesses receiving a proportionally higher level of subsidy are not those organisations where the supported employees require greater support but those whose products, goods and process are not suitable for their markets.

As subsidies that have been used to support the commercial operation continue to fall, some organisations are being forced into increased commercial activity. This can prove difficult as they are playing significant 'catch up' on their private sector competitors and are realising that their process, products and services are not competitive or desired in the market. The need for change is widely accepted and in our report we describe the nature of these changes and the support that can help this transition.

An ageing workforce

Throughout this review, a common theme is that of an ageing workforce. This may be due in part to the tougher financial pressures placed upon supported business affecting their ability to offer employment opportunities for new entrants. However, anecdotally (and reflecting the findings of the Sayce Report), it does appear that this is also because supported businesses find it difficult to offer the provision that matches the aspirations of disabled young people.

Young disabled people who enter supported businesses today have stronger aspirations to move on and are more likely to find mainstream employment than individuals who have been with the organisation for a considerable length of time.

In addition to the shift in policy toward individual budgets, this further points to a need to ensure that supported businesses are an attractive option for young disabled people and that they are able to respond to their needs and aspirations. Failure to do so may see them become obsolete as their workforces continue to shrink as existing staff retire.

Fit for purpose?

The main features of the current context for supported businesses are therefore:

- A policy shift towards individual budgets and payment for job outcomes
- Supported businesses meeting the needs and aspirations of young disabled people
- Tougher commercial conditions
- Public sector funding cuts
- An ageing workforce.

These factors all point to the need for supported businesses to ensure they are fit for purpose in this new and more demanding environment. As mentioned above, supported businesses in Scotland are diverse: some organisations have recognised these issues and have adapted or are in the process of adapting, while others are at the beginning of this journey. In the rest of our report we set out the issues and challenges facing Scotland's supported businesses, the opportunities, the required transition journeys and the support that would contribute to a successful transformation.

3 Features and challenges

In this section we describe:

- The distinctive features of the support offered by supported businesses
- The main features of supported businesses in Scotland
- The profile of their current client group
- The main challenges facing supported businesses.

What does a supported business offer as a support service?

Supported businesses have a number of distinctive features that can provide an effective source of support for disabled people:

- A supportive 'real work' environment rather than an institutional environment – the former offers demands and challenges, the need for effective teamwork and communication, regular change and evolution, and requires both reliability and work quality.
- People with disabilities are (and are treated as) employees and not 'patients' or clients.
- A mixed workforce of able bodied and disabled staff who can work together and provide mutual support around practical tasks.
- The opportunity to attract significant commercial income to offset the costs of providing supported work opportunities and reducing the overall cost of the service. The net cost in the businesses we interviewed varied from nil (making a surplus on commercial income) to significant dependence on grant support.

There are some risks involved in this role:

- Ensuring that there is a close fit between clients' skills, experience and abilities and the jobs which contribute to the business task. Unless this is done there is a risk of creating 'non jobs' which can reduce productivity and efficiency and the viability of the business – and fail to provide a valuable experience for the employee.
- Not sustaining a focus on client progression.
- Failing to see their employability role as an income stream in its own right and ensuring a business-like approach to this (i.e. clear identification of costs of the service and an ability to bid for and win employment related contracts which can both complement and supplement Work Choice).

What are the main features of supported businesses? How do they vary?

The main features of the businesses we examined included:

- Employees involved in relatively straightforward assembly tasks, with some semi-skilled joinery using simple equipment.
- A focus on local markets and in particular public sector markets – particularly local authorities and health boards.
- Gaining a track record from public service contracts and using this to move into retail and/or private sector markets.
- Using the Corporate Social Responsibility commitment of customers as a way of gaining entry to private sector markets – while recognising the need to be able to compete beyond this, or at least show improving performance (i.e. private sector customers looking for improved efficiency/value over time).

The businesses covered a full range in terms of commercialisation, workforce mix and governance (see Figure 1 on page 17). In addition:

- Most of the supported businesses remain long term destinations for disabled people rather than places where they can be helped to gain skills, routines and behaviours that will help them move on to conventional employment.
- Some businesses have produced similar products and/or services for some time, with a sustained subsidy protecting them from the commercial pressures of market competition. This sustained under-investment in product development and manufacturing processes may be difficult to overcome as grant funding is reduced and the need to become more commercial competitive grows (i.e. they have fallen well behind competitors in the market).
- Most of the businesses have been affected by the recession with a common pattern of declining sales. Some of the businesses have now managed to stop and reverse this decline.
- There was anecdotal evidence that in the current climate people and businesses wanted to spend money locally – particularly on businesses, like supported businesses, which made a local contribution.
- Some businesses don't have a clear idea of the costs involved in developing, producing and selling products. This means that there is not a well-developed sense of the actual level of profit or loss involved in producing products. This in turn means there is a limited ability to identify appropriate cost-reducing or profit enhancing action or to describe the difference that such action has made.
- Supported businesses linked to Local Authorities were on the whole furthest back in their journey towards greater commercial income. There was a range of reasons for this:
 - The 'business' was seen as a funded support service rather than a business
 - It was part of a much larger departmental budget
 - There were few incentives to change
 - There could be a lack of clarity about who is responsible for the business as a business
 - There can be a strong political commitment to providing this kind of support for people with disabilities
 - A lack of the business focused management information that is required to produce and manage according to business disciplines.

Extent of 'commercialisation'	Mix of workforce	Governance
<ul style="list-style-type: none"> Fully commercial. Have found a niche where supported workforce (usually mixed with significant numbers of non-disabled staff) can work productively and produce commercial services and products at a profit/surplus without subsidy. These are the exception. Partially commercial. Commercial income makes up for low productivity and significantly reduces the cost of providing support for client group. Subsidised. Minimal commercial income, dependent on recurring income from provision of funded support (Work Choice) and/or recurring grant income. 	<ul style="list-style-type: none"> Roughly half and half (i.e. just meeting the supported business definition of at least 50% of the workforce being disabled). 'Balanced workforce' with able bodied and disabled staff. This was the usual 'commercial' model and brought with it advantages in terms of both business viability and support for disabled employees. Mostly disabled. The workforce is nearly all people with disabilities. Some able bodied in supervision/management or other specialist roles. This type of business was most present among those businesses funded by a local authority. 	<ul style="list-style-type: none"> Strong business focus. Board and business leadership focusing on business experience and skills. Social/disability experience. Board focused on social interests and commitment. Service manager. Leadership provided by 'workshop manager' with sole focus on providing an effective support service for people with disabilities.

Figure 1: Range of features displayed by supported businesses.

Who is the 'client group' and what are their characteristics?

We have drawn on an analysis of figures from 7 supported businesses (those with comparable figures available) to produce the following aggregate figures covering the proportion of disabled employees, the age profile of employees, the length of time employees have been with the supported business and the relative significance of commercial income and Work Choice/grant aid.

No. with disabilities	No. without disabilities	Total No. of employees
358 (63%)	208 (37%)	566

Figure 2: Balance of disabled and non-disabled employees in supported businesses

The proportion of disabled employees in each supported business varies widely from almost 100% to 50% (the minimum needed to qualify as a supported business). On the whole, the more commercial the business the more even the match between disabled and other employees. What these figures do not reveal is the proportion of disabled employees who could, with the right support, make progress to a conventional workplace. In our interviews most businesses felt that at least a significant minority (and in some cases a majority) of their staff with disabilities would never be able to progress to a conventional workplace – however well supported.

This may in part be due to long term 'institutionalisation' and ageing. In managing their transformation, many supported businesses will need to manage two parallel strands of employees: those who have been with them some time and who need to be helped to move into a fulfilling retirement; and new, young employees who are wanting to benefit from the support and training provided by a supported business to move on quickly into conventional work.

<25 years	25-35	36-45	46-55	<55
25 (2%)	120 (21%)	106 (19%)	240 (42%)	80 (14%)

Figure 3: Age profile of disabled employees in supported businesses

The age profile also varies –but on the whole, supported businesses display an ageing workforce with very few under 25 years old. Overall, 56% of employees of the 7 businesses are over 46.

<1 year	1 -5 years	5-10 years	10-15 years	>15 years
18 (8%)	39 (18%)	78 (36%)	26 (12%)	58 (26%)

Figure 4: Duration of employment for disabled employees in supported businesses

The duration of employment (Figure 4 above) confirms the lack of employee ‘throughput’: nearly three-quarters of employees have been with the supported business for more than 5 years, and over a quarter for more than 15 years. This suggests that a shift from being a place of long term employment to a place of short term preparation for a conventional workplace may take some time as supported businesses respond to the needs of ‘institutionalised’ and ageing employees.

Sales	Grants	Work Choice	Total
£6,432,000 (72%)	£702,000 (8%)	£1,861,000 (21%)	£8,995,000

Figure 5: Balance of sales, grant aid and Work Choice income in supported businesses

The relative income figures for sales and Work Choice/other grant aid is encouraging – but needs to be qualified as the figures are strongly influenced by a small number of large supported businesses – which have substantial sales figures. Hidden in these figures are organisations with much lower sales figures compared with other income. These organisations are vulnerable to different funding decisions by their Local Authority or significant changes to Work Choice – in terms of a shift to outcome funding or reducing funding or both.

The issues facing supported businesses

Overall these figures reveal some of the most important issues facing supported businesses:

- They have an **ageing workforce**, many of whom have become ‘institutionalised’ employees during a long period of employment. What this means is that:
 - Supported businesses will need to develop approaches to helping their older employees make a successful transition into a fulfilling retirement at the appropriate time.
 - Supported businesses will need to ensure that they are able to provide effective and appealing training and support to young disabled people to help them move into conventional work.

- Supported businesses will need to manage these two strands of work during a long transition period with consequential issues about managing a mixed workforce of this sort and deploying staff time in ways that ensure that both groups get the support they need.
- Supported businesses remain focused on providing long term jobs for disabled people but the threat of outcome based employability funding and/or reduced support from a range of sources means that they need both to **enhance income through sales and shift to a 'throughput' model of employability support** – in other words to becoming a place where disabled people can gain the skills, confidence and routines that will help them make progress into conventional workplaces. What this means is that:
 - They need to become more commercial in the way that they develop and market their goods and services to increase their own income from sales.
 - They need to develop the employability aspect of their activities to provide short, high quality supported experiences which prepare people well for conventional work and ensure that employers can expect productive contributors.
- However, **the transition journey needs to be designed and managed carefully**:
 - There may be some disabled people for whom long term employment in a supported business may be the only option.
 - The two transition journeys may be contradictory – e.g. a commercial business may need people who are fully used to the routine and make few day to day demands on other staff for support. What businesses like this don't want is a regular throughput of new employees who will offer lower productivity and need significant induction support. This contradiction is reconciled by the fact that the employability aspect of the business becomes another business strand, attracting additional income which can cover the costs of additional support and lost productivity.
 - Parents can strongly resist a son or daughter moving on from a highly supportive and appreciated environment.
- There is an issue about **referral procedures** – who is referred to a supported business and why, and is there a 'good' mix of referred clients in a supported business that will help both individual support and progress and business viability (i.e. mix within the disabled client group as well as between this group and non-disabled staff)? To what extent is there clarity about the kind of client who will benefit from a 'supported business' environment and how do they fit into the wider range of options?

- There appears to be a specific issue around **businesses which have no clearly committed 'ownership' or sense of accountability**. Although these can take different forms, most are Local Authority linked businesses and they appear to be particularly vulnerable to public funding changes because of their lack of business focus and management and lack of clear accountability. It should be possible to help the 'owners' of these businesses to appreciate that there is scope to enhance productivity and income and reduce the cost of the service to the Local Authority at a time of tightening budgets.

Working with the supported businesses we have identified a number of further challenges that they face:

Income

- The end of Work Choice in October 2015 which could lead to a significant reduction in funding
- Reducing levels of grant funding from other sources.

Marketing

- Marketing products and services as a group of socially committed businesses offering a range of quality products and services
- Marketing products and services as individual businesses and the cost of this.

Investment

- Finding the investment needed to become more competitive and meet emerging customer needs.

Moving to new business models

- Putting in place the commercial disciplines and management information needed to drive productivity and efficiency
- Dealing with the heavy workloads related to this move – "a lot more tasks are falling on managers as they adopt more commercial roles including business development and marketing".

Tendering

- Business managers recognise that they needed to be identifying and bidding for tender opportunities but feel they lack experience in this area
- The experience of private sector procurement is revealing inadequacies of public sector procurement in terms of tender formulation, the amount of work required and (sometimes) very limited returns.

Scottish Government Reserved Procurement Framework

- Ensuring that the Scottish Government Framework recommendations are acted upon by public sector procurement officers.

Unfair competition

- Changes to Article 19 – businesses are being set up to make profit but presenting themselves to customers as Social Enterprises and so competing with Supported Businesses (see description of proposed change on page 9).

Conclusions

- There is a long term need for supported businesses, and a supportive work place provides a valuable therapeutic experience for many.
- There will be a need for sustained support for people with disabilities beyond the proposed end of Work Choice in 2015.
- Without Work Choice income most businesses will not be viable – either because they would be losing significant sums of money or because they would need to incorporate the cost of relatively low productivity in their pricing which would no longer be competitive – or both.
- Supported businesses need to following two paths of transition:
 - Commercialising the business
 - Transforming the employability focus from 'destination' to 'passing through'.
- Supported businesses will need to manage two parallel strands of employees: those who have been with them some time and who need to be helped to move into a fulfilling retirement; and new, young employees who want to benefit from the support and training provided by a supported business to move on quickly into conventional work.
- A strong commercial approach provides a realistic and effective way of reducing the public cost of providing a complete support service for people with disabilities.

In the following two Chapters we describe in more detail the two transition journeys that supported businesses need to take: commercialising the business (Chapter 4); and transforming the employability focus (Chapter 5). These chapters are followed by our proposals for supporting a successful transition (Chapter 6).

4 Commercialising the businesses

In this Chapter we describe:

- The transition journey so far for some of the supported businesses
- Ideas for supporting this transition.

We have interspersed the text with examples of effective practice around commercial transition drawn from our discussions with supported businesses.

What has the transition journey for these businesses looked like?

In general, businesses are following a progression from dependence on grant support and Department for Work and Pension's (Work Choice) income to a model with increasing income from commercial sources. In doing so they are:

- Becoming more strongly focused on commercial products and services
- Developing a stronger focus on business development and marketing
- Using income from grants and Work Choice to compensate for low productivity and ensure they can price competitively.

Some of the businesses we interviewed had made this transition. The features of this transition followed a common pattern:

- A strong emphasis on business development and marketing. This was reflected in leadership and management and experience round the Board table. Both managers and Board members had been recruited from commercial backgrounds – at board level specifically to provide advice around marketing and business development.
- A strong leadership focus (management and Board) on creating a commercial business, with the disciplines that go with this in terms of:
 - Identification of commercial markets and customer needs and wants
 - Investment in equipment and training to enhance productivity
 - Creating a viable mixed workforce of able bodied and disabled staff
 - Active management using high quality management information
 - A sustained business development and marketing effort
 - A consistent focus on product and service development and innovation
 - Seeking to expand beyond local markets
 - Using positive local image/role/charitable status as a selling point but ensuring this is matched by competitive products and services.
- Where possible, increasing the scale of the business to allow greater economies, stronger financial robustness and ready sources of specialised assistance. Increasing business scale may conflict with the need to ensure an intimate setting for effective support.

Product and service improvement to meet the needs of a new market: Highland Blindcraft (Inverness)

Blindcraft recognised that its product range was geared to older purchasers and had become 'tired'.

The business decided to change its focus to younger buyers and private commercial buyers, and backed this up with more active business development and marketing. This strategy has worked and the business has managed to reverse a three year decline in its turnover.

It has done this by:

- *Refreshing the design of its products and the fabrics choice to appeal to younger buyers and users*
- *Targeting commercial buyers in hotels and guest houses*
- *Selling complementary furniture made by third parties*
- *Improving the shopping experience by refurbishing its showroom*
- *Strengthening the commercial focus of the Board through gaining more members with specific business experience.*

How have businesses made a successful transition to more commercial income?

The tasks undertaken in supported businesses that are further down the commercialisation journey include:

- Recruiting business skills, experience and contacts to the Board and ensuring a commercially focused Board. There are some important skills to target among Board members – marketing, management, Human Resource management, finance.
- Appointing a manager with strong business skills in terms of product and service development and business development and marketing. Alternatively, providing support and training to an existing manager to give them the skills and insights needed to manage a more commercially focused entity.
- Ensuring there are clear business targets and effective systems for generating regular 'must have' management information – notably sales, spend and Profit and Loss statements.
- Reviewing products and services against current market demand, trends and competition, leading to rationalisation and focus on the most commercially viable. Product and service development as needed.

- Getting the mix of the workforce right in terms of staff who are and are not disabled.
- Identifying target markets and creating and implementing a marketing plan.
- Building close working relationships with key customers and drawing on these relationships to refine the existing product/service range and new product/service requirements. Developing and market testing of new products – and being ruthless about those products that are not working as well as hoped.
- Investing in equipment and staff training to enhance productivity and reduce costs.
- Developing new offers on the basis of current skills, knowledge and capacity.
- Developing a focus on continuous improvement of systems, process and products/services.

Continuous investment and diversification: Lady Haig’s Poppy Factory

Lady Haig’s has continued to develop and has recognised the need to continually invest in product development, sales and marketing. Within the next few years the organisation will invest heavily in refurbishing the building.

Lady Haig’s has strong financial controls in place across the organisation and is able to assess performance and profitability across their product range. There is a strong focus on the quality and price of their products as products out with their poppy range are sold competitively.

Lady Haig’s example, in terms of both their product and their employees, is one that resonates with the general public in a way that no other supported business in Scotland has been able to.

What help do supported businesses need when undertaking their commercial transition?

In our discussions with supported businesses we identified two sorts of support that supported businesses would value in managing their commercial transition:

- Access to:
 - Financial expertise
 - Money
 - Procurement expertise (particularly important if public markets become a growth market for supported businesses)
 - Specialist advice (particular to specific industry).

- Support for:
 - Product development
 - Taking forward a change management process
 - Business planning processes
 - Sales and marketing
 - Improving processes, efficiency and competitiveness.

Investment to meet new market demands – Send-It

Send-it has taken a number of steps to professionalise the organisation and make it more commercial. The organisation has re-branded and re-focused on providing a fulfilment service which is more profitable than their traditional printing services. This re-shaping of the business has allowed the organisation to adapt to the market place. Furthermore the organisation has been awarded the ISO 9001 standard for their mailing and printing operations in Jan 2012. This had a significant impact on their ability to win work, particularly with the oil industry.

The organisation has seen a significant up-turn in sales (31% increase last year, and the same forecasted this year). A lot of their upturn in business can be attributed to this accreditation and the re-focusing of the business.

Working together and strengthening the market presence of supported businesses

In discussing these two areas of support with the supported business community, two themes emerged – working together and investing in business development:

- Creating a stronger voice together:
 - Developing a joint marketing strategy to promote the character and benefits of supported businesses, including the development of a Supported Business Brochure⁴, an exhibition and presentations
 - As part of this, the businesses saw the opportunity to identify ‘Supported Business Champions’ who could promote the service and value offered by supported businesses.
- Building on the synergies that exist between some of the supported businesses – “is there scope to create more consortia when bidding for work or tackling key markets?”

⁴ The Scottish Government is about to publish an updated brochure of Supported Businesses in Scotland and announced in December 2012 a 4 Lot framework agreement for Supported Businesses in Scotland http://base-uk.org/sites/base-uk.org/files/news/12-10/base_scotland_procurement_leaflet.pdf

- Formalising the strengths of the network of supported businesses – should the businesses create a more active approach to networking and the sharing of learning and best practice? The discussion included developing ways of supporting each – for example, providing a brokerage role which matched a business with specific needs with a business which had successfully responded to this need.
- Showing that supported businesses can meet customer expectations – promoting examples of supported businesses succeeding in meeting customer requirements in competitive markets.
- Deepening relationships with key stakeholders – supported businesses recognised the significance of ensuring good working relationships with key local and national partners.

Investing in staff development: Erskine

Erskine focuses on the abilities of employees, whether full employees or supported employees. The emphasis of the social firms is on commercial viability; they must be sustainable and have the potential to be profitable, successful business that can employ as many people as possible and provide as many supported employment placements as possible.

In this way, both returning veterans and supported employees are provided with the opportunity to undertake real work in real businesses, and in the case of supported employees to gain skills that will be valuable to employers in comparable commercial businesses. Erskine considers that there are real benefits to both the supported employee but most significantly, to the organisation, from investing in recruiting and training individuals with potentially higher support needs.

David Benstead, Procurement Manager, gives an example of an Erskine Stock Clerk, who is a supported employee. Although investment in training was greater initially for an employee with higher support needs, the current post holder is very reliable and knowledgeable, both highly valued qualities for the role. David describes the situation thus:

'He is easily able to do 75% of the role very well 100% of the time; usually I might expect someone in that role to be able to do 85% of the role very well a lot less of the time!'

What else needs to happen to support a successful transition?

The businesses identified a range of ways in which their transition could be supported:

- Mandating a % of public sector contracts. There was a widespread recognition that the scale of supported businesses was very small related to the public sector procurement budget and that a marginal mandatory % of contracts to supported businesses would transform their sustainability. However, there was also a recognition that if this was to happen there was a need to ensure that they were performing as sustainable commercial businesses.
- Expanding the Scottish Government's Framework Agreement for Supported Factories and Businesses to include more categories than the current 4 lots.
- Promoting a greater understanding of supported businesses: who we are and what we do. The businesses recognised the need to continue to raise their profile as a distinctive grouping of businesses.
- Structural and legal changes to Local Authority-run supported businesses to ensure that they were able to run these as commercial enterprises.
- Treating employability as an income stream. The businesses recognised that outcome related funding would cause issues unless they moved to a more 'throughput' model for employees – and competed successfully for a complementary range of employability related contracts.
- The businesses recognised the significance of creating an active learning network across the supported businesses in Scotland to support the dissemination of good practice, shared learning (e.g. about successful tendering) and promote innovation. The idea of a network manager was raised.

Among the other support needs identified by the businesses were:

- People who could help with key business tasks as part of the transition: "I need someone to help me do things – as opposed to someone advising me how to do things."
- Graduate placements and business school placements have proved invaluable – "Is there scope to help others have access to this resource?"
- Common branding and building of awareness of the abilities of supported businesses and the added benefits of procuring from them.

Creating a new operation to generate and sustain new supported employment opportunities and meet the needs of the market: Haven

Haven understood that a supported business was unlikely to be sustainable because of developing market trends. However, Haven felt a strong commitment to disabled workers and a business model aligned to the demands and expectations of the end-user. To this end, Haven has created and is developing a new Scottish supported business that will provide continuing, sustainable employment.

It gathered existing ideas from within the supported business sector and used the resources of its parent company's network of contacts to identify potential opportunities in the market. Haven has invested resources in modifying their premises and installing new equipment to create a business that meets the market need for recycling of bulk IT equipment.

The company also invested in creating robust business management systems and in the security of its site: the IT sector requires full traceability and high security because of the sensitive information that may be stored on redundant IT equipment. To align its operations with recognised quality systems guidelines, Haven has achieved ISO accreditation for their operations as required by market demands.

Haven is run on strongly established commercial lines by a management team made up of people with considerable private sector experience. There is a strong focus on business development and marketing of the services that Haven in its various locations provide to industry.

In the next Chapter we focus on how supported businesses can strengthen their focus on enhancing employability, before drawing on the ideas set out in Chapters 4 and 5 to develop a proposed strategy (Chapter 6) for supporting supported businesses with their commercial transition.

5 Transforming the employability focus

While all the supported businesses in our sample appeared to provide supportive environments for their disabled staff, they need to make significant changes to develop their employability focus as a business and prepare themselves for the expected changes in the nature of funding: which is likely to follow individuals and become more strongly outcome focused (ie be related to clients gaining a sustainable job).

Most of the businesses had relatively few people with disabilities who they felt could move on to a conventional workplace (even with appropriate adaptation and/or support). They are achieving their Work Choice target of 5% of their disabled employees moving on to conventional work. With more time spent on this task most felt there was scope to enhance this 'moving on' rate. But it was not realistic to expect any of the businesses to move significantly to a throughput model on the basis of the profile of current referrals.

The issues identified around driving up throughput were:

- Getting the balance between people with disabilities and other employees will be central to the creation of a productive workforce and appropriate support/environment.
- An ageing workforce moving towards retirement may create opportunities to move on less institutionalised younger people.
- More regular inception and training requirements (i.e. from greater staff throughput) may reduce business efficiency.
- Greater staff throughput will allow the benefits of a supported business environment to be accessible to more people.

Successful transition to a more business focused employability approach will require supported businesses to:

- Carefully reduce their current workforces, helping them to make successful transitions to retirement or other alternative futures.
- Provide appealing opportunities and effective support for young disabled people who do not yet have the skills, confidence and routines to gain a job in a conventional workplace.
- Design and support personalised progression routes to known opportunities, with regular assessment of progress.
- Create and actively manage a network of employers with, between them, a steady flow of vacancies which are realistic for disabled people to succeed in.
- Develop tender scanning and bid writing skills and experience to put in place a portfolio of employability and training contracts which complement each other and exploit the existence of a supportive work-like environment in a viable business.

Creating an integrated employability approach: Forth Sector

Forth Sector have developed an employability focused approach with two features:

- *Gaining clients from three sources and three different funding programmes*
- *Creating a common progression model which provides support for all in these three groups to make progress and move on to conventional workplaces.*

Forth Sector provides employment focused support for clients in three groups :

- *Work Choice Employees: These individuals are full employees of Forth Sector and work in St. Jude's Laundry.*
- *Work Programme Clients: Work Programme clients at Forth Sector come from a broad range of back grounds and tend to fall at the more challenging end of the employability spectrum and may have higher support needs than can be supported by more mainstream oriented Work Programme providers. These clients may be placed within the social firms for a limited period to gain experience in a real work environment as part of their employability support package.*
- *Forth Bridge Clients: The Forth Bridge service is available to unemployed people living in Edinburgh who are experiencing mental health difficulties or are in recovery. This service is delivered on a service level agreement with the City of Edinburgh Council.*

Forth Sector provides 'real' work environments in commercially competitive businesses, offering placements and employment opportunities to individuals facing barriers to work in the ordinary labour market. Individuals can access a range of services, including training courses, work skills development, therapeutic interventions, internal and external work placements and other support to gain and sustain employment.

Forth Sector has developed a process of support which each client can draw on. Their 9 Stage Employability Model supports individuals at different stages of a progression to employment and has the objective of moving people through the stages to achieve and maintain employment outcomes. This process is accommodated by the social firms. The organisation is able to provide supportive working environments in real, competitive businesses along with professional case management. These are pre-requisites for an effective Individual Placement and Support (IPS) model. Forth Sector is unusual in being able to provide all elements of the model 'under one roof' and can therefore offer a high quality experience to clients.

Developing an employability offer: Beltane

Beltane continues to benefit from warm relationships with customers and has an admirable reputation for delivering a quality service. This generates a high level of repeat business and word of mouth recommendations for new business.

Beltane Products has developed around the skills and abilities of the supported workforce and plays to their strengths. As a result Beltane is able to offer the workforce training and support to garner skills which are transferable to and valued by mainstream employers. Although 'move-on' rates are not high for employees, Beltane offers short term training placements lasting from 3 to 6 months.

Beltane is beginning to draw on its experience and expertise as a training provider to increase provision of this type of offering to individuals referred to the business through North Lanarkshire Council Supported Employment Service. The continued commitment of the Council to Beltane demonstrates the value that the business provides in terms of supporting the Council to meet its obligations and objectives supporting people with disabilities into mainstream and meaningful employment.

6 Supporting the transition

Our work with supported business has helped us to identify a range of ways in which they can be helped through their transition to greater commercial sustainability and in this Chapter we describe these and their practical implications. However, it is worth prefacing this with a reminder of the key points to emerge from our work:

- All the supported businesses are on this journey of transition but it is clear that if there are significant changes in Work Choice in October 2015 then time is short. Many will not manage to move to a more sustainable business model by that time. This represents a significant risk for the support for people with disabilities.
- In addition, there will be a significant lag in the ability of supported businesses to deal with their ageing workforce and they will need to manage a process of commercial transition while helping those older employees to make the transition to an appropriately supported retirement. There is no doubt that this process will need to go well beyond 2015.
- At the very least therefore, it is our view that most of the supported businesses need to be helped both to accelerate their current transition plans as businesses and also to be given more time to help their employees respond to the new opportunities being created.

We suggested earlier that supported businesses are trying to balance a reduction of subsidies with a commitment to their vision and mission of helping individuals with disabilities to undertake meaningful and useful activities that are worthwhile and fulfilling. The reduction in public support has forced supported businesses to look at their core activities and what can be built upon to create a sustainable future.

We have identified two transition journeys that supported businesses need to follow:

- The **commercialisation transition**, moving towards greater commercial sustainability
- The **employability transition**, moving from a 'destination model' to a 'progression model' where more disabled people can gain the skills, confidence and routines to help them move on to conventional workplaces.

Supported businesses need to pursue these transitions in parallel. However, there are some potential contradictions that will need to be carefully judged and managed, particularly around the equation involving the proportion of disabled employees (on the whole disabled staff in many roles may be less productive than other staff) and the need to maximise productivity to produce competitive goods and services.

The Commercialisation Transition

Moving towards a greater degree of commercial income for its products and services may include winning public sector contracts for, say, beds and furniture but it will also include opening up private sector markets for similar or different products.

Part of this transition will require an efficient and skilled workforce that, in all likelihood, stays with the company over a number of years. In short, the objective is not to move people on elsewhere, but to see the business as a legitimate destination for workers who have the right skills and attitudes (even if their productivity is lower than a conventional workforce). This core group may be complemented by others who are helped to make progress to other employers.

It follows from this that a level of subsidy may be appropriate to make up for the productivity gap and that the social gain from the subsidy outweighs the social cost of closing the operation down.

This does not mean that any supported business, however inefficient, should be subsidised because there will always be social costs associated with closure.

What it does mean is that the need for a subsidy should be looked at in the light of the commercial potential and that supported businesses that produce goods (or deliver services) where there is clearly no market should be closed over time if they cannot reposition themselves in a credible way.

A supported business on this journey will need to access a number of things. It may need finance:

- For new equipment or a new building
- For product or service development
- To strengthen its sales and marketing functions.

At the moment the financial instruments available will include:

- Conventional commercial sources (banks)
- Funding from Community Development Finance Initiatives (CDFIs) which take a 'less commercial' approach (within limits)
- Traditional grant sources (trusts)
- Newer instruments such as Social Impact Bonds (SIBs).

We have talked to such organisations and they have all stressed their willingness to look at, and invest in, business plans that are realistic and credible. An example from England is the Key Fund in Yorkshire investing £50K (through a loan) in what is, in effect, a management buy-out of a previously loss-making Remploy operation in Bolton.

In addition, there will be a number of non-financial support needs, including:

- Better management information systems (MIS)
- Re-configuring staff structures to be more market focused
- Improving the commercial skills of management
- Supporting the board or trustees so they are capable of exercising effective stewardship over a business
- Possibly moving from, say local authority control, to a different form of ownership
- The skills and capacity to merge with another business.

On the business support side there are a number of both generic and specific programmes. Part of the trick here is to align support from those programmes which seem most appropriate.

For example, the Scottish Government is currently re-tendering the Enterprise Growth Fund (EGF) currently delivered by the Wise Group with CEiS as a major sub-contractor. The fact that EGF contains a provision to invest up to £250K in social enterprises looking to become more effective in winning contracts suggests to us that there ought to be a major link between it and the overall strategy for commercialising supported businesses.

In addition, grant and loan funders are increasingly looking at how to combine elements of both in order to support the broader category of social enterprise. The BIG Lottery in Scotland has recently convened a round table involving Big Society Capital, Social Investment Scotland, Resilience Scotland, Scottish Enterprise, Business Gateway, DSL-Business Finance, Charity Bank, the Co-operative Bank, Unity Trust Bank and Social Enterprise Scotland to look at this issue. Our view is that a specific focus on how to help supported businesses would allow the partners to test the ability to create a coherent package of support involving some, but not necessarily all, of this group.

An important gap here is that there are no real support programmes that will take an organisation through a structural change management process. For example Just Enterprise – the Scottish Government’s flagship support programme for the Third Sector – will provide up to eight days of support on a specific issue. This could include business planning, marketing, or financial planning. Within this time, and depending on the organisation, impact is possible; however this is relative to the time on offer. It appears that current thinking may be to spread the pot as widely as possible to ensure that as many organisation’s as possible receive support, rather than focusing support to achieve significant change.

Having worked closely with a range of supported businesses our conclusion is that if the Scottish Government wishes to support transition to more commercially astute organisations there are a number of practical actions it can take:

- It needs to form a view of how procurement of its own goods and services should support such a commercialisation process. (In other words, does it want to provide a niche of, say, 5% - 10% of some contracts going to supported businesses? And how will it support the replacement for Article 19 in EU procurement?).
- It needs to support its own procurement teams in delivering this.

- It needs to keep the future of Work Choice under review and decide whether it wants to supplement any income under that programme when it is revised after 2015.
- It should work with the BIG Lottery and (if possible) the contractor for EGF to create a strategic approach to identifying and supporting those supported businesses with the potential to become more commercial (we explore this opportunity in more detail below).

We have noted that there are a number of potential funding sources for supported businesses to draw on, as well as a number of non-financial support mechanisms. We also think that it is important for the funders themselves to look at supported businesses and to think strategically about whether they are worth investing in.

This, we suggest, should be a collaborative exercise where funders consider the benefits of the supported business model and how they can help it achieve sustainability in certain organisations where the actual business case is strong. In short, where subsidy can be replaced by greater commercial income, with some prospect of longer-term sustainability.

Supporting the Commercialisation Transition – Recommendations

Based on our investigations, **we recommend** that three agencies should discuss the issue in more detail, namely:

- The Scottish Government, which has a clear policy interest and limited financial resources. In particular, we recommend that Scottish Government should look at the whole range of its activities (such as its funding of self-employment for people with disabilities) and how they might be brought together.
- The BIG Lottery, which also has a clear policy interest in the client group and developing social enterprise models of delivery and has financial resources at its disposal.
- The organisation which wins the contract for the Enterprise Growth Fund continuation. Here there are funds of up to £250K to support organisations to grow and become more commercially sustainable.

It should be possible to look at the overall landscape of supported business and to identify particular businesses that could benefit in the longer-term from an integrated package of grants, loans and business support.

What might be the next steps? We have identified two potential steps.

The first step would be for the Scottish Government (SG) and BIG Lottery to discuss what we might call 'strategic intent' and agree criteria for segmenting supported businesses. In practice this means that SG and BIG Lottery would agree on the types of supported businesses they would be willing to engage with. For example, it might be agreed that it would not be possible to support either those which are at (or near) sustainable non-subsidised levels of income, or (at the other end of the spectrum) those which have no prospect of achieving such a level. This would leave a focus on a smaller number of businesses which could become sustainable: they could be invited to submit business plans for support from BIG/SG.

BIG might wish to suggest in some cases that an element of loan funding would be appropriate and involve Social Investment Scotland (SIS), DSL Business Finance or other organisations specialising in this market such as Unity Trust Bank. An example of this type of investment is where the Key Fund in Yorkshire has invested £50K in the former Remploy operation in Bolton, based on a sound, but radical, business plan which reduces its workforce by over 70%.

This would then give a mix of potential packages involving grants from BIG Lottery, one-off payments from SG (as in the case of Remploy closures) and investment from SIS/DSL. The important principle here would be to minimise the grant element, rather than to maximise it. This could be done by insisting that a repayable loan element would need to be part of the plan, based on projected profit and loss and cash flow forecasts.

The second step would be to assess the business plans on the basis of whether they are likely to achieve sustainability and, where appropriate, to consider if they should seek support from the Enterprise Growth Fund (EGF) for non-financial business support. This could then be aligned with the EGF process for allocating its £6 million over two years.

An element of this step would be the consideration of whether moving to a social enterprise model would lead to advantages in accessing further funding and markets.

The Employability Transition

Again, there will be a range of approaches that are appropriate:

- In most cases supported businesses will need to move from a stable long term group of disabled employees to managing a much higher throughput of such employees in order to draw down funding. There is an increasing view (exemplified by the Sayce Review) that people with disabilities can work in 'normal' businesses and that they should be helped to do so. For example, the English organisation PLUSS argues that this ought to be the destination for virtually all people with disabilities and that services and training should be focused on that end. In this case the supported business will be looking at a transient rather than a stable workforce which will require a different set of skills from managers. It will also require a different set of marketing skills around attracting employers who want to hire people with disabilities and helping them to do so.

Seeing the business in this way also means that it is possible to create a 'hub and spoke' rather than 'factory' model. That is to say an organisation can place clients, individually or in small numbers, in other businesses and support them on that site rather than in a central location.

- In some cases the current business focus can be that of preparing people with disabilities to move on into the open labour market, so that the production of goods or services is a by-product of that aim in the sense that the ability to do so is evidence that the disabled person is capable of holding down a job. These businesses will need to become more commercial in their product and service development and marketing.

Pluss

Pluss is a social enterprise operating in South West England and West Yorkshire, which is committed to directly employing disabled people – around half of their 600 strong workforce has a disability – and helping to match disabled people with companies. They also run employment training units where disabled people can meet with a Disability Employment Advisor to discuss the support and options available to them and create a personalised career plan.

Case studies⁵ featured on the website include David, who has a learning disability and now works in a supermarket. Every few months a Pluss support worker comes in to review how he is coping and what his targets are. Another client, Andy, broke his neck in a fall while watching wildlife and was on incapacity benefits for five years, although he continued to do voluntary work at a wildlife organisation. When he was offered a job by this organisation, Pluss helped him to make the transition from benefits into paid employment and to get equipment such as a new workstation, chair and a support cushion for his car.

The organisation supports "over 5,000 people with disabilities and other disadvantages into employment each year".⁶ Additionally, Pluss Enterprise creates employment opportunities through partnerships and by developing new micro social enterprises, in total offering paid traineeships and permanent employment opportunities for over 300 disabled people every year.⁷

<http://www.pluss.org.uk/>

The possibility of transition will be partly determined by how UK Government programmes on employability evolve, most notably the Work Programme and the future of Work Choice:

- The risk with the Work Programme is that if the economy does not recover then the incentive to 'park' those with disabilities will increase, especially if, as is predicted, unit costs go down and performance targets go up in 'Work Programme 2'.
- The risk with Work Choice is that, even if it is continued, economic pressures may reduce the current level of support from £4,800 and that unrealistic progression targets may be set.

⁵ <http://www.pluss.org.uk/success-stories>

⁶ <http://www.pluss.org.uk/about-pluss>

⁷ http://www.pluss.org.uk/sites/default/files/u3/annual_report_2012_0.pdf

Supporting the Employability Transition – Recommendations

As with the commercialisation agenda, the support offered to help with transitions from subsidy to sustainability can be seen as financial and broad business support. Our view is similar in that **we recommend** that the Scottish Government, BIG Lottery and other potential investors should look at how they can collaborate to help those supported businesses who want to operate in this market become sustainable through a combination of loans, grants and business support.

A supported business on this journey will need to access a number of things. It may need finance:

- For product or service development
- To strengthen its sales and marketing functions in relation to employers.

In addition, there will be a number of non-financial support needs, including:

- Better management information systems (MIS)
- Re-configuring staff structures to be more employer focused
- Improving the skills of management.

If the Scottish Government wants to support transition to organisations with a focus on employability we have identified some practical actions it could take forward:

- It needs to form a view of how its own recruitment processes, and those of key public employers (notably Local Authorities and NHS) could support this objective
- It needs to support its own HR teams in delivering this
- It needs to keep the future of Work Choice under review and decide whether it wants to supplement any income under that programme when it is revised after 2015
- It should work with the BIG Lottery and (if possible) the contractor for EGF to create a strategic approach around which employability based supported businesses could be invested in.

7 A strategy for the future

Our discussions with supported businesses have helped us to identify opportunities to develop a broader strategy for the future of supported businesses, within which the two transition journeys can be set. This strategy provides a response to the likelihood of significant changes to Work Choice and risks around other forms of grant aid.

The approach we have identified has six themes which have been identified with supported businesses and which, together, would form a powerful transition support package:

- Setting supported businesses in a wider 'lifelong learning' approach
- Creating new funding models to support transition
- Supporting an actively managed learning network of supported businesses
- Developing public sector markets
- Encouraging related business related activities that come out of the network – for example the creation of tendering consortia and the creation of a supported business brand
- Embedding supported businesses in a more comprehensive supply chain to provide a wider range of opportunities for their disabled employees in terms of appropriate progression.

In the rest of this Chapter we describe these components in more detail.

Setting supported businesses in a wider 'lifelong learning' approach for those with severe disabilities, which starts in school and creates a role for supported businesses as a stepping stone to conventional work. This would involve:

- Career planning in schools, identifying the aptitudes and aspirations of each disabled pupil and designing pathways to and through work. The flexibility and responsiveness of the Curriculum for Excellence and its current introduction at S2 and S3 levels provides an opportunity here.
- FE and/or HE routes that develop appropriate skills and knowledge and may involve relevant work experience with businesses that can provide tasks which relate to the specific interests of each pupil.
- Supported work placements which could involve supported businesses if they are locally accessible.
- Sustained development of skills to support career progression, possibly involving other employers.

This approach would develop a strong and sustained focus on the needs of individual disabled people, starting at school and following them through development placements (including supported businesses where appropriate and accessible) through to long term positions in conventional businesses.

Creating new funding models to support transition. We have described the possible models in Chapter 6, involving joint work between the Scottish Government, BIG Lottery, the contractor for EGF, and SIS/DSL as well as more conventional funders.

Supporting an actively managed learning network of supported businesses. In other fields this has proved to be a powerful development and support mechanism that has driven performance improvement and innovation. The network would be strongly led by the needs of members (all supported businesses in Scotland would be members) and it would:

- Develop a programme built around the needs of businesses as identified through survey and discussion
- Have a virtual presence (particularly important for businesses which may be distant from convenient meeting places) where the network manager would post examples of good practice, potential tenders and requests for consortium partners and help with specific issues.
- Run facilitated workshops focusing on priority business development topics
- Negotiate special deals for training programmes which relate to the development needs of members (staff and board members)
- Identify and promote good practice and innovative approaches to supported business development both across the UK and internationally.

Encouraging business related activities that come out of the network – for example the creation of tendering consortia and the creation of a supported business brand. The latter was supported by a number of the supported businesses we worked with as part of a wider collaborative approach to marketing supported businesses and their products. Supported businesses embody values that are of increasing significance as more consumers seek to purchase ethically and in a way that supports their local economy. There is also scope to put in place a widely promoted 'kite mark' which could be used by those purchasing the products and services of Scotland's supported businesses.

Developing public sector markets. A highly sustainable supported business sector only requires a marginal share of the public sector procurement market, so even against the background of declining demand it is worth exploring the way in which public sector purchasing can be made more accessible to supported businesses.

Supported businesses recognise that they need to be in a position to offer competitive services/products and a high quality service behind these. The Scottish Government may therefore wish to work with COSLA and NHS Scotland to ensure that procurers are at least aware of what supported businesses in Scotland can offer and at most consider the introduction of mandatory % in particular markets – depending on the availability of competitive products and services from supported businesses.

Embedding supported businesses in a more comprehensive supply chain to provide a wider range of opportunities for their disabled employees in terms of appropriate progression. This could have two components:

- Working with larger employers to encourage them to form relationships with local supported businesses with a view to offering placements related to longer term opportunities. This would be organised on a city by city basis and involve drawing in as many large employers as possible in a joint venture with local supported businesses. The supported businesses would work with the employers to identify their skills and behavioural requirements and would build this into their support programmes for employees with a view to helping them make progress into the big employer.

At a city level the numbers to be taken by each large employer need not be large to make a significant difference to the numbers of 'progression opportunities' available to supported business employees. We propose that the take up by large employers be of the order of 1 person per annum.

We recommend that this be trialled in Edinburgh or Glasgow to test the willingness of large employers and to develop and refine the bespoke 'matching process' to help ensure that recruits meet the needs of employers.

- Another opportunity to enhance progression routes from supported businesses would be to develop supported SME clusters. These would be built around smaller businesses who felt that they had opportunities which could be fulfilled by people with disabilities. It would be worth exploring the opportunity to draw on Local Authority support to construct progression routes which allowed SME clusters to provide a series of supported placements perhaps involving more than one business, leading to permanent employment.

8 Recommendations

The approach we have identified with supported businesses has six themes which, together, would form a powerful transition support package:

- Setting supported businesses in a wider 'lifelong learning' approach
- Creating new funding models to support both the 'commercialisation' and the 'employability' transition
- Supporting an actively managed learning network of supported businesses
- Encouraging business related activities that might come out of this network – for example the creation of tendering consortia and the creation of a supported business brand
- Developing public sector markets
- Embedding supported businesses in a more comprehensive supply chain to provide a wider range of opportunities for their disabled employees in terms of appropriate progression.

Supported businesses, local authority, business support agencies and the Scottish Government all have roles to play in taking this agenda forward.

The supported businesses we have worked with as part of this review are all making progress towards greater sustainability. However they all remain at risk of significant changes in Local Authority support and/or UK Government programmes.

For **supported businesses** we recommend that they:

- Pursue the two transition journeys and make careful and deliberate judgements about the equation between the commercialisation and employability equation (ie aiming for high productivity may reduce their ability to support disabled people, while focusing on employability progression for all may jeopardise business viability)
- Make full use of the support available
- Work together with other supported businesses and identify joint and network opportunities to enhance business performance and awareness.

For **Local Authorities** which are currently supporting supported businesses we recommend that they reflect on the findings set out in this report and consider if they are providing the support and approach needed to help a supported business make the required transitions and so minimise over time their need for subsidy.

The **Scottish Government** has a key role to play in setting supported businesses in a wider 'lifelong learning' approach and in addition it can lead the approach to:

- Creating new funding models to support both the 'commercialisation' and the 'employability' transition
- Create an actively managed learning network of supported businesses
- Developing public sector markets.

Our specific recommendations on supporting the Commercialisation Transition

Based on our investigations, **we recommend** that three agencies should discuss the issue in more detail, namely:

- The Scottish Government, which has a clear policy interest and limited financial resources. In particular, we recommend that Scottish Government should look at the whole range of its activities (such as its funding of self-employment for people with disabilities) and how they might be brought together.
- The BIG Lottery, which also has a clear policy interest in the client group and developing social enterprise models of delivery and has financial resources at its disposal.
- The organisation which wins the contract for the Enterprise Growth Fund continuation. Here there are funds of up to £250K to support organisations to grow and become more commercially sustainable.

It should be possible to look at the overall landscape of supported business and to identify particular businesses that could benefit in the longer-term from an integrated package of grants, loans and business support. We have identified two potential steps:

- **The first step** would be for the Scottish Government (SG) and BIG Lottery to discuss what we might call 'strategic intent' and agree criteria for segmenting supported businesses. In practice this means that SG and BIG Lottery would agree on the types of supported businesses they would be willing to engage with and develop structured financial support packages which could involve Social Investment Scotland (SIS), DSL Business Finance or other organisations specialising in this market such as Unity Trust Bank.

- **The second step** would be to assess the business plans on the basis of whether they are likely to achieve sustainability and, where appropriate, to consider if they should seek support from the Enterprise Growth Fund (EGF) for non-financial business support. This could then be aligned with the EGF process for allocating its £6 million over two years. An element of this step would be the consideration of whether moving to a social enterprise model would lead to advantages in accessing further funding and markets.

Our specific recommendations on supporting the Employability Transition

As with the commercialisation agenda, the support offered to help with transitions from subsidy to sustainability can be seen as financial and broad business support. Our view is similar in that **we recommend** that the Scottish Government, BIG Lottery and other potential investors should look at how they can collaborate to help those supported businesses who want to operate in this market become sustainable through a combination of loans, grants and business support.

If the Scottish Government wants to support transition for organisations with a focus on employability we have identified some practical actions it could take forward:

- To form a view of how its own recruitment processes, and those of key public employers (notably Local Authorities and NHS) could support this objective
- To support its own HR teams in delivering this
- To keep the future of Work Choice under review and decide whether it wants to supplement any income under that programme when it is revised after 2015
- To work with the BIG Lottery and (if possible) the contractor for EGF to create a strategic approach around which investment could be made in employability based supported businesses.

Appendix 1: Interviews

We interviewed the following people at supported businesses:

Supported business	Interviewee
<i>Beltane Products</i>	George McLean
<i>Blindcraft Glasgow RSBi</i>	Robert McGarry
<i>Dovetail</i>	Bill Donaldson
<i>Erskine</i>	David Benstead
<i>Hansel Alliance</i>	Carol Montgomery and Roddy Wright
<i>Haven</i>	Ewan Fisher and Julieanne Levett
<i>Highland Blindcraft</i>	Denise Clark
<i>Lady Haig's Poppy Factory</i>	Charlie Pelling
<i>Matrix Fife</i>	Iris Kernaghan
<i>Remploy</i>	Jamie Lawson
<i>Royal Blind Scottish Braille Press</i>	Sandra Wright
<i>Send it Fulfilment Solutions</i>	Jenny Thomson
<i>The Sign Factory</i>	Sandra Murphy

For each of these businesses we produced a short confidential report describing the strengths and weaknesses of the business and the opportunities and threats they face, as well as the key issues around achieving sustainability. These were agreed with each business in terms of tone and content and formed the basis of our analysis of supported businesses in Scotland.

In addition we discussed the procurement position of supported businesses with Iain Murphy, Scottish Procurement Directorate, The Scottish Government.

Key stakeholders were invited (with supported businesses) to our presentation and discussion of our interim findings and recommendations at the Scottish Government in January 2013.

Appendix 2: Aide Memoire

The documents below are:

- The aide memoire that we used during our interviews with supported businesses.
- An outline of the report we presented back to the businesses we interviewed.

Scottish Government: Review of Supported Businesses Aide Memoire for interviews with businesses

Services and products

- Do products and services have a commercial focus?
- Profitability of associated product and services.
- Is there a marketing plan to support sales? How robust is this marketing plan?
- Does the organisation have sales targets, how are they performing against these targets?
- Does the organisation invest in product development?
- Does the organisation invest in a sales and marketing function?
- Does the organisation have a sales growth target beyond the next 12 months?

People and expertise

- Senior Management Team background, experience and expertise (e.g. track record with running commercial or surplus making organisations? Marketing and business development?)
- The organisation's track record of successful growth or managing change?
- Is the governance structure fit for purpose? Is there enough of a focus on commercial activity from the Board?
- Procurement skills and ability to respond to and win tenders?
- Access to financial expertise?
- Has the organisation's culture been shown to be responsive and adaptable?
- Is there a positive attitude to securing new income streams?

Finance and assets

(Based on our earlier analysis of accounts – which presented key data plus summary of issues and questions.)

Exploring some of the key changes in the recent past and in prospect:

- Level of dependence on grant funding (including the change over the last 3 years)
- Organisational turnover (including the change over the last 3 years)
- Level of organisational reserves (including the change over the last 3 years)
- Health of the Balance Sheet (including the change over the last 3 years) [company net worth/debt ratio]
- Organisational borrowing (including the change over the last 3 years) [debt ratio]
- Level of business won through public sector contracts (including the change over the last 3 years)
- Profit and loss for the last 3 years
- Levels of surplus retained to support the growth of the business
- Are there financial projections beyond 12 months?
- Are the organisation's assets fit for purpose? Will they allow the organisation to grow and develop as required?

From these financial reviews we will be able to collect standard information which will give us an insight into the general financial health of supported businesses in Scotland.

Development and future plans

(Drawing on business plans, where available.)

- Identified sources of development funding
- Reducing reliance on grant funding- how does the organisation plan to reduce their reliance on grant funding?
- What time and resource are being dedicated to developing the business?
- What new market prospects have been researched?
- What new market prospects have been validated?
- Does the organisation have a capital expenditure plan and budgets?

Appendix 3: Confidential business report

Report on Business visit and analysis of documentation

Business:

Consultant:

Date of visit:

**Key points (bullet point – aiming for 3 – 4 pages per business),
drawing on documents and interview**

Strengths and weaknesses and relevance to wider 'sector'

Changes made or underway, impact of these and significance for wider 'sector'

Future capacity and sustainability and significance for wider 'sector'

Current concerns and issues

Sustainability

Elements of good practice with descriptive paragraph for report

Lessons for future practice and sustainable business models

Any other relevant points?

Appendix 4: Risk assessment

Risk	Assessment of likelihood	Mitigating action	Likelihood after mitigation
<i>Sustained lack of demand in the economy threatens sales and margin</i>	High	Enhance business efficiency and increase market share	Medium
<i>Weak economy reduces demand for recruits from supported businesses</i>	High	Develop strong links with business partners and ensure appropriate support in place to help them take recruits	Medium
<i>Local Authority subsidies threatened by budget cuts</i>	High	Driving a transition process that diversifies income sources	Medium
<i>Outcome based employability funding replaces grant funding and leads to significant funding decline</i>	High for some	Develop stronger employment progression approaches Strengthen engagement with target employers with appropriate support packages	Medium
<i>Merger and acquisition activity absorbs too much management time</i>	High for some	Ensure appropriate support for creating more robust organisations	Medium
<i>Failure by each Supported Business to ensure a strong commercial focus for their business serving a diverse market</i>	High for some	Supported transition process	Medium
<i>Declining demand for products and services which are not keeping pace with changing markets</i>	High for some	Product/service development related to market engagement	Medium

Risk	Assessment of likelihood	Mitigating action	Likelihood after mitigation
<i>End of Work Choice in 2 years' time with less significant successor</i>	Medium	Support a transition process and create scope for an extended period of transition.	Medium, but lower impact
<i>Ensuring that there is a close fit between clients' skills, experience and abilities and the jobs which contribute to the business task</i>	Medium for some	Creating stronger match between business needs and tasks – this may involve reducing the number of opportunities, but will enhance the value of these jobs	Low
<i>Not sustaining a focus on client progression or seeing their employability role as an income stream in its own right</i>	Medium for some	Develop working relationship with range of employers able to offer 'destination' jobs with the right kind of support. Support to open up new strands of employability related funding	Low
<i>Lack of appropriate professional support for transition leads to failure</i>	Medium	Scottish Government to work with partners to put appropriate support in place focusing on existing resources (e.g. Business Gateway)	Low
<i>Lack of financial support for transition leads to business failure</i>	Medium	Work with existing sources (e.g. Big Lottery, DSL etc.) to create appropriate packages	Low

Appendix 5: Supported Business Transition Scorecards

Scottish Government Supported Business Review Benchmarking Scorecards⁸: Commercial transition and Employability transition

This document presents two benchmarking scorecards which Supported Businesses can use to pinpoint their priority development needs and assess their progress over time. There are two scorecards:

- One focusing on the transition to **greater commercialisation** of supported business products and services
- The second focusing on where the business is on a journey from being a place where a disabled person is employed for a long time to being a place that disabled people pass through, gaining the skills and confidence they need to **move on to conventional employment**.

The scorecards can be used in a number of ways:

- It can be scored by the business leader and shared with staff (not recommended)
- It can be scored individually by the management team
- It can be scored by the management team working together (i.e. coming up with consensus scores)
- It can be scored by management and staff.

The scores produced can be used to:

- Identify areas where everyone has similar scores – and those areas where scores are very different. What is the reason for this? What should you do about it?
- Pinpoint those areas of low scores as a basis for discussing which of these you need to do something about as a priority – and using the higher score descriptions to identify what you need to do to strengthen performance in this area.

⁸ We would like to thank Ann Jamieson and her colleagues at Dovetail Enterprises for testing this Scorecard

Remember that a low score may not necessarily mean that this is 'bad' for your business – or a priority for development. What the scores do is raise questions about where you may want to devote your time and attention.

You can subsequently re-score the scorecard to identify whether you have made the progress you had hoped – and identify the next set of priorities for action.

Commercial Transition Scorecard

Feature: Focus on commercial products and services	1	2	3	4
Commercial focus	Focus on employability work. No focus on commercial products for the market.	Focus on employability work. Some effort on selling products and services. Limited focus on commercial products but they are not competitive. Staff costs are more than 100% of sales.	Focus on production of products and services which can use skills of disabled people and be competitive. Staff costs between 50% and 100% of sales.	Strong focus on production of products and services to meet clearly identified market needs. Company makes a profit.
Competitive products and services	Non-existent or irregular competitor analysis and benchmarking products against competitors (quality, design, price)	Regular competitor analysis but haven't been able to meet the kind of benchmarks needed to compete successfully in identified markets.	Regular competitor analysis and able to compete in identified commercial markets by winning contracts.	Able to compete in identified commercial markets. Sell on quality, design, price and a pro-active approach to changing these. Regular in-depth assessment of competitors and their products.
Equipment and facilities	Our equipment and facilities are not fit for purpose when competing for tenders	Our equipment and facilities are getting better but we have a lot of catching up to do	Our equipment and facilities are ok for what we do but don't match our competitors	Our equipment and facilities match the best of our competitors and we have a continuing process of investment to update

Devised by Rocket Science

Feature: Focus on commercial products and services (cont)	1	2	3	4
Ability to respond to procurement opportunities	We don't have systematic procedures in place to scan for, identify and successfully bid for tenders.	We regularly scan for tenders but our record in bidding is not strong.	We scan regularly for tenders and have some systems for selection and production of bids but need to tighten up our selection procedure and our win ratio is not high enough.	We constantly scan for possible tenders and are able to assess systematically those we should bid for. We have a thorough approach to bidding including content management and quality assurance – as a result we win a significant proportion.
Feature: Focus on business development and marketing				
Business development	No business development plan	Rough business development plan setting out at least costs and income and objectives for year ahead	Business development plan setting out objectives and actions for year ahead with targets.	Business development plan in place setting out clear business objectives in SMART terms and identifying objectives and investment needs over 3 year period.
Marketing	No marketing plan	Rough marketing plan mainly based on current markets	Marketing plan setting out marketing tasks for at least a year ahead.	Marketing strategy and plan in place setting out target markets, marketing tasks and targets for each market for three years.

Devised by Rocket Science

Feature: Commercial skills/experience	1	2	3	4
Commercial leadership	No commercial experience on Board/Trustees	Some commercial experience on Board/Trustees but not used actively to develop business/marketing strategy	Some commercial experience on Board/Trustees and used actively to develop business/marketing strategy	Significant commercial experience and skills on the Board/Trustees who actively contribute to developing business and marketing strategies and plans
Commercial management	No commercial experience among business management	Some commercial experience among business management but not fully used by the organisation	Some commercial experience among business management which is being strengthened through training and actively drawn on by Board/Trustees and in day to day work	Significant commercial experience and skills among business management which is fully drawn on by Board/Trustees and in day to day work
Feature: Income and financial robustness				
Range of financial income	Income from narrow range of public sources and vulnerable to changes in policy.	Income from range of both public and private sources but vulnerable to ending of any of these.	Income from wide range of sources, public and private. Would find it hard to cope with ending of any one major income source.	Income from wide range of sources, public and private and from range of customers. Could cope with any one source of income ending.
Proportion of commercial income	<10%	11 – 50%	51 – 80%	>80%

Devised by Rocket Science

Feature: Products and services	1	2	3	4
Markets and growth	Little or no scope for growth in current markets	Some scope for growth in current markets but not yet actively targeting this	Some scope for growth in our current markets and actively targeting this.	Significant scope for further growth in our markets and actively targeting this
Product/service range	Narrow range of products/services which are vulnerable to shifts in demand.	Range of products and services some of which seem to have robust niche in the market.	Range of products and services most of which seem to have robust niche in markets.	Wide range of products/services driven by market needs and able to evolve with demand
Review and refinement	No regular feedback from customers or production staff about design, quality and improvements.	Irregular feedback from customers or production staff about design, quality and improvements.	Regular but infrequent feedback from customers which could be used more in developing our products and services	Regular review and customer feedback leading to product and service refinement and/or development

Devised by Rocket Science

Feature: Generation and use of Management Information	1	2	3	4
Monthly management accounts	No monthly management accounts	Monthly management accounts including some of: <ul style="list-style-type: none"> • Sales income • Other income • Cost of sales • Gross profit • Overheads • Net profit • Balance sheet 	Monthly management accounts including most of: <ul style="list-style-type: none"> • Sales income • Other income • Cost of sales • Gross profit • Overheads • Net profit • Balance sheet 	Monthly management accounts including all of: <ul style="list-style-type: none"> • Sales income • Other income • Cost of sales • Gross profit • Overheads • Net profit • Balance sheet These are actively used to identify progress and any issues that need a response
Cash flow forecast	No cash flow forecast	Rough cash flow forecast – enough to spot problems	Cash flow forecast setting out month by month cash position of the business. Potential not fully used.	Cash flow forecast setting out month by month cash position of the business. Actively used to stay on top of income and invoicing.
12 + month Business Plan and associated Budget	No business plan	Rough business plan in place presenting SWOT analysis, key markets and budget.	Business Plan setting out markets, sales and income targets, SWOT analysis	Detailed and regularly updated Business Plan setting out markets, sales and income targets, SWOT analysis

Devised by Rocket Science

Feature: Generation and use of Management Information	1	2	3	4
12 month Budget	No budget setting out month by month income, sales etc	Rough budget setting out costs and likely income.	Month by month including most of sales/income Profit and Loss forecasts Gross profit/surplus percentage Unit cost of production	Month by month including all of sales/income Profit and Loss forecasts Gross profit/surplus percentage Unit cost of production
Feature: Business trends				
Business trends	Downward sales trends suggest urgent need to identify other markets	Flat sales trends suggest need to identify other markets	Slow but steady increase in sales suggests foundation for adding new markets.	Strong sales growth suggests that business is in robust markets and on a growth track with no urgent need to move into new markets.
Feature: Business robustness				
Dependency on public subsidy	Business will not be sustainable if there is significant fall in DWP or LA support.	Business will not be sustainable if there is significant fall in DWP and LA support.	Business will be sustainable even if significant fall in DWP and LA support.	Business already sustainable without DWP and LA support.
Action	Not taking any action to reduce dependence on subsidy or public grant aid.	Taking some action to reduce dependence on subsidy or public grant aid but need to take more to ensure robustness.	Taking action to reduce dependence on subsidy or public grant aid but scope to take more.	Taking extensive wide ranging action to reduce subsidy dependency and ensure medium term sustainability.

Devised by Rocket Science

Employability Transition Scorecard

Feature: Workforce profile	1	2	3	4
Staff support	Minimal staff support provided.	Staff inception process and regular supervision.	Staff inception process and regular support and supervision to review progress and identify and implement next steps.	Thorough staff inception process and regular support and supervision to review progress and development priorities.
Proportion of employees with disability	90 - 100%	75 - 90%	60 - 75%	50 - 60%
Age profile (older)	>75% over 50	51 - 75% over 50	25 - 50% over 50	<25% over 50
Age profile (younger)	<10% under 30	10 - 20% under 30	20 - 30% under 30	>30% under 30
Range of opportunities	Have narrow range of jobs and experiences to offer employees	Have narrow range of jobs and experiences to offer employees but we sometimes use them to help employees develop their skills and confidence	Have wide range of jobs and experiences to offer employees and we are trying to make better use of them for employee development	Have wide range of jobs and experiences to offer employees and we manage their progress through this in a structured way to develop their skills and confidence

Devised by Rocket Science

Feature: Network of employer contacts	1	2	3	4
Employer contacts and relationships	Few if any employer contacts to use to help disabled employees find conventional work.	Small number of employer contacts. Some working relationships provide us with occasional opportunities for work experience and jobs.	Growing number of employers with vacancies which are realistic for our clients and they provide us with regular opportunities for work experience and jobs.	Extensive and growing network of active employer contacts with trusted relationship encouraging employers to offer vacancies to disabled people.
Feature: Competing for range of employability services				
Competing for range of employability services	We don't tender for other employability contracts.	We occasionally think about tendering for other employability contracts but we don't feel able to tender for them competitively.	We regularly search for tenders for other employability related tenders and occasionally win them.	We constantly search for and regularly win other employability related tenders to enhance our sustainability and make full use of our facilities and staff skills and experience.

Devised by Rocket Science

Feature: Training and development of employees	1	2	3	4
<i>Training and development of disabled employees</i>	We don't go beyond the staff development we need to run a business	We do a bit more than the training and development we need to run the business with a view to helping staff gain the skills and confidence they need to move on	We do a lot more than the minimum we need to run the business but there is scope to relate this more closely to the needs of the wider labour market	We devote considerable time and money to developing the skills and confidence of staff related to the requirements of the wider labour market
<i>Training and development of non-disabled employees</i>	We don't train beyond what is essential	We do a bit more than the training and development we need to run the business with a view to helping staff gain the skills they need to take on greater responsibility	We do a lot more than the minimum we need to run the business but there is scope to do more to help them support their disabled colleagues	We devote considerable time and money to developing the skills and confidence of staff so they can be both productive workers and understand and provide effective support for their disabled colleagues

Devised by Rocket Science

Appendix 6: Specific Third Sector support programmes

Just Enterprise

Just Enterprise supports the enterprising third sector in Scotland. Supported by the Scottish Government, Just Enterprise assists enterprising third sector organisations who show the greatest potential to grow and develop sustainably - that could be in terms of income, employment or contracts secured. A range of business support is available to eligible third sector organisations. Just Enterprise will work alongside applicants to identify their individual support requirements, which may include needs analysis, development support, feasibility studies, financial reviews and assistance with costing and pricing. In addition to business support services, there are also learning and development services which have been designed to ensure third sector leadership is enhanced to increase business skills and competencies in the sector and support business development and sustainability. See <http://www.justenterprise.org> for more information.

Just Enterprise Procurement Services

Just Enterprise Procurement services are designed to assist enterprising third sector organisations to successfully participate in tendering for public sector contracts and capitalise on the opportunity presented by the adoption of community benefit clauses by procurement agencies. See; <http://www.justenterprise.org/procurement.php?current=five> for more information.

Developing Public Markets

This Scottish Government funded programme offers a unique opportunity to develop and embed a number of leading market development solutions, including the Public Social Partnership (PSP) model, Community Benefit Clauses (CBC) and the use of Social Value throughout public sector commissioning and procurement in Scotland.

It will build a platform to facilitate third sector engagement in service design to meet community needs and, at the same time, further increase the overall sustainability of the sector, whilst offering public bodies the opportunity to commission services efficiently and effectively. See; www.readyforbusiness.org/ for more information.

Third Sector Interfaces

Local Third Sector interfaces have now been formed across all of Scotland's local authority areas. The new interface arrangements bring together four key, local infrastructure functions:

- support to voluntary organisations operating in the area, both local and those national organisations that deliver services at the local level
- support to and promotion of volunteering
- support and development of social enterprise
- connection between the Community Planning Partnership and the third sector.

See http://www.voluntaryactionsotland.org.uk/Find_an_interface.asp to find your local Third Sector Interface in order to identify the range of support services they have available.

Local Authority Third Sector Support Mechanisms

Support will vary between each local authority, however a number of local authorities have established their own third sector support mechanisms. Check with your local authority to explore what is available locally.

Appendix 7: Mainstream Business Support Mechanisms

Business Gateway

The Business Gateway provides practical help, advice and support for new and growing businesses in Scotland. Support includes;

- Workshops and events - free practical workshops and events throughout Scotland
- Business Advisers- A network of experienced advisers that can help you grow and develop your business
- Business information - a dedicated team providing information and support on all aspects of starting or growing a business.

See www.bgateway.com for more information.

Scottish Enterprise

Scottish Enterprise work with businesses across Scotland to stimulate economic growth and improve the business environment. They run a number of programmes designed to assist businesses; some of these include:

Scottish Enterprise Scottish Manufacturing Advisory Service

Scottish Manufacturing Advisory Service provides advice, support, training and events for manufacturing companies in Scotland. This includes a free manufacturing review that will provide you with qualified and impartial feedback on the current state and potential opportunities within your business. See <http://www.scottish-enterprise.com/your-sector/manufacturing/how-we-can-help.aspx>

Scottish Enterprise Account Managed Status

A supported business with high-growth capacity and ambitions may be eligible for account managed support through Scottish Enterprise. They will tailor support to fit each company's aspirations. Account managers work with each company to develop challenging growth plans. Then they help them realise these plans, through a range of support. For instance, they may provide specialist help for innovation or product development, or support to enter overseas markets. See

<http://www.scottish-enterprise.com/Start-your-business/High-growth-start-up/Account-managed-companies.aspx>

Scottish Enterprise Innovation Support Service

The Innovation Support Service is a free, impartial innovation advisory service available to all businesses in Scotland needing advice and guidance on innovation projects/activities. The support varies depending on the size and status of your business and your innovation experience. See

<http://www.scottish-enterprise.com/grow-your-business/innovation/innovation-support-service.aspx> for more information

Scottish Enterprise also has a number of other support programmes, see www.scottish-enterprise.com to find out more.

Business Mentoring Scotland

The programme can provide ambitious organisations with a mentor to support the business development process. The programme has access to over 600 mentors from a range of backgrounds and will match organisations with the mentor who has the requisite skills and experience to meet the organisation's needs. Business Mentoring is delivered across Scotland through a partnership between Scottish Chambers of Commerce and Scottish Enterprise supported by the European Social Fund. See www.scottishchambers.org.uk for more information.

Highlands and Islands Enterprise (HIE)

HIE is the Scottish Government's economic and community development agency for the north and west of Scotland, their purpose is to generate sustainable economic growth in every part of the Highlands and Islands and have the following priorities:

- Supporting businesses and social enterprises to shape and realise their growth aspirations.
- Strengthening communities and fragile areas.
- Developing growth sectors, particularly distinctive regional opportunities.
- Creating the conditions for a competitive and low-carbon region.

HIE provides a wide range of business support programmes in order to address these priorities. See www.hie.co.uk for more information.

Skills Development Scotland

Skills Development Scotland is Scotland's leading skills body, their services are designed to help you build a strong and competitive workforce through learning and development. They can also provide funding for staff training and recruitment. See www.skillsdevelopmentscotland.co.uk for more information.

Supplier Development Programme

The Supplier Development Programme (SDP) is a partnership of 24 local authorities: The SDP offers support to member companies tendering for public sector contracts. See www.sdpscotland.co.uk/ for more information and a list of member benefits as well as membership costs.

Public Contracts Scotland

Public Contracts Scotland provides suppliers with free easy access to all essential information on public sector business opportunities, creating a competitive market environment which will generate a better deal for the taxpayer. All public bodies are expected to use Public Contracts Scotland.

Suppliers can browse available contracts on Public Contracts Scotland but are required to register to receive free email alerts by adding categories to their own profile. Contract information is automatically sent, by email, to interested suppliers. See <http://www.publiccontractsscotland.gov.uk/> for more information.

Appendix 8: Sources of funding for transition

Funder	Funding Priorities (as related to supported businesses)	Maximum Award	Activities they may fund	Any Restrictions	Website Address
Big Lottery Fund- Growing Community Assets	Growing Community Assets is designed to support communities to take more control and influence over their own future through ownership of assets. These are usually physical assets, such as land, buildings or equipment, but may also include other types of asset such as energy	£1,000,000	Primarily capital costs to take ownership of an asset, however this can include revenue costs and overheads.	Your organisation must be community-led and controlled and operate in an identifiable local geographical area	http://www.biglotteryfund.org.uk/global-content/programmes/scotland/investing-in-communities-growing-community-assets
Big Lottery Fund- Life Transitions	Life Transitions can support organisations that support people at key times of change, helping them make their lives better for the future. Including more people who were previously furthest from the labour market access sustainable jobs created in enterprises and organisations working towards social aims.	£1,000,000	Revenue costs, capital costs and overheads	See Website	http://www.biglotteryfund.org.uk/global-content/programmes/scotland/life-transitions
Big Lottery Fund- Supporting 21st Century Life	Supporting 21st Century Life wants to fund projects that build stronger families and stronger communities. It aims to improve the quality of family life by helping families most in need with early action to give children a better chance in life.	£1,000,000	Revenue costs, capital costs and overheads	See Website	http://www.biglotteryfund.org.uk/global-content/programmes/scotland/supporting-21st-century-life

Funder	Funding Priorities (as related to supported businesses)	Maximum Award	Activities they may fund	Any Restrictions	Website Address
Big Lottery Fund- Awards for All	The programme aims to help people become actively involved in projects that bring about change in their local community	£10,000	Awards for All may fund a wide-ranging of eligible activity (see website)	See Website	http://www.biglotteryfund.org.uk/global-content/programmes/scotland/awards-for-all-scotland
Big Lottery Fund- Investing in Ideas	Funding to think about, develop and test new ideas or improved ways of working that will bring real improvements to communities, and the lives of people most in need.	£10,000	Think differently about how a service is delivered, and help them to design and test new projects or better ways of working.	See Website	http://www.biglotteryfund.org.uk/global-content/programmes/scotland/investing-in-ideas
Clothworkers' Foundation - Main Grants Programme	The Clothworkers' Foundation aims through its funding to improve quality of life, particularly for people and communities facing disadvantage- including projects providing services for people with physical and/or learning disabilities, and/or for people with mental health issues	There is no maximum value of grant	They fund one-off grants for capital costs such as building refurbishment and office equipment	They do not fund non-capital costs. Organisations must have a turnover of less than £15,000,000	http://foundation.clothworkers.co.uk/Open-grant-programmes/Main-and-Small-Grant-Programmes.aspx
Clothworkers' Foundation - Small Grants Programme	The Clothworkers' Foundation aims through its funding to improve quality of life, particularly for people and communities facing disadvantage- including projects providing services for people with physical and/or learning disabilities, and/or for people with mental health issues	£10,000	Capital costs	Fund is for organisations with a turnover of less than £250,000. Overall project cost must not exceed £100,000	http://foundation.clothworkers.co.uk/Open-grant-programmes/Main-and-Small-Grant-Programmes.aspx

Funder	Funding Priorities (as related to supported businesses)	Maximum Award	Activities they may fund	Any Restrictions	Website Address
Comic Relief	Comic Relief has a range of funding priorities, check website to see if your organisation is suitable for funding (Comic Relief is launching their new strategy in spring 2013 and will be open for applications in summer 2013. Funding Priorities may change)	£100,000	Project grants, investment grants, special initiatives	See Website	http://www.comicrelief.com/apply-for-a-grant/
DSL Business Finance	DSL Business Finance provides loans to profit and non-profit distributing companies across Scotland.	£50,000 (loan)	Loan Finance for a range of activity	See Website	http://www.dsl-businessfinance.co.uk/
Energy Saving Trust	Small business loans are available to not-for-profit organisations and charities in Scotland	£100,000 (loan)	To install renewable energy technologies or measures that reduce energy consumption	Organisation must have less than 250 employees	www.energysavingtrust.org.uk/scotland/
Esmée Fairbairn-Main Fund	The majority of the funding comes through the Main Fund. The sectors that they support are: Arts, Education and Learning, Environment and Social Change. They also have a Food Strand, a Merger Fund and a Finance Fund that makes social investments.		Core or project costs (no capital costs including building work, renovations, and equipment)	See Website	http://esmefairbairn.org.uk/
Gannochy Trust	The Gannochy Trust has a number of themes including: Improving the Quality of Life of the Disadvantaged and Vulnerable		The Trust will fund a wide-range of activities that achieve their funding priorities.	There is a focus on the Perth and Kinross area however the fund will consider applications from the rest of Scotland.	www.gannochytrust.org.uk

Funder	Funding Priorities (as related to supported businesses)	Maximum Award	Activities they may fund	Any Restrictions	Website Address
Garfield Weston Foundation	The Foundation supports a wide range of charitable activity.	Major Grants - £100,000 and above, 2. Regular Grants - ranging from £1,000 - £99,999	Revenue and capital grants	See Website	www.garfieldweston.org/
Henry Smith Charity	Priority is given to work with groups experiencing social and/or economic disadvantage, for example, people with disabilities;		Revenue and capital grants	See Website	www.henrysmithcharity.org.uk/
Lankelly Chase Foundation	Lankelly Chase Foundation works to bring about change that will transform the quality of life of people who face severe and multiple disadvantage.		Project costs (they will not fund capital costs)	See Website	www.lankellychase.org.uk
People's Postcode Trust	The Trust supports a wide range of charitable activity.	£10,000 for the main fund and up to £100,000 the dream fund (limited to 3 organisations a year)	Capital costs (no funding for salaries or general running costs)	Grant request must be more than 10% of the overall project cost	www.postcodetrust.org.uk/

Funder	Funding Priorities (as related to supported businesses)	Maximum Award	Activities they may fund	Any Restrictions	Website Address
Robertson Trust	The four main priorities areas of the fund are: Care, Health, Education and Training and Community Art and Sport	Various programmes with various limits. Major Capital Donations can comprise of capital donations in excess of £100,000.	Core, project and capital funding.	See Website	www.therobertsontrust.org.uk/
Scottish Government's Enterprising Third Sector Growth and Sustainability Fund	To support the long-term development objectives of emerging and established enterprising third sector organisations (the fund to be launched around summer 2013)	£250,000			-
Scottish Power Green Energy Trust	The Trust will provide grants of up to 50% of the costs of the renewable technology element of the projects.	Up to a maximum of £25,000	Capital and installation costs of a new renewable energy project	See Website	www.scottishpowergreentrust.co.uk
Social Investment Scotland	SIS offer third sector organisations business loans to enable job creation, community engagement and economic development all over Scotland	Loans up to £250,000, with larger amounts available in exceptional circumstances	Assisting with capital expenditure, revenue funding, marketing, business development or working capital	See Website	www.socialinvestmentscotland.com/

Funder	Funding Priorities (as related to supported businesses)	Maximum Award	Activities they may fund	Any Restrictions	Website Address
<i>Trusthouse Charitable Trust</i>	Their grants programme supports projects in the UK which address issues in Rural Communities and/or areas of Urban Deprivation-one of their focuses is supporting established projects in the field of disability & health care	£30,000	General running costs including salaries and overheads; capital expenditure on buildings or essential equipment.	See Website	www.trusthousecharitablefoundation.org.uk
<i>Tudor Trust</i>	Tudor doesn't have specific funding programmes. Their focus is on smaller forward-looking groups,	No maximum	Core funding, project grants, capital grants for buildings or equipment and grants to help strengthen your organisation	They are more likely to fund groups with an annual turnover of less than £1 million	www.tudortrust.org.uk/

Appendix 9: Examples of good practice

The following section describes some organisations which are supporting disabled people into work using alternatives to the supported business model.

Examples of good practice (UK)

Business Disability Forum

The Business Disability Forum helps organisations to become “disability-smart”. It provides consultancy services and publications with practical advice covering “every aspect of bringing organisations and disabled people together, from recruitment and retention to reasonable adjustments”. There are two video case studies online from Deloitte and the Environment Agency where employees describe the good practice approaches followed by their employers in helping them back to work.⁹

<http://businessdisabilityforum.org.uk/employee-engagement/>

Breakthrough UK

Breakthrough works in Liverpool and Manchester to support disabled people into employment, work-related training and further education. As part of this, they offer advice about benefits, Access to Work and help to identify personal goals. Between 2010 and 2011 the Liverpool team supported 16 people, and the Manchester team 26 people into paid employment. They also provide employers with help in recruiting and retaining disabled people, including “regular and reliable support and contact, practical advice”, “support to remove the barriers that disabled people may face in employment” and “links to other employers who have experience of employing disabled people”.¹⁰ Breakthrough will make regular visits to disabled clients at their workplace until they feel settled and/or no longer need it, and provide ongoing contact and support.

<http://www.breakthrough-uk.co.uk/OurServices>

Brew On CIC Brewery

Brew on CIC aims to increase social inclusion, community cohesion and improve the lives of people who often find their employment choices restricted. Based on the border between Herefordshire and Worcestershire, they offer employment, training and volunteering opportunities for people, many of whom are referred from health and social care professionals, families and carers. They note that often people with disabilities or who are socially excluded are “unable to find opportunities in rural areas and feel that they must relocate to more urban areas to find them”.¹¹ They see their work as not only helping to integrate disabled persons into the community and employment but also preventing increased social deprivation and the loss of cultural diversity to the area. Their ambition is to become a Social Firm, with at least 50% of employees having a “personal experience of disability”.

<http://www.brew-on.co.uk/>

⁹ <http://businessdisabilityforum.org.uk/employee-engagement/employee-engagement-case-studies>

¹⁰ <http://www.breakthrough-uk.co.uk/OurServices/manchester/employers>

¹¹ <http://www.brew-on.co.uk/>

Broadcasting and Creative Industries Disability Network

BCIDN launched an initiative in 2002 to increase the inclusion of disabled people in Britain's biggest broadcasters, film and television networks. The role of the BCIDN is "to make it easier to recruit and retain disabled people, improve media representation of disabled people and share best practice across the industry".¹² They produced a guide for employees which is designed to improve output and diversity and create training/job opportunities, and have built up a search facility for disabled presenters and production staff at www.productionbase.co.uk
[http://www.ofcom.org.uk/static/archive/itc/uploads/Make A Difference.pdf](http://www.ofcom.org.uk/static/archive/itc/uploads/Make_A_Difference.pdf)

Evenbreak

Evenbreak is a not-for-profit social enterprise that works with employers including ASDA, the BBC, the John Lewis Partnership, Ernst & Young and Network Rail (who are Evenbreak's corporate sponsors) to help employers attract more disabled applicants, and to help disabled jobseekers find work with employers. Disabled people can access vacancies posed by inclusive employers or post their CV on the site. An example success is Jean Eveleigh, who was unable to attend job interviews she was invited to due to companies being non-wheelchair-accessible. She imagined she would never find work. However, through Evenbreak, she found a role which she was able to do from home, and is now on the Management Committee at that organisation. She writes that "[r]egistering on Evenbreak literally changed my life".¹³
<http://www.evenbreak.co.uk/>

Equal Approach

Equal Approach describe themselves as "diversity experts" who work "solely with 'inclusive' companies" to "tap the richest seams of talent from all strands of diversity".¹⁴ They help businesses to transition into a new culture while ensuring that "changes in structure or the makeup of your company doesn't impact on the flow of business".¹⁵ A disabled employee who was recently appointed HR Manager to Energy & Utility Skills Ltd wrote a testimonial in which he described being "particularly impressed" that he was "given the opportunity to visit the company [he] had applied to, to ensure that [he] was comfortable accessing their premises". Equal Approach was also described as "proactively" managing with his new employer the fact that he was a wheelchair user and helped to remove "the majority of" associated barriers.¹⁶
<http://www.equalapproach.com/about-equal-approach.aspx>

¹² http://www.ofcom.org.uk/static/archive/itc/uploads/Make_A_Difference.pdf

¹³ <http://www.evenbreak.co.uk/case-studies/>

¹⁴ <http://www.equalapproach.com/about-equal-approach.aspx>

¹⁵ <http://www.equalapproach.com/products-and-services/career-transition.aspx>

¹⁶ <http://www.equalapproach.com/case-studies/testimonial-brendan-fitzgerald.aspx>

HAFAD (Hammersmith and Fulham Action on Disability)

HAFAD's Disability Working project "aims to increase employment and career opportunities" for disabled people in the London Borough of Hammersmith and Fulham, including job search and interview skills, referrals to Disability Employment Advisors, and finding and applying to suitable training courses. It also supports employers in identifying sources of equipment loans, understanding the Access to Work process, making reasonable adjustments and on-site coaching support once the candidate starts work to assist the transition into employment. They also provide free advertising of job vacancies to suitably qualified local candidates.

In 2011-12, HAFAD helped 259 individual adults, resulting in a total increased in weekly income of £39,851.¹⁷

<http://www.hafad.org.uk/index.asp?pageID=176>

Lloyds Banking Group

The Sayce Review singles out Lloyds as an example of good practice. The company decided to "contract their own assessors, operating a partnership with Access to Work" and now have the internal capacity to offer an "end-to-end solution for in-work disability support, from assessment to implementation and training". The new Workplace Adjustment process has been defined by a team of key stakeholders and Access, the bank's disabled staff network, and has implemented not only practical and efficient solutions, but also a change to the 'culture' of the organisation. They have also "formed partnerships with support organisations" and "their own quality assurance processes", including "clear guidance on best practice in phased returns to work, travel, time off, and wider workplace adjustments".¹⁸ In the 9 months from March 2010 to the end of December 2010, over 1,200 employees went through the workplace adjustment process with overwhelmingly positive feedback.¹⁹ The Access disability network also launched a three day Career Development Programme in 2010 helps disabled managers break into senior management, with a one day follow up after five months to "review action plans and progress". Lloyds works closely with the Employers Forum on Disability and Disability Rights UK in their aim to "lead the way with our approach to disability in the wider community".

<http://www.lloydsbankinggroup.com/community/diversity/disability.asp>

Paperworks

Paperworks is a social enterprise based in Harrogate which offers print finishing, marketing and fulfilment services. The income generated from the business is used to provide work preparation training and support in "a real and varied workplace" to adults with learning disabilities, mental health problems or other health support needs. It now employs 8 staff, and has regular attendance by 5-8 trainees a day. Training is "based around the individual's abilities for as long as it is appropriate".²⁰

<http://www.paperworks.org.uk/>

¹⁷ <http://www.hafad.org.uk/files/Annualreview201112-final.pdf>

¹⁸ <http://www.dwp.gov.uk/docs/sayce-report.pdf>

¹⁹ <http://www.katenashassociates.com/co-production/case-histories>

²⁰ <http://www.paperworks.org.uk/about-us>

Pembrokeshire FRAME

FRAME is a local charity which recycles furniture and other household items, “extending [their] useful life” and helping “to reduce the use of landfill refuse sites”. Individuals and families in need can buy these second-hand items at a low cost, and “people in crisis” can receive furniture and household good free of charge. FRAME also provides training and “a real supported working environment for individuals with disabilities”, and has been named a Star Social Firm. CEO Jenny Sims writes that she is “proud to demonstrate that you can run a commercially sound business while staying true to your ethical values”.²¹ Roughly 200 people are employed by FRAME each year, some for short-term placements/meaningful occupation from which they may move on to other employment; others have been at FRAME for around 15-20 years.

<http://www.pembrokeshire-frame.org.uk/>

placeability

placeability is an organisation dedicated to helping disabled people, the long-term unemployed and people with learning difficulties. They work with a wide range of employers from a spread of sectors, and their clients “often find that little or no adjustments are needed”, other than “simple changes, such as adjustments to working hours or providing information in a slightly different way – all of which we can support with”.²² Alongside its employer clients, placeability has an official connection with de Poel, a temping agency, and are therefore able to access their client base, including Veolia, SITA UK, Four Seasons, Warburtons, Argos and Shaw Healthcare in order to influence these large organisations to “deliver diversity and equality”.²³

<http://www.placeability.co.uk/>

Queen Elizabeth’s Foundation for Disabled People (QEF)

The Vocational Services branch of QEF offers help in training, referrals and support, and work with a variety of employers including Bristol Zoo, the National Trust, county councils, Marie Curie Cancer Care and Homebase. QEF Vocational Services’ Deputy Director says that “building strong relationships with employers not only ensures we deliver the relevant skills base to our trainees but also allows us to remain current with the changing needs of the core skills required within business and industry”.²⁴ Customers can even stay on the organisation’s residential campus while gaining work experience in specialist areas from horticulture to carpentry. Disabled people can also take a NOCN Certificate in Employability which encourages “development of the skills, attributes, behaviours and values needed to succeed in the workplace”,²⁵ including computer skills, team building and other “real work activities”. QEF vocational services has obtained employment for “40% of our disabled clients within six months”.²⁶

<http://qef.org.uk/our-services/vocational-training-for-disabled/>

²¹ <http://www.pembrokeshire-frame.org.uk/newprojects.html>

²² <http://www.placeability.co.uk/content/what-we-do>

²³ <http://depoel.co.uk/content/placeability%E2%84%A2>

²⁴ <http://qef.org.uk/our-services/vocational-training-for-disabled/employers-we-work-with/>

²⁵ http://www.qef.org.uk/wp-content/uploads/QEF-VS-Insert_Employability-Programme_11.pdf

²⁶ <http://www.guardian.co.uk/voluntary-sector-network/2012/dec/06/queen-elizabeth-foundation-disabled-christmas-appeal>

Royal Mail

The Sayce Review also cites Royal Mail as a leading employer in good practice, having conducted a review of their organisational support for disabled employees in 2008. The average time taken to deliver reasonable adjustments was found to be "in excess of 87 days". In 2009, they launched a Disability Helpline service which has led to a new average waiting time of 34 days. Costs can be claimed back through Access to Work. Royal Mail is now aiming to "reduce the implementation of reasonable adjustments to within 30 days"²⁷. 68% of people surveyed said that the experience of the Royal Mail Group/Access to Work process was better than that they had experienced going directly to Access to Work.

<http://disabilityequalityprogramme.com/pdf/accesstowork.pdf>

The Shaw Trust

The Shaw Trust "believes that everyone has the right to work" and both supports "individuals achieve their personal goals with support through either Work Choice or the Work Programme", and provides help for employers to manage recruitment and accessibility. Over the last thirty years, they have helped "over 400,000 people to find a job or stay in work", with help tailored to individual needs including the "day-to-day motivation" to get people into work, and Independent Living Services which can help people to make choices about managing their own care. Case studies include Lisa, who has learning difficulties, and was told by her tutor not to continue her Hair and Beauty course as she "would never pass" the NVQ. She was referred to Shaw Trust who helped her re-discover a passion for childcare, in which she completed a NVQ 2 and is now in "secure paid employment, something that her mum never thought would happen".²⁸ Clients need to be referred from their local Jobcentre Plus, but The Shaw Trust continues to offer help after finding employment.

<http://www.shaw-trust.org.uk/>

Travel Matters

Travel Matters Enterprises has a particular specialism in arranging travel for people with disabilities, whether these are learning difficulties or physical disabilities. Travel Matters also offers IT training and certification to individuals recovering from mental health problems. Travel Matters Enterprises Ltd is an approved European Computer Driving Licence (ECDL) training and examination centre accredited in the UK by the British Computer Society. It also provides work experience opportunities for individuals recovering from mental health problems in a real work environment and has a proven track record in assisting trainees to return to open employment. To apply for training, disabled persons must be referred by a recognised referral body or individual e.g. GP. Due to the nature of the training programme, employment at Travel Matters is time limited, but over the last few years they have had a 35% success rate of employees moving on to other paid employment, and others have moved into voluntary work or higher education.

<http://www.travelmattersuk.com/>

²⁷ <http://www.dwp.gov.uk/docs/sayce-report.pdf>

²⁸ <http://www.shaw-trust.org.uk/media-centre/media-contacts/case-studies/lisa/>

Workfit

Workfit describes itself as “a new service which plans to turn the ‘supported employment’ concept on its head”. It is dedicated to helping people with Down’s syndrome into “a career pathway”, and they “recognise paid work is not right for everyone”. Workfit helps people to gain skills in either paid or unpaid environments, and helps employers to “achieve the best practice in the workplace” by providing “structured and cohesive training tailored to meet your requirements” including training in awareness around Down’s syndrome. In a case study featured on the site, an employer of Andrew, who has been working for him for 16 years, noted that he is “so fastidious and that’s important in a workshop environment”.

<http://www.dsworkfit.org.uk/>

International examples**Compendium of good practice in employment of people with disabilities**

This European Commission report provides 36 cases of good practice from throughout the continent, divided into awareness-raising, recruitment, job retention and training. It also features an appendix on the different legislation of the member states (for example, under German law, disabled people must make up 6% of the workforce of private and public companies employing more than 15 people, while under Spanish law the requirement is 2%).²⁹ The car manufacturer Adam Opel has set up “a medical and psychosocial centre” within the company, and its research department is looking into “the possibility of ergonomic changes to the entire production line”.³⁰ The Spanish services group Eulen went through a similar period of awareness-raising, training and workplace adjustment (including adapting workstations and introducing more flexible hours) and as a result created 40 jobs for disabled people in 1997.

http://ec.europa.eu/employment_social/soc-prot/disable/socpart/comp01_en.pdf

‘Rethinking disability in the Private Sector’

This Canadian government report on best practice in employing workers with disabilities was released in January 2013, based on consultations with around 200 private sector employers. It writes that “best practices are breaking down barriers and dispelling myths about people with disabilities in the workplace” and cites stories of “innovative thinking, ingenious solutions and a genuine recognition of the value of inclusion”. The many and varied case studies include a visually impaired employee at a luxury hotel and restaurant whose “guide dog stays in an adjacent but separate room”, a National Hockey League team which has increased visibility for ticket holders in wheelchairs, who are guided to their seats by ushers also in wheelchairs, and a medium sized law firm which created an full-time administrative role by “compiling tasks from other employees that were not integral to their job descriptions” which was suitable for an individual with an intellectual disability. Four years on, a review has determined that his position has saved the firm

²⁹ http://ec.europa.eu/employment_social/soc-prot/disable/socpart/comp05_en.pdf

³⁰ http://ec.europa.eu/employment_social/soc-prot/disable/socpart/comp03_en.pdf

the cost of 2.5 highly paid legal assistants, while other employees are better able to concentrate on tasks which administration had previously distracted them from.

http://www.hrsdc.gc.ca/eng/consultations/docs/pdf/Web_Labour_Market_Report_Panel_eng.pdf