childcare plans explore networks engage evidence focused structure funded
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knowledge successfully social model valuable factors
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enterprise improvement future challenge creativity education
profit shared sustainability
gain schools financially training significant conservation ensuring
vision innovative ownership wellbeing flexible
continuous options improved attainment resource
financial achievement
children development outcomes

Extended services: ensuring sustainability using the social enterprise model

Lesley Miller
Wan Saiful Wan Jan
Catriona Rust
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CfBT Education Trust is a top 50 charity providing education services for public benefit in the UK and internationally. Established 40 years ago, CfBT Education Trust now has an annual turnover exceeding £100 million and employs 2,300 staff worldwide who support educational reform, teach, advise, research and train.

Since we were founded, we have worked in more than 40 countries around the world. Our work involves teacher and leadership training, curriculum design and school improvement services. The majority of staff provide services direct to learners: in nurseries, schools and academies; through projects for excluded pupils; in young offender institutions and in advice and guidance centres for young people.

We have worked successfully to implement reform programmes for governments throughout the world. Government clients in the UK include the Department for Children, Schools and Families (DCSF), the Office for Standards in Education (Ofsted), and local authorities. Internationally, we work with educational ministries in Dubai, Abu Dhabi and Singapore among many others.

Surpluses generated by our operations are reinvested in educational research and development. Our research programme – Evidence for Education – aims to improve educational practice on the ground and widen access to research in the UK and overseas.

Visit **www.cfbt.com** for more information.

Welcome to Social Enterprise London

Established in 1998, Social Enterprise London is the strategic agency for the development of social enterprise in the Capital and works in partnership with organisations such as the Office of the Third Sector, London Development Agency and London Councils. Operating as a social enterprise, SEL is a Community Interest Company limited by guarantee, funded by a mix of earned and grant income, to deliver research, business support, training, advocacy and consultancy. SEL works with individuals, organisations, government and other statutory bodies, both in London and nationally, to provide enterprising solutions to social and environmental challenges and to create new ways of doing business.

Welcome to London Borough of Lewisham Extended Services

London Borough of Lewisham Extended Services works with schools to support them to enhance the quality of life for pupils and their families, enabling young people to raise their levels of attainment and attendance and to reach their full potential through their extended services offer.

Contents

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Foreword

Neil McIntosh

Allison Ogden-Newton

Extended services are a good thing. It is evident from both government reports and the case study schools examined in this report that extended services have a significant positive impact on pupils, families and local communities. So where does social enterprise come in? As a business model focused on social outcomes it can provide sustainability for these services, and perhaps also contribute to engaging the communities around schools. Social enterprises involve communities in finding solutions to social challenges. They inspire vision, determination and learning to achieve a communal goal – surely an ethos that harmonises with the principles of education.

If we want to support schools that intend to move in this direction, they will need to know that there is an enterprising alternative – and this report is intended to demystify the business development process and help them embrace the challenges ahead. Some of the most precious knowledge can be drawn from schools that have already walked the talk; we suggest a national network be set up to provide a platform for schools to share their expertise and experiences, and replicate good business models that have worked for their communities.

Education is the exciting new frontier for social enterprise. Extended services could be just the start – showing how socially motivated enterprises can have a formative effect on minds, lives and communities. Social enterprises push decisions about service delivery out to local level, and if we really want people to be more involved in the design of services and to have real choice, social enterprise is the best way to give architecture to that idea.

Neil McIntosh
Chief Executive, CfBT Education Trust

Allison Ogden-Newton
Chief Executive, Social Enterprise London

Executive summary

> *Many of the extended services offered in schools are already provided by social enterprises: community focused businesses that trade to address social or environmental need.*

This report examines the extent to which social enterprise is used in schools to deliver extended services. It considers whether, in an age of reduced public spending, social enterprise provides a solid platform for schools to be able to sustain their extended services beyond the current round of public funded support.

The stakes are high. The impact of extended services in improving the wellbeing and educational attainment of children is well documented. They enable children to have breakfast in the morning, to explore their creativity through drama, art or sport after school, and to enjoy a safe bus ride home. They engage communities in development and in the furtherance of education. They are a core part of schools' achievement of their Every Child Matters objectives.

The Government recognises this impact, and has committed £1.3 billion to support the development of extended services from 2008 to 2011. 90% of schools already provide extended services, a figure that should rise to 100% by 2010. However, this agenda faces a significant challenge: no public money has been identified to support extended services beyond 2011. Therefore, in order to maintain and grow their provision, schools need to find ways to make the services sustainable.

Many of the extended services offered in schools are already provided by social enterprises: community focused businesses that trade to address social or environmental need. At their heart is the objective of meeting social challenges whilst achieving financial sustainability – a powerful principle in tough economic times.

This report, produced by Social Enterprise London with the support of CfBT Education Trust and London Borough of Lewisham Extended Services, uses in-depth qualitative evidence gathered from eight schools across England to understand how social enterprise can be used to sustain extended services. The research shows that many schools are enterprising and that they are using a wide variety of models to deliver their extended services.

Schools that have embraced the delivery of extended services through a business model have a number of critical success factors in common:

- A shared vision for extended services and for what could be achieved for communities
- A champion with the passion and drive to lead the enterprise and surmount challenges
- Innovative development of relationships with partners in the community
- Skilled and enterprising staff
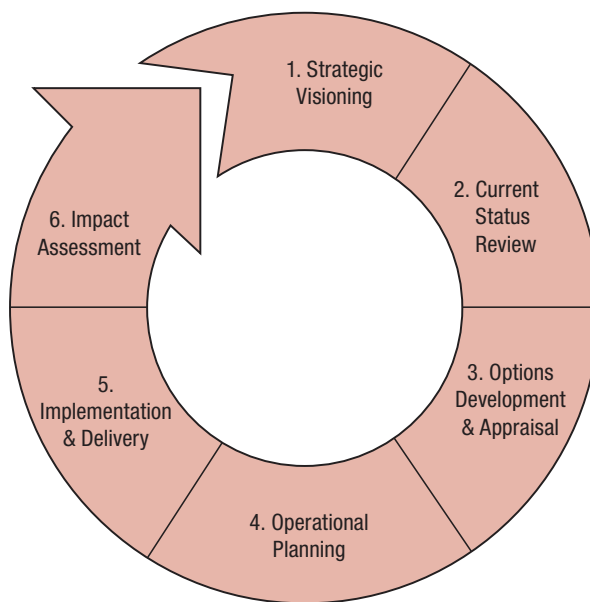- Careful business planning to provide solid foundations for running the social enterprise.

In this report, a six-stage strategic planning and business development process is put forward outlining how to set up a social enterprise to provide extended services within a school.

The framework takes schools through a series of steps, starting with vision development at the earliest stages of planning, through research and options appraisal, and into detailed planning of the resources and functions needed to set up the enterprise. Implementation of the services is followed by evaluation of social impact: an understanding of this area is key both to continuous improvement of the services for beneficiaries, and to providing valuable evidence for potential buyers and funders of the outcomes of extended services.

There is a considerable depth of knowledge about business development in both the social enterprise sector and in schools that are successfully running enterprises, and with an effective knowledge transfer programme this could provide a valuable resource to help others develop. Organisations that are well positioned to provide further support to schools include CfBT Education Trust, social enterprise networks, the National College and the Training and Development Agency for Schools.

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With the right support and effective planning, social enterprise could be the future of extended services in schools.

A six-stage strategic planning and business development process

1. Strategic Visioning
2. Current Status Review
3. Options Development & Appraisal
4. Operational Planning
5. Implementation & Delivery
6. Impact Assessment

The evidence presented in this report indicates that social enterprise not only provides a strong platform for schools to deliver extended services in a financially sustainable way, but that the community led, socially driven principles of social enterprise also fit comfortably in a school setting. With the right support and effective planning, social enterprise could be the future of extended services in schools.

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Introduction

… the principal idea remains the same – children receive a wrap-around service and a more rounded education.

About extended services

The concept of a school that provides more than just teaching the curriculum has a long history in the UK. The names may vary (for example village schools, community schools, community centres) but the principal idea remains the same – children receive a wrap-around service and a more rounded education.

In 2001, the (then) Department for Education and Skills published a White Paper 'Schools Achieving Success' in which the Government made a commitment to remove the barriers that previously prevented schools from reaching out to the wider community. The White Paper also mooted the idea of piloting more formal extended schools. In 2002, 25 local education authorities were funded by the Department for Education and Skills to develop extended schools pathfinder projects (DfES, 2004).
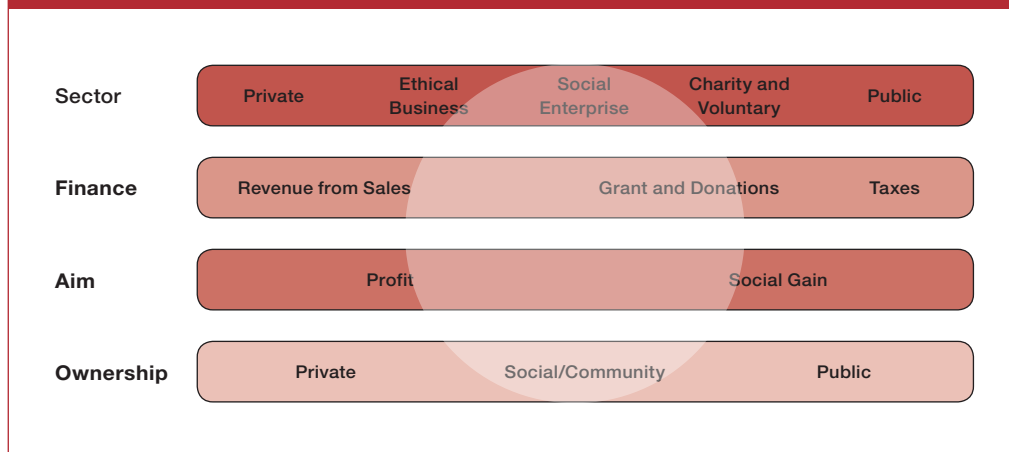
Since then extended services have been embedded at the heart of Every Child Matters. The result of a national evaluation of extended services published in 2007 showed that the scheme has impacted positively on attainment and school performance, as well as generating positive outcomes for families and local communities (DfES, 2007).

About social enterprise

Social enterprise sits in the middle of a spectrum between the public and private sectors, generating revenue from both trading (for example sales of products and services) and grants in order to serve the public good. An element of community ownership is also involved, as shown in Chart 1 on the following page. Social enterprises must combine the achievement of profit and social gain, in order to be sustainable over the long term and deliver on the social challenges facing communities.

BOX 1:	Extended services – what are schools offering?
	What's on offer depends on what local people want and need. Services and activities may be offered at the school itself or through partners at other sites.
	Extended schools offer access to a wide range of services from 8am to 6pm, 48 weeks a year, including school holidays.
	The core offer comprises: • a varied menu of activities (including study support, play/recreation, sport, music, arts and crafts and other special interest clubs, volunteering and business and enterprise activities), in a safe place, for primary and secondary schools • childcare 8am–6pm, 48 weeks a year for primary schools • parenting support including family learning • swift and easy access to targeted and specialist services such as speech and language therapy • community access to facilities including adult learning, ICT and sports facilities. (DCSF, 2008)

BOX 2:	What is a social enterprise?
	A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. (OTS, 2006)

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Chart 1: Social enterprise characteristics

Sector	Private	Ethical Business	Social Enterprise	Charity and Voluntary	Public
Finance	Revenue from Sales		Grant and Donations		Taxes
Aim	Profit		Social Gain		
Ownership	Private		Social/Community	Public	

The social enterprise community is diverse, operating in various sectors including health and social care, professional services, housing, regeneration, catering and many more.

Figures released by Government in July 2009 suggest that there are 62,000 social enterprises operating across the United Kingdom. Their combined turnover is at least £27bn (SEC website).

Notable examples of social enterprises include Jamie Oliver's Fifteen restaurant, which trains disadvantaged young people in the restaurant industry; the Eden Project in Cornwall; Hill Holt Wood which is an environmental and conservation social enterprise in Lincolnshire; Central Surrey Health which provides a wide range of community nursing and therapy services; and Divine Chocolate whose fair trade products can be found in retail outlets across the UK and abroad.

Social enterprise can deliver a business model that is not only flexible and innovative, but is also a credible offer to provide public and educational services. Many social enterprises have developed out of the community and address local needs with local participation. Furthermore, organisations that have been dependent on grant funding often find that the independent revenue that can be generated through a social enterprise model offers them the ability to follow their own strategic vision rather than a funder's objectives. The diversification and control of revenue sources that are innate within

the model can enable enhanced sustainability, as well as the delivery of services that perhaps could not otherwise have been provided.

Social enterprise in education

A project run by Social Enterprise London in 2007 (SEL, 2007) found that there are schools that consider themselves to be social enterprises. One successful example is the New Model School Company, which was awarded the prestigious international Templeton Award for Social Entrepreneurship in 2007 for their success in applying 'entrepreneurial talents to solving civic and social problems' (Atlas Economic Research Foundation website). In 2004, the company established the Maple Walk School in Kensal Town, London. It has since established two more new schools, the Stephenson School, also in Kensal Town, and Faraday School in Tower Hamlets.

The New Model School Company also runs fourteen supplementary schools across the country, providing weekly lessons in English and Maths to children outside of regular school hours. These schools, and those described in the appendices of this publication, show that an enterprising spirit can indeed help make the delivery of high-quality education sustainable (Rogerson, 2008).

There are also social enterprises that work in partnership with schools. Magic Breakfast, for example, delivers free healthy breakfast food, parent nutrition education and school social enterprise training. Its strapline is 'fuel

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> *… schools have not been specifically directed by the Department for Children, Schools and Families (DSCF) as to how to sustain the services that have been set up…*

for learning', emphasising improved school performance through extended hours provision, and it currently supports 53 primary schools in London and Yorkshire, all with over 50% free school meals. This service is part funded by the work of Magic Outcomes Ltd, which runs social leadership development and partnership programmes for blue chip companies. Typically one individual leadership programme funds one new breakfast club for one year. The organisation has delivered over a million free breakfasts since 2002, and by relieving schools of the food cost of their breakfast clubs, it enables more parents who may not usually be able to afford the cost of breakfast clubs to benefit from this extended service.

Another social enterprise, the London Early Years Foundation, provides care and education for young children through their nineteen community nurseries and Children's Centres in three London boroughs. They provide childcare services with a 'fair fee structure', which ensures parents pay what they can afford, directly helping children from less wealthy backgrounds by part-subsidising their fees.

In the education sector, social enterprise is, therefore, not new. Nevertheless it would be wrong to suggest that social enterprise is the panacea to all sustainability challenges faced by schools. Indeed the social enterprise model may not be suitable for all schools. But it is certainly one model that can be used to deliver sustainability, particularly when discussing extended services.

About this project

By 2010 schools are expected to enable all children to access the benefits of extended services. Between 2008 and 2011, the Government is providing £1.3 billion to support the development of extended services, building on the £840 million already invested since 2003. However, no decision on government funding beyond 2011 has yet been made and schools need to ensure their extended services are sustainable after this time. Organisations such as the TDA and ContinYou support schools in developing ways to manage their extended services, and the TDA in particular has developed a wide range of toolkits to assist schools with delivery. However, schools have not been specifically directed by the Department

for Children, Schools and Families (DSCF) as to how to sustain the services that have been set up, and no centralised training is available at the moment for schools to increase their capacity to achieve sustainability for their extended services. The social enterprise model could potentially address the sustainability challenge.

This publication is the culmination of a six-month project undertaken between April and October 2009 by Social Enterprise London (SEL) in conjunction with the London Borough of Lewisham and CfBT Education Trust. The aim of the project was to investigate the linkages between extended services and social enterprise, and to identify ways to enable the social enterprise model to be used to ensure the sustainability of extended services. During the programme, the project team undertook desk research to investigate policy, advertised for case study schools to analyse, and of the nineteen that responded eight were visited for in-depth interviews with key individuals involved in extended services delivery. All the schools selected undertake enterprising activities, or show the potential to do so. The interviews during the school visits were designed to elicit information around the following areas: current operations, future plans, funding structure for extended services, challenges and critical success factors for achieving sustainability, business leadership and management skills, and development support that may be needed. The project team also engaged with key stakeholders, including by convening an Advisory Group meeting in September 2009.

Through this publication we aim to make practical knowledge available to schools that wish to develop and run extended services using the social enterprise model. This publication is designed primarily for senior management teams of schools that plan to use social enterprise in this way. The key steps that schools need to consider if they want to set up a social enterprise are outlined in the following chapter. This is followed by a description of the critical success factors that have been found in the case study schools as being key to sustainable delivery of extended services. Examples of good practice from our case study schools are included at relevant intervals throughout the report, and the case studies appear in full for reference on the Evidence for Education website.

Setting up a social enterprise to deliver extended services

Part A: Steps to establishing the enterprise

"What aspirations does the organisation have for the world in which it operates…?"

Where a school is considering taking a social enterprise approach to running and managing its extended services, there are key areas that need to be considered to ensure effective management and sustainability over the long term.

The model below (Figure 1) of a strategic planning and business development process can be used to guide the development of a venture, taking it from idea stage through to implementation and continuous improvement. This cycle forms the basis of the sections in the remainder of this chapter, with the first four phases focused on planning and the final two on delivery and review.

Figure 1: A six-stage strategic planning and business development process

In the initial phases of developing an enterprise, strategic planning is crucial. Planning enables the creation of a shared vision, ethos and culture for the venture; it guides the operations by setting strategic goals; it encourages a review of the resources and capacity required to achieve the goals; and it plans out the operational activities for delivery.
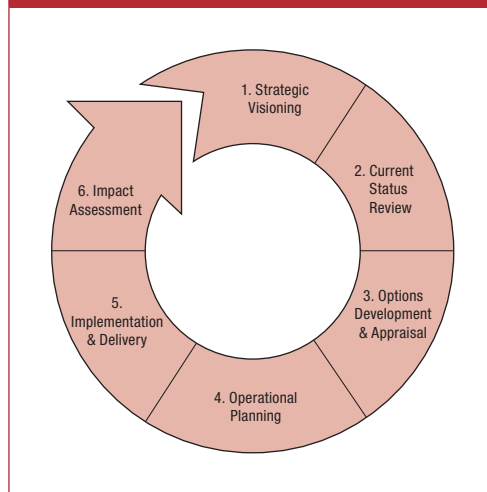
The issues that are considered during the strategic planning process can be drawn together in a **business plan**, which outlines the overall path as well as the detailed activities needed to establish and run the venture. Such a document will provide useful guidance to staff and stakeholders on an ongoing basis, and key activities from it should be integrated into the School Improvement Plan.

1. Strategic Visioning

'Vision without action is merely a dream. Action without vision just passes the time. Vision with action can change the world.'

(Barker)

The **Vision** of an organisation outlines what it wants to be in the future, or how it wants the world in which it operates to change because of its work. Vision provides inspiration. Vision brings motivation and energy, and serves as a basis for decisions and actions moving forwards.

Mission defines the fundamental purpose of the enterprise, describing why it exists and what it needs to do to achieve its vision. **Values** are the beliefs and the ethos that are shared amongst key parties or stakeholders of the organisation. The values will drive the enterprise's culture and priorities.

One approach to defining vision and mission is to pose two questions: firstly, 'What aspirations does the organisation have for the world in which it operates and has some influence over?', and following on from this, 'What can the organisation do to fulfil those aspirations?'. The answer to the first question provides the basis of the Vision Statement and the answer to the second question determines the Mission Statement.

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In many organisations and schools, a strong vision for the future comes from the senior management team, and championing of the vision at this level is critical for it to be successful. Schools will have an overall vision documented in their School Improvement Plan; however, the mission, vision and values specifically for the social enterprise venture would ideally be formed with further input from management and teaching staff. The views of student representatives, governors, parents, the local authority extended services co-ordinator and other stakeholders in the local community may also be important. Their input can be obtained from existing feedback forums, questionnaires and evaluation forms. In addition, a meeting could be held for key stakeholders and staff to agree the vision and shape the future direction of the enterprise.

In conjunction with the local authority, the senior leadership team of Beacon Hill High School developed a vision to address the deprivation issues of Blackpool and to change the cycle of unemployment and poverty in its community. The school therefore uses a variety of extended services to engage the community, to involve local people in activities delivered from the school, and to make a difference to the lives and attainment of young people.

2. Current Status Review

In order to plan future developments in detail, it is first important to understand the situation of the organisation now and consider what external and internal factors are at play. This assessment can be undertaken collaboratively through meetings with key staff, and by reference to key planning and evaluation documents that schools use to improve their performance. Tools that can be used to look at the current status include SWOT and PESTLE analyses.

SWOT analysis enables an organisation to look at its internal Strengths and Weaknesses, in addition to the external Opportunities and Threats that it may face. Internal strengths and weaknesses could include things such as: staff,

financial and physical resources; expertise; knowledge; leadership; and governance structures. An important input into this part of the analysis will be an understanding of the current financial sustainability and operating efficiency of the school. Additionally, reference to the School Improvement Plan, which outlines the priority development opportunities identified by stakeholders in order to raise standards, and the Self Evaluation Form, which schools use to identify how to improve performance, will be critical here to inform the analysis of strengths and weaknesses and an appropriate direction for the venture. Ongoing alignment between the School Improvement Plan and the plan to develop extended services should be ensured.

External opportunities and threats might include: central and local government funding, policy and strategy; market potential and demand for services; and other providers and schools. Developing a SWOT can instigate ideas for a new venture which builds on the strengths that the organisation already has and the opportunities or gaps in the market that it can take advantage of.

PESTLE analysis takes into consideration the Political, Economic, Social, Technological, Legal and Environmental aspects that are relevant to the venture. This analysis helps with scanning and building a picture of the external environment that the organisation faces and understanding the challenges involved. It can support and provide more detail to the opportunities and threats elements of the SWOT analysis.

3. Options Development and Appraisal

In considering how to meet their extended services requirements and how to make the offer sustainable, a school needs to first generate a number of ideas from which it can select the optimum solution. A **brainstorming** session with key stakeholders can provide a useful forum for generating such ideas, and can also help to engage people with the project and generate buy-in to the development of an enterprising solution to meeting social needs. The success of a venture can depend heavily on its management of relationships,

"Stakeholders are people, groups, organisations or bodies who affect or can be affected by an organisation's actions."

partnerships and stakeholders. Furthermore, establishing a sense of ownership of the vision and project by key stakeholders early in the process can prove invaluable later on.

Stakeholders are people, groups, organisations or bodies who affect or can be affected by an organisation's actions. These may include staff, governors, students, families, the local community, the local authority, and voluntary and statutory bodies, among others. Those stakeholders with a high proximity to the organisation and significant ability to influence it will need to be consulted and managed carefully, and could be included in any brainstorming activity. Such a group may also be interested in being involved in a steering group that oversees the development of a venture on an ongoing basis.

Key inputs into developing ideas for new services would be a review of the **strengths**, **weaknesses**, **opportunities and threats**, as clarified above in Section 2, and an understanding of the needs of service users. **Consultation** methods such as student forums and councils, focus groups, and parent and student questionnaires can be used to garner information and ideas for new services. Socio-economic data may also be available from the borough's central data team and will provide useful information on the situation and needs of the local population down to super output level, and schools will additionally have substantial data about the needs of their pupils to input into the development of ideas for services.

Once a list of ideas has been generated, it is recommended to prioritise them and select which activities to develop based on their apparent **viability** and their ability to meet the **objectives** of the school. A school's objectives for its extended services provision are likely to encompass financial and social goals; in other words, achieving a certain level of turnover and profitability to ensure sustainability, and achieving a particular social change for students and communities.

Market research and financial viability analysis are particular activities that will help to evaluate the feasibility of new ideas for self-sustaining extended services.

3a. Market research

Market research is the gathering and analysis of data relating to marketplaces or customers; it is any research that leads to more market knowledge and better-informed decision-making (Chartered Institute of Marketing website). Market research can be used to discover whether people want or need the services that are being considered, and their ability to pay for them. It will therefore help to determine which services to provide, based on their ability to generate custom and meet the schools' objectives, and it can also inform how to market them (see Marketing section on page 20).

In delivering extended services through a social enterprise model, there will be both service users who may not pay for the services at the point of use, and customers who are able to pay for or fund activities. **Service users** are the individuals and groups who are the beneficiaries of services that are delivered primarily for a social purpose. In the case of extended services, students, their families and the wider community are the key beneficiaries of the services. To develop an understanding of whether a new service is likely to meet their needs, and therefore the social objectives of the venture, consultation mechanisms can be used, such as student forums, focus groups, parent and student questionnaires, and anecdotal evidence.

Bushy Leaze undertook research into the needs of its community in 2006, and Alton Buckle Extended Services Partnership further developed this work for the whole cluster the following year; the results showed a particular need for breakfast and after-school care in specific locations around the Alton area. This research and consultation have not only informed the way in which extended services are provided, but have also helped to build trust with the community and ensure their ongoing engagement.

Where a school adopts a social enterprise approach, a trading element is introduced, to charge for activities that generate an income and can be ploughed back into the venture to cover the costs and potentially subsidise other activities not charged for. It is therefore important that the venture understands who

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Reviewing the competition is also important, to understand whether and to what extent the market is already saturated…

its customers are and what is the demand from them for the services. **Customers** are those who can be charged, and could include families (where they are able and willing to pay); community and other third sector groups; local businesses; sports groups; and the general public. Services for which schools could charge at the point of use include childcare, access to facilities, and out-of-hours activities including sport, music and drama clubs. It should be noted that before they can charge for services, schools must have in place a charging policy, developed by the governing body in consultation with parents.

Some services could also be paid for by other bodies, for example local authorities, Primary Care Trusts and charitable foundations, which may fund specific activities that meet their outcomes for beneficiary groups.

A **market research strategy** should be designed to see whether the enterprising ideas could secure sufficient business to be a sustainable operation. It is useful to assess the total size of the potential target market, for example for hiring out of facilities to local Voluntary and Community Sector groups, by researching how many such groups exist in the local area. Then a sample of these should be interviewed (for example 15–20 organisations) to assess the proportion of the market that would be interested in the service. Quantitative information should be collected to allow the calculation of the potential revenue, for example how often services will be used and how much users would be willing to pay, as well as qualitative information to inform the marketing strategy, for example what are the key features and benefits of services that customers are looking for.

Reviewing the competition is also important, to understand whether and to what extent the market is already saturated, where the organisation fits in the marketplace, and how it can differentiate its products and services.

The information gathered should then be analysed to understand whether there is demand for the services, the prices customers are willing to pay and where the greatest opportunities lie to generate interest in the services and income for the enterprise.

Burnley Campus charges groups and corporates for the use of their leisure and conference facilities. They have undertaken extensive market research to understand the local demand and market prices for similar venues and facilities in the area, and they know that customers return to Burnley Campus because of its location, high-quality facilities and the competitive prices offered. Some of the income generated from these fee-paying services is used to subsidise after-school clubs for lower income families, to enable access for all and to meet the indentified need for such clubs. The Burnley Campus management team has analysed the needs of their key users through the use of surveys, and by reviewing feedback from the activities that they run. The approach taken by the Campus ensures sustainability of those services that have significant social benefits for the children and their families.

3b. Financial viability analysis

The evaluation of the financial viability of the different options is a key step in the assessment of the proposed delivery of extended services. This evaluation will contain an analysis of the potential revenue to be generated and the total costs and expenses to be incurred.

Central to this task is the construction of a model to reflect the finances and activities of the organisation. Below is an example of a very simple model for deriving projected results from assumptions about future sales and costs.

**Revenue – Expenditure =
Profit/Surplus or Loss/Deficit**

Decisions around **pricing** of the services will need to be considered at this stage. Prices will depend on the specification and quality of the services to be delivered, and on potential customers' capacity to pay. The prices will be heavily informed by the data secured during the Market Research phase discussed above.

In terms of expenditure, the main components will include staff salaries and overheads, that is, the costs incurred for the use of the facilities and resources to provide the services. It is important to highlight here that the organisation

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The venture may be able to generate sufficient revenue to hire new staff to fulfil these roles…

needs to identify the full cost of delivering the services, including the use of the facilities that may belong to the school or local authority. **Full cost recovery**, as a principle, should pervade all calculations in the financial model, avoiding hidden subsidies.

The difference between revenue and expenditure, if positive, will provide the surplus that the organisation could use to enhance the provision of extended services in the future; if negative, it will give an indication of the funding required to deliver the services.

Tools generally used for the evaluation of financial feasibility include:

- **break-even** analysis (i.e. the point where total revenue received equals the total costs associated with the sale of the product or service) determines whether or not the organisation will bring in enough money to meet its costs. In other words, a break-even analysis shows the volume of sales that are needed to cover the fixed and variable expenses. From a timeline perspective, this analysis will also provide an understanding of the period of time that will be needed for the organisation to become sustainable.

- scenario analysis (base case [most likely], worst case [pessimistic] and best case [optimistic]) allows for the assessment of how possible future events (e.g. not having achieved the expected number of paying customers) will affect the financial outcome of the organisation.

This stage will provide decision-makers with key information as to whether or not the proposed services can be delivered successfully in a sustainable manner.

4. Operational Planning

Detailed planning turns a vision for future change into actionable plans that describe exactly what an enterprise is going to deliver and how. Once options have been appraised, and activities selected and agreed by the school and stakeholders as the most likely to be viable and to meet its objectives, operational plans for the delivery of extended services need to be laid out. At the end of this

work, the school should be in a position to make any final investment decision and have a clear framework for developing activities.

Operational and business planning activity can be made up of a variety of different components, depending on the specific purpose of the plan and its audience. Some common elements, however, are detailed below.

4a. Resources

When developing new activities and ventures, schools need to consider the resources, both human and physical, that will be required to ensure delivery. They may already have these resources and sufficient capacity to manage and deliver the activities in-house, or they may need to secure additional staff and facilities.

Human resources to be considered include not only the staff who will deliver the activities, for example childcare staff to run the breakfast clubs, but also people to manage and administrate the venture. The resource and skills required to run a business and manage its resources and finances should not be underestimated. Furthermore, if the school wishes to develop open access for the community, it will need to consider the premises and security staff implications of this.

The venture may be able to generate sufficient revenue to hire new staff to fulfil these roles, should they be needed, and the Financial Planning activity detailed on the next page will inform this decision. Partners in the community and in the public and third sectors may also be able to contribute resources to assist in the delivery of activities.

The **physical resources** required will depend entirely on how the school plans to deliver the full core offer; it may be able to make use of many facilities that it has on site to fulfil community needs and to generate income to sustain provision. For example, a school may decide to provide ICT facilities for adult learning free at the point of use, because it has identified this as a particular community need based on its market research; whereas it might let out sports facilities to local clubs at commercial rates where there is a significant demand and limited social outcomes, again based on its research.

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Some **start-up** funds may be required to support the purchase of equipment or the hiring of staff in the short term until a venture becomes sustainable; schools should consider where they can access such funds, for example from public sector or charitable grants, or private sector loan funding, and what the appropriate legal structure is that will allow them to do this. Further discussion on suitable governance and legal structures is provided on the following page.

> Beacon Hill High School has combined existing and new staff resources and mixed funding streams with income generation to enable effective provision of extended services. Several staff are employed in part to deliver education and in part to deliver commercial services, and this adaptability and sharing of resources has enabled provision to develop at a steady pace. The school also makes use of its physical assets in the form of a new Family and Business Centre to provide services for the community, some delivered by the school and some by partners, and to generate income through facilities rental to sustain its extended services.

4b. Financial planning

Financial planning is perhaps the most important phase of the operational planning process, as the financial viability analysis undertaken at the Options Development and Appraisal stage becomes more rigorous. It requires the preparation of detailed financial projections for the delivery of the services.

Schools are allowed to use their delegated budgets to support or subsidise extended activities that bring an educational benefit to children, but not to support extended activities that are solely community facilities such as sports activities for the local community. Under current finance scheme guidance the school's accounting procedures must distinguish between those extended school activities that can be funded from the delegated budget, and those that must be funded from other sources. The key principle is that a school's financial management and reporting should identify

separate spending on those activities that are not eligible for funding from the delegated budget (DfES, 2006).

Financial planning of extended services activities therefore provides this separation and ensures services can be independently managed in terms of their sustainability. It translates ideas into figures and demonstrates the potential profitability of the proposal.

Financial projections will need to be made for three to five years in order to have a medium-term perspective of the probable financial progression of the organisation, including the estimated funding requirements. Projections consist of three financial schedules:

- The **income and expenditure** account gives a picture of the organisation's projected trading performance over a period of time in terms of revenue and expenditure.

- The **balance sheet** provides a snapshot of the organisation's projected assets (what is owned) and liabilities (what is owed). It also shows the organisation's solvency, i.e. the ability to comply with its financial obligations as they fall due.

- The **cash flow** projection looks at the cash position of the organisation in the near future, generally on a monthly basis, analysing the constant flow of money into and out of the enterprise over the course of that period. The desirable outcome is to prove that the organisation can maintain a positive cash flow while paying all its expenses and capital repayments, that is, it can stay liquid.

These schedules should be accompanied by a detailed explanation of the **assumptions** under which they have been prepared. The inclusion of an analysis of the sensitivity of the forecasts to the key assumptions is also generally recommended. The financial schedules should be comprehensive and accurate, and presented in an easy to understand format to allow stakeholders to endorse them without question.

Financial planning is vital if the organisation is to evolve in anything other than a haphazard way. It helps with gauging income and expenditure, handling unforeseen

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A suitable governing structure will create a system that provides strategic oversight and direction to the venture, ensuring alignment with the school's wider ethos and activities.

circumstances and it underpins good business decisions. It provides valuable information to those who work for the organisation and assists with the proper allocation of resources. Moreover, if funding for the services is to be bid for, having a business plan with the accompanying financial projections is critical.

4c. Governance and legal issues

Governance is the set of policies, roles, responsibilities and processes that are established to guide and direct the social enterprise. A suitable governing structure will create a system that provides strategic oversight and direction to the venture, ensuring alignment with the school's wider ethos and activities.

The governance structure chosen for the social enterprise will vary from one school to another. Schools that incorporate the social enterprise as a separate legal entity will need to engage a board of directors. The directors are responsible for the operations of the social enterprise. However, if the social enterprise is not incorporated, a steering group could also be set up to provide an advisory role.

Schools of course also have governing bodies that are responsible for their overall strategic direction, objectives and policy making. Extended services will form a key part of schools' improvement plans, therefore school governors should be represented in the governance structure of any school-based social enterprise delivering extended services, so that they can carry out their relevant responsibilities. These responsibilities include: ensuring that the school provides access to the full core offer; working with headteachers to ensure that extended services are integrated into the School Improvement Plan and are consistent with the National Agreement on Raising Standards and Tackling Workload; ensuring any childcare offered through the school is registered with Ofsted; ensuring that extended services benefit the community; and ensuring that any surplus is reinvested in the service or the school or cluster (TDA, 2009).

A good governance structure will bring a mixture of skill sets to the social enterprise. It will also ensure the needs of the key stakeholders involved in delivery and use

of the extended services are catered for. More importantly, as a business venture operating within the framework of a school, those involved in the governance of the social enterprise will provide oversight of the management of the business and the quality of the services offered. It is advisable therefore to consider carefully the recruitment of governors or directors based on their competencies and skill sets, perhaps seeking a combination of those with strong business skills, those able to represent governors and beneficiaries, and those with local political or community influence, depending on the needs of the social enterprise.

Alton Buckle Out of School Clubs Ltd (ABOSC) was established in the Alton cluster to deliver various extended services activities. ABOSC is governed by a board of directors made up of up to five members including a chairperson. The directors were selected to provide a range of experience and expertise to the company including business, education and childcare knowledge.

Under ABOSC, several clubs operate in a co-ordinated but autonomous way. A business management team, comprising a business manager and administrators, oversees the clubs and provides administrative support for the company and clubs. The structure was designed to give ABOSC various advantages such as economies of scale, ability to share staff, equipment and resources, and ability to make joint bids for new funds.

Schools can choose to run extended services themselves and with partners, without setting up a separate legal entity, or they can choose to run all or part of their extended services programme through a '**school company**'.

Section 11 of the Education Act 2002 provides a clear statutory basis and framework for the governing body of a maintained school to form, or participate in forming, companies to provide services or facilities for schools. A company in this case means a company registered under the Companies Act 1985 as a company limited by shares or a company

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> *Schools need permission from their local authority to form a company; however, only those schools with managerial or financial problems will be denied permission.*

limited by guarantee. The governing body of the school can be the company's member.

Some advantages of setting up a separate legal entity include:

- an ability to apply for external funding and to borrow money

- ring-fencing the liabilities and budgets for extended services activities

- board members protected by limited liability – which they would not be in an unincorporated association

- an ability to employ staff and enter into contracts separately from the school

- permission to pursue charitable status, which brings certain tax reliefs.

Schools need permission from their local authority to form a company; however, only those schools with managerial or financial problems will be denied permission. The local authority will also take a supervisory role over the company on an ongoing basis, monitoring its accounts and considering requests to borrow money where relevant.

Edmund Waller School Services was the first 'school company' formed under the provisions of the 2002 Education Act. It was set up as a company limited by guarantee, and is now registered as a charity, with the aim of promoting education, personal development and well-being of children and adults residing or working in New Cross and surrounding areas, and promoting and providing community, recreational and leisure activities. As well as taking advantage of the technical benefits provided for by the operation of a separate company, Edmund Waller School Services also runs as a professional enterprising entity with its own clear mission, yet simultaneously remains part of the school family. Three of the school governors and the headteacher are on the company board. The company is able to provide bursaries for pupils wanting to make use of the extended services provision but lacking the necessary funds.

The purpose, ethos and principles of the social enterprise will influence which legal structure to use. When considering the options, it is advisable to select a structure that is fit for purpose and simple to operate. It is strongly recommended to seek legal advice when considering forming a company, in particular to draft the company's constitution so that it properly reflects its aims, and to ensure issues such as tax liabilities and responsibilities for staff and any transfer are correctly addressed.

4d. Marketing

Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably (Chartered Institute of Marketing website). A marketing plan is based heavily on research: the marketing activities to be carried out will be determined by the market research undertaken, as this will provide information and insight into the types of customers and how best to target them.

Where a school has a number of different extended services to offer, or a number of different customer groups that it is targeting for any given service, it is useful to segment the customer market before deciding which marketing activities to undertake. A customer segment is a group of buyers who have similar needs and respond to marketing offers in similar ways. Each segment can be targeted in different ways to most effectively attract customers and satisfy their requirements.

Marketing activities fall into four categories:

- **Product**:
  What shall we sell?

- **Price**:
  How much should we charge?

- **Place**:
  Where shall we sell it?

- **Promotion**:
  How do we tell the customer?

Different emphasis can be placed on different activities depending on how best to reach each customer segment. For example, marketing for breakfast and after-school clubs

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may focus heavily on place and product, as the convenience of children remaining at school and the quality and times of service offered are important to parents; however low prices and promotional activity may be of less importance. Conversely, offering facilities hire to the community may require low prices and significant promotional activity if there are other facilities in the area that are more convenient for the customer group.

There is a huge variety of promotional activities that can be undertaken, should these be required. Examples include: emails, brochures, direct mail, sales people, social media and radio adverts. In order to select the most effective, it is important to consider where customers will look for the services and how cost effective each activity is on a cost per sale basis. For example a radio advert costing £2,000 may reach 100,000 people and generate 20 sales, which is £100 per sale; whereas an email campaign costing perhaps £100 may reach 1,000 people and generate 10 sales, which equates to a more cost effective £10 per sale.

It can often be most effective to contact potential customers directly, highlighting the **benefits** of products to them and discussing their specific needs, in order to be able to supply them with what they are looking for. Some customers may respond well to the idea of purchasing from a social enterprise, as they know that the money they pay for services is contributing to a wider social aim.

Whichever marketing and promotional activities are selected, it is always useful to monitor their effectiveness in order to be able to decide whether they have worked (on a cost per sale basis) and therefore whether they should be used again. The simplest way of doing this is to collect feedback from customers and people who have expressed an interest in the service: ask them where they heard of the service and subsequent to using it, how it has helped them. Improving the understanding of the customer market and its requirements will inform the ongoing development of the marketing strategy, and thereby assist in identifying, anticipating and satisfying customer requirements profitably.

Priory Community School consulted with students and families to understand the needs of the market, and has recently commissioned a private company to undertake a school survey covering all the school activities, including extended services. This survey will gather insights and feedback on the services delivered to improve provision and to enable more effective targeting of promotional activity.

Priory Community School currently markets its services through the campus prospectus, school newsletter, their website, promotional DVDs, YouTube, Twitter and Facebook.

4e. Risk analysis

Undertaking a risk analysis as part of a business planning process is key in order to identify and assess factors that may jeopardise the success of the venture. In particular, risks should be identified that would prevent the organisation from achieving its objectives, in other words the financial and social goals that have been defined. A long list of potential risks should be compiled and then reviewed according to their **likelihood** and their potential **impact**.

For those risks where there appears to be a reasonable likelihood that the underlying cause will happen and significant negative effect if it did, it is appropriate to define preventive measures or contingency plans. Thus, should it be possible to do so, actions can be taken to mitigate the issue before it happens, or should the worst happen, plans are put in place to deal with the situation quickly and effectively.

The list of categories below provides a useful prompt for identifying risks; not all will prove to be relevant but they are worthy of consideration:

- Human: from individuals, illness, accidents, contractual disputes, etc.

- Operational: from disruption to supplies, loss of access to essential assets, failures in distribution, etc.

- Reputational: from loss of partner or employee confidence, or damage to reputation in the market.

The early days of starting up any venture are critically important; it's a time when good management patterns are set and also probably a lean era when revenue has yet to start rolling in.

• Procedural: from failures of accountability, internal systems and controls, fraud, etc.

• Project: risks of cost over-runs, activities taking too long, insufficient service quality, etc.

• Financial: from bad debts, interest rates, etc.

• Technical: from advances in technology, technical failure, etc.

• Natural: threats from weather, natural disaster, accident, disease, etc.

• Political: from changes in tax regimes, government policy, etc.

This final stage of the planning process will help organisations to ensure that their objectives will be met, by putting in place strategies to deal with the key risks that may pose a problem during implementation and delivery of the venture.

5. Implementation and Delivery

Once Operational Planning is complete and any necessary consents to move forward have been obtained, it is time to turn the plans into reality.

5a. Implementation

The implementation of the operational or business plan entails putting theory into practice. Timelines should be agreed and the plan must be implemented with due regard to these deadlines. The responsibility of each individual involved in the plan should be clearly delineated.

The key steps involved in the implementation stage include:

• Defining operational objectives and the corresponding actions: the objectives should be clearly articulated as they will be used as building blocks for the rest of the implementation plan. They should be demanding but realistic and achievable. Examples could be:

 – Secure office space and launch the extended services within three months.

 – Recruit an Extended Services Manager and two delivery agents within six months.

 – Sign up 100 beneficiaries within the first year of operation.

• Defining and **assigning the tasks** needed to attain the objectives: the tasks must be understood by the individuals responsible for completing each task, and should emphasise the expected results associated with these tasks.

• Setting out a **timescale**: each task, and its duration, must be framed within a clear overall time planner.

• **Monitoring** activities and progress: a lead person must be responsible for monitoring progress against timelines, and highlighting and rectifying any delays.

Implementation will cover all aspects of business development, for example service delivery, marketing and human resource management, and may be highly complex depending on the intricacies of the social enterprise to be developed.

The early days of starting up any venture are critically important; it's a time when good management patterns are set and also probably a lean era when revenue has yet to start rolling in. The more efficiently a business plan is implemented from the start, the more likely it is that the organisation will survive the challenges of this early period.

5b. Delivery

Once the enterprise is established, focus transfers to how to manage the organisation's resources and deliver services successfully on a day-to-day basis, often under uncertain conditions.

The organisation's survival depends on the efficient and effective management of the following critical resources:

• **Cash**: cash flows are regarded as the lifeblood of the organisation; strong liquidity should be maintained by using budgets proactively and monitoring creditor balances.

• **People**, both customers and employees. Hiring the right people, involving them in the organisation, and motivating them by rewarding them wisely so as to reduce staff turnover are key areas to focus on.

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> *One way of ensuring the efficient and effective delivery of the extended services offer, and understanding how it creates value for the community, is to draw on value chain analysis (Porter, 1985).*

- **Physical assets** such as building and equipment should be maintained and repaired as necessary to ensure they are fully functional, operational and safe.

- **Time**: this is a critical resource that is limited in supply. It must be used efficiently (getting more done in each day) and effectively (doing those things that are relatively most important).

- **Management information** for decision making: it is important to keep good records that are appropriate to the users' needs, understandable, concise yet meaningful, accurate and up to date. Having proper information will enable good decision-making.

One way of ensuring the efficient and effective delivery of the extended services offer, and understanding how it creates **value** for the community, is to draw on value chain analysis (Porter, 1985). This is a technique used to map and examine the activities and information required to bring a service to a customer.

Value chain analysis splits the organisation into primary and support activities. The functions planned during the Operational Planning phase are reviewed together as elements of the chain of activities of the organisation. Primary activities are those that are related to the delivery of the services, while support activities are those that provide the backdrop necessary

for the efficient running of the organisation. When delivered effectively together, these activities will ensure the creation of value; in other words the benefit to be enjoyed by the users of the services, the overall positive impact on the community, and the surplus to be generated and reinvested in service provision.

In the particular case of extended services, the value chain could be as depicted in Figure 2.

The primary activities would include:

- Marketing: activities planned to promote the services and to recruit participants.

- Sourcing of materials and resources.

- Delivery of activities in line with the core offer. Each of these could be broken down into its smaller components, clarifying what happens on the day.

- Customer services, including feedback and complaints, which will feed back into the organisation in order to improve delivery.

The support activities might be seen as overheads, but are however fundamental to facilitate the delivery of the services. In the particular case of extended services, the following would be the key support activities:

- Infrastructure: means the control systems of the organisation such as financial management, governance and general management.

Figure 2: Value chain analysis
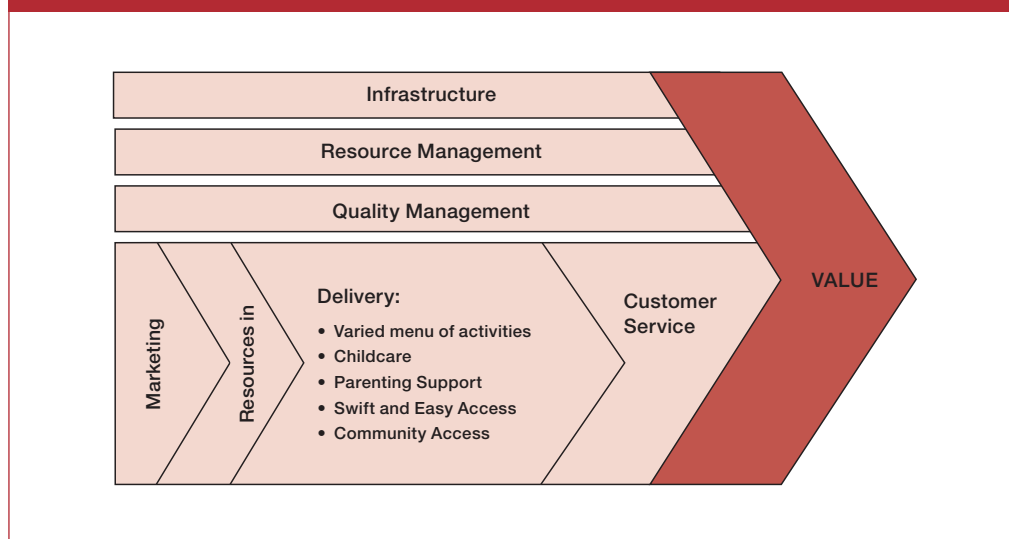
Outcomes are the benefits or changes an organisation is able to bring about as a direct result of its activities.

- Resource management, in particular those elements considered during the Operational Planning phase:

  – Human resources: the function concerned with recruiting, training, motivating and rewarding the workforce of the organisation.

  – Facilities management: this may be particularly critical for many extended services where efficient use of school buildings is vital for effective delivery of the activities.

- Quality assurance: services provided need to be of consistent standards, with robust processes built in to the delivery to assure quality.

The mapping of each of these activities in this way allows for a clear visualisation of the work done by the organisation, pointing to possible problems, and assisting with the design of more efficient services and processes. Furthermore, organisations can use this framework to capture, accumulate and share knowledge with all staff involved in the delivery of the extended services. Management efforts then focus on building a knowledge base of the primary and supporting activities, so as to constantly improve the service provision and achieve sustainability.

In summary, value chain analysis can be of great benefit for extended services in order to ensure the delivery of optimum social and financial value. As a tried and tested methodology for mapping activity and information flows, it provides detailed process information in a concise way that is easy to understand, while offering a robust foundation on which to build continuous improvement programmes.

6. Impact Assessment

A crucial element of organisational review and improvement for social enterprises is to understand the positive social impact that they achieve, and to develop the benefits and value created by the services. Assessing social impact creates an opportunity to look beyond the measurement of an organisation's performance, to a consideration of the social achievements and the wider positive impact on individuals, communities and the environment.

A simple approach can be taken to map out the outcomes and wider impacts that extended services can achieve for pupils, their parents and the community. The **mission** and **objectives** that have been planned out for the organisation set its course and direction, and determine the key **activities** that are being undertaken as part of delivery. The outcomes in turn should be directly and logically linked to the activities that are being delivered. **Outcomes** are the benefits or changes an organisation is able to bring about as a direct result of its activities. These are apparent in the immediate future and can be attributed to the activities undertaken by a particular organisation. Outcomes can be measured by developing simple indicators for them and benchmarking against other targets, for example the Every Child Matters objectives.
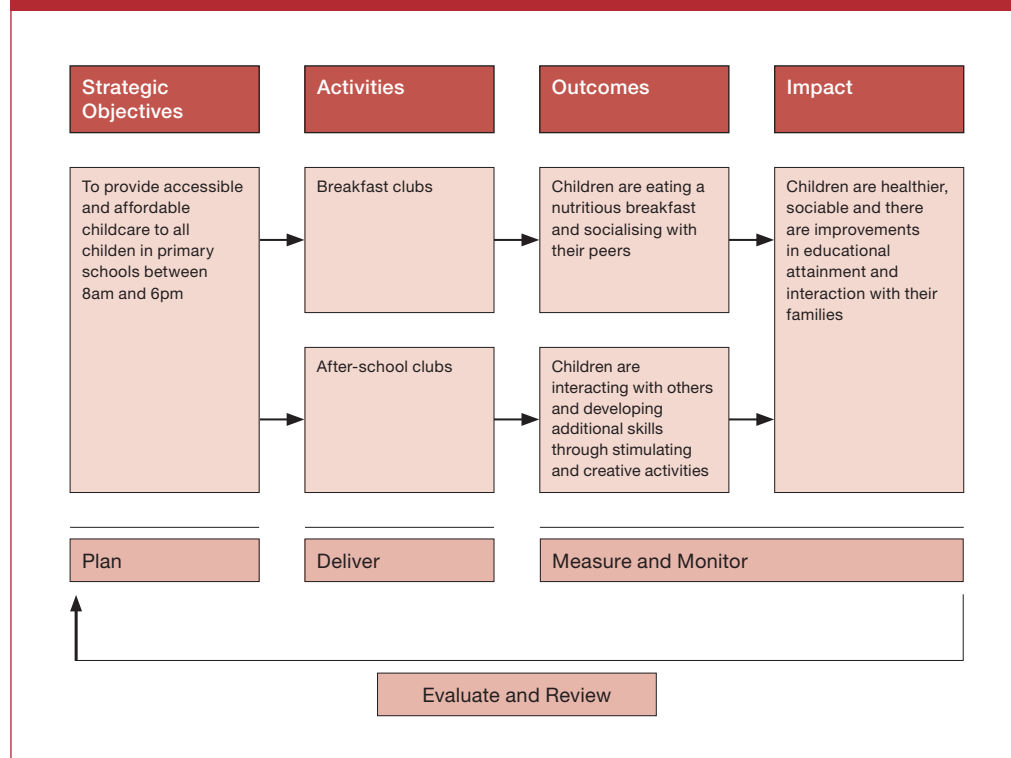
Finally, **social impacts** can be defined as the combined effect, generally in the longer term, of the positive outcomes generated by an organisation. Social impacts are those aspirational changes that are brought about by various parties (for example schools, voluntary organisations and local authorities), and are usually only achievable over a longer time period. The long-term impact that is aspired to should correlate with the overall vision of the organisation, and monitoring this alignment will ensure that the organisation is doing what it intended to do.

Evaluation and review of its activities and their impact can contribute to the future strategic direction of an organisation, to assist it in deciding what activities to continue delivering to ensure optimum impact for the beneficiaries in the future. This takes the organisation back to the beginning of its strategic planning process, which it may wish to review every three to five years to ensure that its vision remains relevant, its services are the right ones to deliver in the current context, and its delivery is efficient and effective.

So how might an impact assessment look for a social enterprise delivering extended services in a school? An example of a high-level mapping process is shown opposite.

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Intentionally assessing and measuring its social impact can enable an organisation to prove its alignment and contribution to the Every Child Matters objectives, as demonstrated above. Evidence of the value created by extended services is also powerful information that organisations can use when they are preparing new funding and contract proposals; telling the story of change creates a unique selling point!

Figure 3: An example of a social impact map

Strategic Objectives	Activities	Outcomes	Impact
To provide accessible and affordable childcare to all childen in primary schools between 8am and 6pm	Breakfast clubs	Children are eating a nutritious breakfast and socialising with their peers	Children are healthier, sociable and there are improvements in educational attainment and interaction with their families
	After-school clubs	Children are interacting with others and developing additional skills through stimulating and creative activities	

Plan	Deliver	Measure and Monitor

Evaluate and Review

St Benet Biscop Catholic High School is in Bedlington, Northumberland, an area of high deprivation. Their extended services provision has been critical in improving attainment and attendance at the school, and the model that the school operates enables students to develop leadership skills through the Youth Ambassadors programme, and business experience through exposure to social enterprises at the school.

St Benet Biscop's achievements are recognised by Ofsted: the school's 2007 Ofsted report states: 'the many extended services which the school provides have given students outstanding opportunities to develop their workplace skills and contribute to the community.' The extended services partnership of the area has also implemented an evaluation process to measure the impact of their extended services against the Every Child Matters objectives.

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Part B: Critical success factors

" … running the venture is a long-term commitment that will pose barriers and challenges just like any other business. "

Our research found that there are five critical success factors that are shared among the schools that took part in this study. These elements have been key in assisting our case study schools to deliver extended services successfully through a social enterprise model.

1. Shared vision and passion

As described on page 13, the vision is the desired or intended future state of an organisation in terms of its strategic direction and fundamental aim. Vision is a long-term view, sometimes describing how the organisation would like the world in which it operates to be.

At Grimley and Holt Primary School, the headteacher, Richard Kieran, envisions the school as a centre for the community. But as a small village school with just 76 pupils, resources are limited. The school has adopted 'Mantle of the Expert', a drama-based teaching method, and additional income is generated by selling their expertise of the technique. Grimley and Holt offers Mantle of the Expert Study Days, for which they charge £140 per person; this gives participants the opportunity to observe the technique in practice and learn how to implement it in their own schools. Grimley and Holt also organised a conference in June 2009, which sold out at fees of £195 per person. Surpluses generated from these enterprising ventures are ploughed back into the school to enable them to fund activities for the benefit of their pupils.

The headteacher, staff and the local authority share a vision to make the school a community hub and deliver more for pupils, and they have the passion to dedicate additional time and effort beyond their day-to-day responsibilities to raise the additional revenue that they need.

We found that key staff at the schools we spoke to share a common vision about

extended services, and they are passionate to realise that vision. They see the value of extended services to their students and its benefits in improving attainment. They also want to see the school actively engaged with the local community through extended services.

The shared vision and passion motivate those involved in extended services to do as much as they can, even when resources are limited. Resource limitations become a challenge, not a hindrance. Creative and enterprising ways are found to generate alternative and additional sources of funding, for example charging for one service to subsidise another, bidding for new funds, and selling expertise to generate revenue.

2. A champion to drive the agenda

Setting up a social enterprise can be a challenging process. And, once it has been set up, running the venture is a long-term commitment that will pose barriers and challenges just like any other business. That is why having a champion is imperative. The champion keeps motivation high and finds ways to fix problems that could derail the venture.

At Burnley Campus, Dionne Holdsworth, the Campus Manager, understands social enterprise from her involvement with a local community group. She brought her social entrepreneurial flair to Burnley Campus, and was a driving force in the establishment of Burnley Campus Social Enterprise Ltd. Dionne continues to champion the social enterprise model within the school, effectively using the venture to deliver various extended services and showing how the model brings added value to the school as a whole.

In some of the schools that were visited during this project, the headteacher was clearly the champion of enterprising extended services. In other schools, it was one of the senior

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> *Having the right people with the necessary enterprising skills to run the social enterprise is therefore critical to ensure success.*

management team or the extended services co-ordinator. If the headteacher is not the champion, then it is important for the head and the senior management team to trust and support the champion, and give them a sufficient level of autonomy so that they can use their own creativity to shape service delivery and generate revenue.

3. Creative use of community linkages and networks

Schools are not expected to work alone to deliver all the components of extended services. In fact, effective delivery of some components of extended services necessitates partnership working with other bodies. For example, to provide swift and easy access to relevant health and social care services, schools may need to work with local agencies such as the local authority and the NHS. As a first step, many schools signpost people to these partners as part of their service to students and the local community.

Our study found that there are two further ways in which schools tend to utilise their local business and third sector networks. Many schools arrange with providers to deliver extended services activities on behalf of the school, and the private provider charges the service users directly. The activities can be held at the premises of the provider or at the school; in the latter case the school's facilities may be provided for free or at a fee. Alternatively, schools could form a partnership with a provider to deliver commercial activities, and then share the profits. In this case the school allows the private provider to use their facilities for free, and a profit-sharing arrangement is embedded in the relationship.

Both parties benefit from these enterprising ways to create school-private provider partnerships. Schools get to widen their extended services offering, while the private providers get access to a fully equipped venue, and, more importantly, a pool of new customers.

Priory Community School works in partnership with the local fire service to run a Dads and Lads Club. The club is free for students and their parents as the fire service has a budget to pay for such activities. The school also runs a free sign language course in conjunction with the North Somerset Community Learning Service, which is funded by the Learning and Skills Council.

Additionally, the school organises business breakfasts in order to build working relationships with local businesses for mutual benefit. They are now negotiating with one company to offer training on a 'mindmapping' technique; the school has the necessary facilities to host the training sessions, and the business will bring the expertise. The training will be charged at commercial rates, and it is anticipated that the revenue generated will enable the school to buy new equipment as well as to subsidise other activities that they want to deliver.

4. Skilled and enterprising staff

Setting up and managing a social enterprise requires specific skills such as business planning, financial management and marketing. Having the right people with the necessary enterprising skills to run the social enterprise is therefore critical to ensure success.

Hornsea School and Language College has recruited staff to manage extended services for its cluster; this large secondary school operates a distributive leadership model in which staff are given ownership of activities and have accountability for delivery. This autonomy has given their highly skilled staff the scope to develop new ways of delivering extended services. Sally Richardson, the Extended Services Co-ordinator, leads the team and delivery of the extended services. She has particular skills in developing partnerships with the local authority and organisations in the community to make best use of resources, and she has a realistic and business-like view of how services can be delivered. She is now the lead practitioner for extended services across 12 schools in the region.

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During this project, we found examples of schools that discovered they already had suitable staff on board but doing a different job. Promoting or seconding the staff to the new venture created an impetus that pushed the venture ahead. We also found instances where, after a careful resources review, the school realised that they did not have suitably skilled staff, or that existing staff did not have sufficient time to manage the venture. Such circumstances require the school to hire new recruits, or source training and support for current staff to develop the venture.

5. Careful business planning

A business plan is the school's road map to running the social enterprise effectively and efficiently. It helps the school and, more importantly, the staff who work in extended services, to understand where they are, where they want to be, and how they will get there. It can be both an operational tool and a communication tool. As a minimum, schools should consider all the issues discussed in this report to develop their business plan.

Our study found that, where schools have established a social enterprising way to deliver extended services, a business plan enables staff and stakeholders to share the vision, and helps them to understand how to move forward.

The Burnley Campus Social Enterprise Limited has a business plan that guides its operations. The set-up of the social enterprise is complex, combining four schools, a faith centre and a county community library. The business plan allows each party to understand their role within that set-up. A market analysis, detailed in the business plan, helped them to develop a comprehensive list of extended services activities that the social enterprise should deliver. A discussion on the competition they face from other providers, how they will market their services, staffing and funding are also included in the document. The business plan outlines how they will grow the number of services they offer year by year from 2008 to 2011.

BOX 3	Careful business planning
	There are many benefits to creating and managing a realistic business plan. Even if you just use it in-house, it can: • help you spot potential pitfalls before they happen • structure the financial side of your business efficiently • focus your development efforts • work as a measure of your success. (Business Link website)

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Where to get more information

Social enterprise networks

- London: Social Enterprise London (**www.sel.org.uk**)

- South East: SE2 Partnership (**www.se2partnership.co.uk**)

- South West: RISE (**www.rise-sw.co.uk**)

- East of England: Social Enterprise East of England (**www.seee.co.uk**)

- West Midlands: Social Enterprise West Midlands (**www.socialenterprisewm.org.uk**)

- East Midlands: Social Enterprise East Midlands (**www.seem.uk.net**)

- Yorkshire and Humber: Social Enterprise Yorkshire and Humber (**www.seyh.org.uk**)

- North West: Social Enterprise Network (**www.sen.org.uk**)

- North East: North East Social Enterprise Partnership (**www.nesep.co.uk**)

- Scotland: Scottish Social Enterprise Coalition (**www.ssec.org.uk**)

- Northern Ireland: Social Economy Network (**www.socialeconomynetwork.org**)

- National: Social Enterprise Coalition (**www.socialenterprise.org.uk**)

Generic business support

- Business Link (**www.businesslink.gov.uk**)

Support for the education sector

- TeacherNet (**www.teachernet.gov.uk**) has been developed by the Department for Children, Schools and Families as a resource to support the education profession

- The Training and Development Agency for Schools (**www.tda.gov.uk**) is the national agency responsible for the training and development of the school workforce; they recommend a number of tools and techniques that are useful for schools in developing their extended services and in implementing sustainable change

- National College for Leadership of Schools and Children's Services (**www.nationalcollege.org.uk**) is the national agency responsible for developing and supporting excellent leadership in England's maintained schools and early years settings and for the development of directors of children's services and those aspiring to the role

- The Children's Workforce Development Council (**www.cwdcouncil.org.uk**) leads workforce reform, improving chances for children and young people throughout the country. In particular they join up the way different agencies work, and bring consistency to the way children and young people are listened to and looked after

- ContinYou (**www.continyou.org.uk**) is one of the UK's leading community learning organisations. Its work encompasses extended services in schools, family learning, parental support, out-of-school-hours learning, health improvement and health literacy, supporting young people, working with schools and communities, supplementary schools and community regeneration

- Magic Breakfast (**www.magicbreakfast. com**) offers support for schools including food for breakfast clubs and training on leadership and social enterprise.

Specialist consultancy support:

- CfBT Education Trust (**www.cfbt.com**) provides consultancy, support, research and training for teachers and schools.

- Social Enterprise London (**www.sel.org. uk**) provides consultancy support across the third and public sectors, to develop the sustainability of organisations with social objectives, as well as to assist organisations who wish to measure their outcomes

Glossary

Break-even analysis: a useful tool in business planning to study the relationship between fixed costs, variable costs and returns. It involves finding the level of sales necessary to operate an enterprise on a break-even basis. The break-even point for a product or service is the point where total revenue received equals the total costs associated with the sale of such a product or service.

Business plan: a document that summarises the strategic, operational and financial objectives of an organisation and contains the detailed plans and budgets showing how the objectives are to be realised. In other words, a business plan is a map that provides directions so an organisation can plan its future and avoid bumps in the road.

Customer: a person who purchases goods or services from another; a buyer.

Financial planning: the task of determining how an enterprise will afford to achieve its strategic goals and objectives. A financial plan can be in the form of a budget, which includes a plan for spending and saving future income. This plan allocates future income to various types of expenses, such as wages, rent or utilities, and also reserves some income for short-term and long-term savings.

Financial projections: an estimate of the future financial performance of an organisation. An essential element of planning that is the basis for budgeting activities and estimating future financing needs.

Full cost recovery: the practice of ensuring the price of a product or service reflects the full costs of delivery, including the legitimate portion of overhead costs.

Governance: a set of processes, customs, policies, laws, and institutions affecting the way an organisation is directed, administered or controlled.

Liquidity: the ability or ease with which an organisation's assets can be converted into cash through an act of buying or selling with minimum loss of value. Also, a measure of the extent to which an organisation has cash to meet immediate and short-term obligations.

Market research: the process of gathering, recording and analysing information about the market, including customers and competitors; it involves the systematic collection and evaluation of data regarding customers' preferences for actual and potential products and services.

Marketing: the commercial processes involved in selling a product or service. An integrated communications-based process through which individuals and communities are researched and subsequently informed or persuaded that needs and wants may be satisfied by the products or services of others.

Mission statement: a short written description of the purpose and aims of an organisation that guides its actions and decision-making, spells out its overall goal and provides a sense of direction.

Overheads: the general, fixed costs of running an organisation, such as rent, lighting, heating and management expenses, which cannot be attributed directly to a specific product or service.

PESTLE: an analysis of the external macro (big picture) environment in which an organisation operates. The factors considered are generally beyond the control of the organisation, but are important to be aware of, particularly when carrying out business or strategy planning. It includes Political, Economic, Social, Technological, Legal and Environmental factors.

Profitability: an organisation's ability to generate revenues in excess of the costs incurred in producing those revenues. A measure indicating how well an organisation is performing in terms of its ability to generate surplus or profits.

Resources: include money, property (land and buildings), machinery and equipment, manpower (workforce), and materials (supplies).

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Revenue: the income that an organisation receives from its normal business activities, usually from the sale of goods and services to customers.

Scenario analysis: a process of understanding possible future situations by considering alternative possible outcomes (scenarios). The analysis is designed to enable improved decision-making by allowing more complete consideration of realistic and extreme outcomes and their implications.

Service user: an individual or organisation that is provided with a service for their benefit, usually free of charge at the point of use; in contraposition to a 'customer' who would 'pay' for the service.

Social impact: the effect or change brought about by an organisation's actions; the overall or long-term social change realised for customers, service users or the wider community.

Solvency: the capacity to meet financial obligations as they fall due; particularly of an organisation having enough money to pay out all the funds that are owed to other people.

Stakeholder: a person such as an employee, customer or citizen, or an entity who is involved with an organisation and therefore has responsibilities towards it or an interest in its success.

Start-up funds: the amount of money needed to get a venture off the ground. Possible sources include grants, loans, donations, etc.

Strategic planning: a top-down approach concerned with deciding the long-term mission and objectives of an organisation, the resources to be used in achieving those objectives, and the policies that govern the acquisition and use of those resources. Enables an organisation to map how to get from where it is now to where it would like to be in five or ten years.

Strategy: a plan for achieving organisational success.

Sustainability: the ability of an organisation to carry on over a period of time. Generally considered to include three dimensions: environmental, social and economic (financial).

SWOT: a strategic planning methodology used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a venture, including identification of the internal and external factors that may be favourable and unfavourable to achieving the organisation's objectives.

Value chain analysis: a concept from business management used to identify potential sources of an organisation's advantages in its sector; an analysis of the organisation's activities in order to undertake them more efficiently, effectively and economically (Porter, 1985).

Values: the principles, standards or beliefs considered worthwhile or desirable by an organisation, and which pervade the way the organisation delivers its objectives.

Viability: feasibility; capability of being done within realistic means; ability to work as intended or to succeed. Financially, it is the ability of an organisation to cover its costs.

Vision statement: a statement of an organisation's aspirations and intentions for the future. A description of what an organisation would like to bring about in the mid- or long-term future; intended to serve as a guide for choosing current and future courses of action.

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- Children Decide: Power, Participation and Purpose in the Primary Classroom: A guide for teachers, *Cox et al*.

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