

## Championing Social Value

### Pauline Graham



**Job Title:** Chief Executive  
**Organisation:** Social Firms Scotland  
**Time in Post:** Five Years

#### Background

Pauline has been at the forefront of championing the social enterprise movement in Scotland for well over twelve years. As CEO of Social Firm Scotland (SFS) she is passionate about the value of social firms in creating work opportunities for people who experience barriers to employment - in particular, people with a disability, mental health issue, substance abuse, a prison record, homeless issue and young people.

#### Responsibilities

In addition to her responsibility for overall strategic performance and development of SFS, Pauline has promoted the profile of the social firm sector through engaging in the public procurement policy space at Scottish Government level, and also through partnership working with the wider business sector.

She represents the social enterprise sector on the Scottish Government's Procurement Advisory Group and was a member of the Procurement Reform Bill Group. She is very excited to see her's and other's work around community benefits and better commissioning coming to fruition through a Bill going through the Scottish Parliament. Seeing this being translated into actual businesses for social firms is what will give her a real sense of achievement.

She has also developed new alliances with the business community through closer engagement with the Scottish Chambers of Commerce, The Scottish

Council for Development and Industry, and the Federation of Small Businesses, who are keen to address the main barriers for SMEs in winning public sector contracts for example at pre-qualification stage.

Through the Procurement Advisory Group a Supplier Engagement Working Group was set up. Buyers, suppliers, and key procurement policy players were invited to explore the distinct and shared needs of buyers, suppliers and procurers. The consensus was the need for a standardised pre-qualification system, based on value/risk balance with specific additional questions for construction or social care contracts. This has now been user-tested, and is planned to be included in the forthcoming Procurement Reform Bill.

#### Personal attributes

Pauline's previous experience as manager of the Social Economy Scotland Development Partnership, funded under the EU EQUAL Programme (2002-2008), has been a key influence on her approach to her current post.

This programme, according to Pauline, had the luxury of a three stage funding process with a focus on innovation and working on a Scottish solution to the social economy. The first stage involved getting the right strategic and visionary partners involved such as Third Sector Division at Scottish Government, key social enterprise leaders, Scottish Enterprise, and Highlands and Islands Enterprise with its long community and social enterprise development tradition.

Stage two involved the implementation of pilot projects, evaluation and dissemination of learning, followed by stage three, mainstreaming good practice into policy development.

## Enablers

Pauline is convinced that this approach to mainstreaming, by providing evidence of what works and what needs to happen in terms of future support for the social economy, directly impacted on key themes within the Scottish Government's first social enterprise strategy, subsequent action plans and investment programmes, namely:

- opening markets through public procurement
- impact measurement
- business support
- funding and finance

The following are some examples of opportunities arising from this EQUAL programme that are now benefitting the social enterprise sector:

- development of a suite of impact measurement tools
- learning around finance tools such as social equity led by Social Investment Scotland (SIS) which informed the Scottish Investment Fund (SIF)
- testing the service delivery role that social firms and other social enterprises can provide through the Public Social Partnership (PSP) model, which provides a safe place to co-design services, and to build a new type of relationship between the public and social enterprise sector, based on co-production.

She feels that support from The Scottish Government in promoting the service delivery role of the social enterprise sector more broadly, and in changing the dynamics between the public and social enterprise sector, has been crucial. She welcomes the forthcoming Procurement Reform Bill and is looking towards a future diverse and sustainable market in which the social enterprise sector is an active player.

## Challenges

Pauline would like to see a fund established across government that recognises the employment creation dimension of social firms. This challenging business model she feels needs bespoke support and investment in both delivering employment support to people as well as delivering to the commercial market. She finds the most frustrating part of her work, principally because it's a reserved policy area for Westminster, is welfare reform and the inflexibility of the welfare benefits system. Other challenges she highlights are:

- Procurement and service reform imperatives, including The Scottish Government's welcome shift towards preventative spend, will mean there are real opportunities for social firms, however the sector needs to make sure that it is ready to deliver.
- There is a need to connect better with supported businesses and other third sector providers in promoting the Social Firm model.
- There is a need for continued support to tendering across the social enterprise supplier base and connecting providers in the same industry sectors.

## Achievements

**Responding to information and support needs.** Currently SFS receives over 100 enquiries a year from different sectors including public bodies (local authorities, and the NHS), learning disabilities charities, mental health projects etc. All are interested in social firm development. Also SFS receives enquiries from individual entrepreneurs and family or micro businesses. The main challenge for SFS is converting this interest into commercially viable business ideas. Secondly, there is a real need for greater access to start-up funding with wrap around business support.

Despite being a modest sub-sector of the social enterprise community, social firms

remain an important business model, making a real difference to people's lives.

**Networking.** SFS recognises the importance of peer support and encourages its members to connect with other social enterprises through the many geographic and thematic social enterprise networks supported by Senscot.

**Pioneering work - the acquisition programme.** Pauline is proud that SFS has pioneered this ground breaking initiative supporting members to buy private businesses and converting these to social businesses. The process involved included the following:

- Learning from Social Firms Australia who had tested acquisition as a route to growing the Social Firm sector, and had acquired a private business to reconfigure as a social firm. Some examples were also identified in Germany. However, acquisition as a route to growth in the social enterprise sector remains untapped in Pauline's view.
- Commissioning a review of lessons learned around acquisition in the third sector which recommended a national pilot programme. This was funded by the Lottery and resulted in a number of important acquisition and joint venture deals.
- Delivery of awareness-raising master classes around acquisition in conjunction with private sector partners, who also offered pro bono services to partners.
- Delivery of support to boards by providing the tools and templates to reduce the cost and risk of getting involved in acquisitions; and bringing in the right professional advisers at the right time.
- Production of an introduction to business acquisition for the third sector which captures the acquisition process

and planning required to make a deal work.

The target was ten deals, and despite being launched when the economic crisis hit, eleven deals were achieved. Not all were acquisition deals - some were joint ventures, some collaborations through partnership in the same field of activity e.g. recycling to get a contract or to extend market reach - but all had the aim of increasing the sustainability of social enterprises. Key learning from the acquisitions programme was that a lot of third sector organisations were not ready to acquire but were interested in being more commercially focused.

**Developing Markets contract.** One of the outcomes of the acquisition programme was that SFS decided to go into partnership with CEiS and Senscot to set up Ready for Business LLP. This LLP successfully led the consortium, which included the private sector, that won the tender to deliver The Scottish Government's Developing Markets for Third Sector Providers' programme. This programme was a positive response to both procurement and service reform issues, the latter arising from the focus of the Christie Commission on prevention. While these policy areas had operationally a significant third sector component, public sector input was required involving working proactively and sensitively with public sector commissioners and procurers.

**Public Social Partnerships.** As part of this contract Pauline has been involved in taking the EQUAL experience of piloting PSPs to a higher level. She is currently working with KPMG in supporting:

- The HMP Low Moss PSP, which has made significant progress in a relatively short time
- East Renfrewshire Council PSP around supported living
- The new Royal Edinburgh Hospital PSP around mental health rehabilitation.

- SPT's Community Transport PSP

## Ambitions

Her lead role on the EQUAL transnational programme has led to SFS being invited to represent Scotland as a partner on the new European Thematic Social Enterprise Network. The aim is to put good practice around social enterprise at the heart of the next European structural funds programme. This call from the Commission, which will run for two years, is being led by Poland and eight member states are involved, with input from SFS and Senscot supported by The Scottish Government. Partners are interested in case studies from Scotland around social enterprise networks, PSPs and sustainable procurement.

## Advice

Pauline's advice to the wider social enterprise sector can be summarised as:

- Stay ahead of the game, always look over the horizon - "Is there somewhere we can we learn from?" SFS is visionary and always looking for improvements - this is the natural role of an intermediary
- You can't know everything about everything, so you need to ask the right questions and have a reality check - "Is my understanding of our sector's needs, wants, barriers the correct one?" Always go back and ask members and engage with organisations on the front line
- Need to work with others and play to your strengths and add value to other initiatives
- Be promiscuous! But choose your partners carefully
- Try things out and evaluate - keep chipping away and finding new ways of developing the sector that will have a legacy

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