

1 CRAGHEAD DEVELOPMENT TRUST

Date established	1996
Region	North East
Employees	16
Structure	Company limited by guarantee and charity
Annabel Jackson Associates Ltd role	We evaluated the Rural Community Enterprise Challenge Fund for the Esmee Fairbairn Progress between November 2007 and July 2011

1.1 Background on the Trust

The Trust was set up with support from the Settlement Renewal Initiative and entered the programme with a good portfolio of projects: a nursery operated in partnership with SureStart, and two recently acquired buildings: a post office (Craghead Village Hall) and a community centre (the Burnside Centre).

1.2 The social enterprise

The Rural Community Challenge Enterprise activity was to include improvement of the post office through an ATM and book rental service, and development of the Burnside Centre into a managed workspace and catering business.

1.3 Planned capacity building

The specific organisational development aims identified in the baseline evaluation were:

- Increasing time spent thinking strategically.
- Strengthening monitoring of strategic planning.
- Strengthening commitment to social enterprise across the organisation.
- Developing new products such as a supply agency for the nursery, catering businesses and housing.
- Increasing research and development work.
- Widening representation of the board.
- Succession planning.
- Strengthening professional development.
- Strengthening marketing.
- Improving the status/profile of the organisation.
- Reducing dependency on core funders.
- Increasing profitability.
- Maximising income from buildings or assets.

1.4 Support

The Trust has received considerable support from the DTA:

- The Managing Director, Chris Barnard, took part in the first year of the DTA Cultivating Enterprise Leadership and Management course. This involved attending four day long workshops and completing 35 online units, with an estimated study time of 65 hours.
- Neil Trup carried out a contribution analysis which showed the Trust the financial contribution of different customer segments.
- The DTA has provided specialist advice on housing and the Trust is pilot project for the Asset Transfer Unit Registered Social Landlord or housing association programme.

1.5 Progress

The EF funding has released Chris's time to think about new products and improvements. For example, he spent more than fifty hours developing new products in the first two months of 2011. The Trust made a number of small changes to each business area, which together made a big difference. It has managed risks carefully at each stage, and supported staff to take on their new responsibilities.



The Trust signed a joint management agreement for the village hall, whereby the first 10% of any profit would be transferred into a sinking fund for the building, with any additional profit going to the Trust. If the building did not make a profit the Trust nonetheless agreed to maintain it. By the end of the first quarter, the Trust had already met the income per month target that it expected to reach after 12 months. The Trust recruited an individual who had extensive experience of

running a commercial post office and used this experience to rapidly increase profitability. The Trust installed a transaction free external ATM machine. The contributions analysis of the post office carried out with Neil Trup at the DTA showed that the parcel business was particularly profitable so the Trust responded by targeting this market segment. For example it advertised to local eBay businesses that the post office had parking outside and ran a service where customers could leave parcels to be processed in their absence against an ongoing float. However, government changes to the delivery of the benefits system mean that this service will be reduced because of diversion of traffic to City Bank.

The Trust has developed the skills of the nursery staff. The nursery manager and deputy are studying for professional and academic qualifications which will allow them to work on ratios of 1:13 for the over 3s, rather than 1:8 as currently. The Trust will be able to increase salaries and still make more money. The analysis carried out with Neil showed that customers are typically in the mid 20s and use social media, so the Trust has set up Facebook, Twitter and discussion

groups to strengthen its relationship with parents and gather ideas on potential improvements. The nursery is running at 90% of capacity.

In 2009 the Trust took on a 25 year self-management agreement with the local authority for five allotments sites of 320 plots. The Trust keeps the rent of around £7,000 and uses it to raise matched funding. So far the Trust has raised £50,000 to refurbish the sites, to install entrance gates and keys with disabled access as horse gates, remove fly tipping and repair pathways. The funding is not enough to replace the boundary fencing, so tenants are asked to contribute by each repairing the fences in their patch.

The Trust has changed its concept for the Burnside Centre. It has applied to the Stanley Area Action Partnership, Stanley Town Council and the Lottery (People's Millions) for the £150,000 required to turn the building into an urban arts centre for young people which will house: graffiti workshops, dance with Wii fit, online gaming competitions, mixing workshops, a bouldering wall, collapsible indoor skate board ramp, centre café and bike maintenance repairing stolen or recovered bikes. This is a partnership with the Real Graffiti Company, Derwentside Homes and the Police. The funding application quotes data from a similar project in North Tyneside which reduced anti-social behaviour by 49%. The project is scaleable: the funding proposal shows how the project would work with a smaller amount than that for which the application is made. After an initial capital injection the plan is to fund revenue costs through membership fees and sessional charges to young people as well as commercial hire of the bouldering wall and mobile use of the bicycle maintenance equipment.

The Trust underpinned these developments with work to support culture change. Chris organised team building sessions with directors and staff, so each person understands the work of the others. The reaction was evidently very positive as people valued the combination of commercial and social aims. Overall Chris says staff have changed their attitudes from "I need more money for this" to "I can save money on this". Internal communication was always strong but has improved. Chris talks to the managers every day in addition to formal meetings which take place every couple of months.

The Trust has strengthened its strategy. Board meetings alternate between strategic and operational agendas. The Trust has produced a strategic plan, in an A4 form, for the first time, and reviews the plan annually. The Trust has not produced a succession plan but has produced contingency plans allocating responsibilities when Chris is sick or on holiday. The Trust is increasing its documentation of activities and learning so that it is less dependent on Chris, although this is an ongoing task.

The Trust has raised its profile in the community, implementing the advice from the programme master class on brand marketing at STEP. Following Steve Clare's advice, Chris has persuaded the board to change his job title to Managing Director which makes it easier for him to talk to other directors in partner organisations. The Trust has rebranded the minibus so that it is more clearly linked to the Trust, and also reviewed its pricing structure, which has increased the visibility of the Trust and increased income. The Trust was successful in applying for the Social Enterprise Mark.

The housing project is progressing slowly. Derwentside District Council made an in-principle agreement to hand over one house to the trust, but communication links were lost in the transition to a unitary authority. Durham County Council has since expressed interest in gifting a

house to the trust subject to a robust business plan to develop the area further. The Trust would use the collateral from this first house to buy two more using a loan from a social lender.

Earned income from the nursery has increased from £37,000 in 2007 to £150,000 in 2010-2011, with £15,000 profit. Counter trade in the post office has increased from £19,200 to £31,200. Overall the trust had a turnover of £340,000 and a profit of £16,000.

1.6 Lessons

Chris feels that “We achieved everything we set out to achieve.” The Trust has made a profit for the first time. Each business area is sustainable and is being developed to generate profit to support the core costs of the Trust.

The Trust has learnt the importance of recruiting staff with the right skills. It recruited a post office manager with 25 years’ experience. This was a bit more expensive than the previous post, but he earned the additional cost back in a few months.

Partnership working is key. By working with partners trusts can reduce competition, improve the quality of the overall offering and make a strong case for funding.

The Trust develops different activities and profit streams for each building, so spreading the risk.

1.7 Conclusion

The Trust has been successful in developing new business areas. However, these are not entirely as planned, for example the managed workspace has transformed into the more exciting concept of an urban arts centre, which illustrates the importance of funders being flexible in their support of social enterprise. Furthermore some projects, such as the housing development, are still in process, which suggests that three years was perhaps too short for a social enterprise support programme.

Craghead Development Trust provides a highly positive example of the Big Society in action, where the Trust has a multifaceted relationship with local people: developing services, bringing people together, improving health, and encouraging self-help.