

Communities First Pre-Incubation Service

Forward Funding Strategy Document

1 Introduction

The Telecentre And Business School Limited (TABS) is a voluntary-sector organisation, established as a not-for-profit Company Limited by Guarantee in 1995 and is committed to promoting training and employment opportunities to people from the Borough of Rhondda Cynon Taff particularly those who are unemployed or otherwise economically inactive. We believe that through the provision of community based training and development support; local people will become skilled and empowered to start the process of looking for employment opportunities or creating their own employment. We are, therefore, committed to continuing to provide a range of work based and personal development training courses supported by a mentoring initiative to enable TABS to achieve its aims.

A major initiative of TABS in partnership with Communities First Partnerships, public sector organisations and support agencies is the Communities First Pre-Incubation Network. The objective of the service is to create and grow SME's, in particular social enterprises. TABS have received financial support from the Welsh Assembly Government via the Pre-Incubation Fund administered by the Department of Economics and Transport and the Rhondda Cynon Taff Community Economic Development Pilot Fund to establish this service. This work will be undertaken from October 2008 to March 2009.

This document outlines a forward funding strategy to ensure that the service is established and achieves financial sustainability over a five year period.

1. Principles

Our funding strategy on the following principles:

- We will not undertake any work which compromises our independence to deliver training which is relevant and appropriate, the quality of our work or our integrity;
- We believe we are accountable to the wider community of people in our neighbourhood for the responsible use of all resources which are put at our disposal;
- We believe that it is necessary to take on work commissioned for a special purpose, both to sustain ourselves financially, and because such work can be directly useful in terms of our commitment to supporting people who are unemployed or out of work. Our budgets and our funding strategy are premised on this understanding.

2. Funding strategy

Our funding strategy is based on the following:

- A five year development period, inclusive of a fully grant funded 2 year pilot
- A four-pronged strategy, income generated from commissioned work; income generated from services, asset acquisition and cost control.

3 Communities First Pre-Incubation Service

3.1 2 Year Pilot

The Communities First Pre-Incubation Service is identified initially as a two year pilot project which will be fully supported financially through grant funding.

Total project costs for the first 2 years are estimated at £254,695.

Year 1 - £128,104

Year 2 - £126,591

(Source: Communities First Pre-Incubation Network Business Plan – already supplied)

The Business Plan has identified four potential core funding bodies, namely:

- The Welsh Assembly Government (DE&T) - Pre-Incubation Fund
- RCT Local Unitary Authority – Community Economic Development Fund
- Coalfield Regeneration Trust – Social Enterprise Fund
- Heads of the Valleys Programme

It is expected that these funding bodies will support all financial costs of the pilot.

Contingence plans, in case of a financial shortfall, may include applications to:

- European Convergence funding
- Communities First Outcomes Fund
- Lankelly Foundation

3.2 Year 3

This year will see a significant reduction in grant support, with the shortfall being comprised of earned income from commission work and the delivery of services.

In particular the previous 2 years would have involved the Hub, and some spokes, developing early stage incubation services. This would include the provision of managed workspace; office services; address services; financial services, stationary supplies and other services of value to trading businesses. These activities would create earned income to support hub cost, as well as cost of spokes involved in this activity. In the case of the HUB this will be enabled through the Hub gaining ownership of the Porth premises at Penrhiwgwynt Road.

The Network will also offer training, consulting, research and mentoring services all of which will generate income.

It is expected that 40% of costs in year 3 will be met through income generation activities.

3.3 Year 4 – 5

By the end of this period it is expected that the pre-incubation service will have developed to include all stages of business incubation. It is expected that many of the spokes will themselves be managing full business incubation facilities. It is expected that the network members will have developed their asset base, hence their ability to generate income.

Many services and products would have been developed to increase income generation. Growing business accessing the incubation services would make contributions to the cost of these services.

Pre-incubation would be financed via a service level agreement with the public sector.

By the end of this period the service will be fully financially sustainable.

4 Income Generation

4.1 Income generated from commissioned work

The sources of such work could be:

- Research contracts
- Consultancy contracts
- successful tendering for local government contracts.

4.2 Income generated from services

By services here is meant:

- successful quoting for training contracts
- workshops on social enterprise development / business incubation
- Mentoring / coaching
- publications;
- seminars;
- conferences;

4.3 Asset acquisition

The long-term strategy for financial sustainability includes both the Hub and many of the spokes acquiring building assets. Most businesses need premises from which they work and it is the aim of many organisations in the network to gain ownership of buildings to support this need. Asset development is a key element in business sustainability and a significant source of income generation. As mentioned above the Hub in particular has well developed plans in this area and hope to start this process with the acquisition of the Porth centre. If successful the Hub will be able to offer space to trading social enterprises in return for rental income.

5 Cost control

This last area has to do with careful costing, cost control and monitoring of finances. As an organisation, we believe that this must be taken very seriously, and systems, policies and procedures will be developed and implemented to this end.

6 CONCLUSION

We believe that the above forms the basis of an funding strategy which is reasonable and achievable.