

**UAACO  
COMMUNITY GARAGE PROJECT**

**Independent Feasibility Study**

**Consultants Statement**

**Wider Impact Consultancy** is satisfied that there is a business, social and community case for investment in a Community Garage (Social Enterprise), managed by an experienced Board and supported by the Union of African & African Organisations (UAACO) for the benefit of Stoke on Trent communities.

**Edwin Lewis**  
**Wider Impact Consultancy**, November 2006

**Commissioned by the  
Union of African & African Caribbean Organisations (UAACO)**



**Funded by Stoke on Trent City Council and the European Union**

**Feasibility Study Conducted by Wider Impact Consultancy**  
*Innovators in Regeneration and Community Well Being*

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## 1. EXECUTIVE SUMMARY

The concept of providing training facilities for young black African and African Caribbean young people was borne out of a problem identified by Union of African and African Caribbean Organisations (UAACO) Board member **George Salmon**, who is the owner of a local garage. George Salmon is inundated with requests from such young people, constantly looking for work experience and employment at his garage.

Whilst he can employ one or two young people at a time, he cannot keep up with the demand. Unfortunately, the majority of other garages in the area are not as generous as George and too many disadvantaged BME young people are falling by the way side.

Under the leadership of **Thurayya Cahill**, UAACO Chief Executive Officer, the UAACO Board has delivered a Business Plan, which includes the development and delivery of a **Community Garage**, which is managed as a 'not for profit' social enterprise, ensuring jobs for local people, which includes disadvantaged young BME people being given opportunity to enter the garage industry as Apprentices.

Wider Impact Consultancy has been commissioned by UAACO to explore the feasibility of delivering such a project in Stoke on Trent. Criteria includes there being a business, social and community case, which demonstrates need and potential support from local partners, sponsors and funding agencies.

Centre to the business case is the likelihood that the enterprise can be operated as a 'going concern', with minimum long term reliance on ever scarce grant funding. In short, a successful garage business with a long term and certain future. Social good includes real jobs and vocational training opportunities for disadvantaged young people and a place which can play a role in cementing community cohesion.

Wider Impact Consultancy has been impressed with levels of interest and potential support for the project expressed by young people, their parents, support agencies and the private sector. There is little doubt there is a will to make the project work.

Whilst there is not a strong business case for another garage in Stoke on Trent, there is demand for a professionally managed, reputable, good value garage business, with ethics that include supporting disadvantaged BME young people (and wider community members) into meaningful work and training based on the apprenticeship model.

Most importantly, the criteria has been met and the research has confirmed there is a strong likelihood that, with initial grant support, the business can 'stand alone' within a two year period.

The study concludes with a recommendation that a new 'stand alone' company is established – **THE UAACO COMMUNITY GARAGE**, supported by an experienced Board/Trustees, which will have responsibility to ensure that the venture achieves its objectives.

There will be obvious challenges ahead for UAACO and the new Board, which includes establishing a new business venture, which aims to delivery social good in a competitive market place. This report makes it clear UAACO cannot work alone on this project and will require support and backing from a wide variety of individuals and organisations.

## 2. ACKNOWLEDGEMENTS

Wider Impact Consultancy is grateful to the following individuals and organisations that have supported this feasibility study:

- **Advantage West Midlands;**
- **Adnan Laskar**, Staffordshire County Council;
- **Alan Button**, Staffordshire County Council Fleet Care;
- **Andrew Greenhough**, Stoke on Trent College;
- **Business Brokers;**
- **Colin Hunton**, Economic Development, Stoke on Trent City Council
- **Community Representatives/ Parents;**
- **Connexions Staffordshire;**
- **David Powell**, Enterprise Rent a Car;
- **George Salmon**, Garage Owner/ UAACO Board Member;
- **Groundwork Stoke on Trent;**
- **Harry Bowyer**, Stoke on Trent College;
- **InStaffs (UK) Ltd;**
- **Ikram Ulhaque**, Local Strategic Partnership (LSP)
- **Jelani Ghulam**, Minority Business Association;
- **John Beech**, Chair North Staffordshire Racial Equality Council;
- **Mike Arch**, Advantage Community Loan Fund;
- **Mike Cole**, Michelin;
- **Mike Connock**, Supply Direct;
- **North Staffordshire Chamber of Trade and Industry;**
- **North Staffordshire Regeneration Zone;**
- **Parents/ Community Members;**
- **Rachel Watts**, Stoke on Trent City Council;
- **RENEW North Staffordshire;**
- **Rob Redfern**, Business Link;
- **Silvia McTaggart**, Stoke on Trent City Council;
- **Staffordshire Learning & Skills Council;**
- **Staffordshire Police;**
- **Stoke on Trent City Council Knowledge Management Unit;**
- **Terry Broadhurst**, 4Tec Fabrications, Stoke on Trent;
- **Thurayya Cahill**, UAACO Chief Executive Officer;
- **Tony Lindsay**, North Staffordshire Racial Equality Council;
- **UAACO Board;**
- **Youth Offending Team, Stoke on Trent;**
- **Young People of Stoke on Trent.**

Support has included valued access to and provision of data and information, advice, support, opinions, time and honest feedback.

### **3. TERMS OF REFERENCE**

#### **Objective of the Brief**

##### **Part 1 Feasibility Study**

1. To produce a detailed feasibility study on ideas for a garage based community enterprise project in the UAACO Business Plan/Study;
2. To undertake a detailed survey into the need of, and demand by the community, for a garage based community enterprise project and examine the future possibilities for the project and present results to the Project Steering Group;
3. To investigate options for providing hands on training and work experience as a Motor Mechanic and/or a Garage Supervisor/Manager to the disadvantaged youth, especially African and African Caribbean youths in the CED areas in North Stoke;
4. To weigh up the options for providing training/work experience through a community garage facility in North Stoke against factors such as needs and demand by the community, as well as local garage businesses, management capacity of UAACO, costs (to set up and run a community facility against possibly using Stoke College facility and other garage facilities), availability of funding, time scale, possibly for and level of income generation, etc. and recommend the best option, with a clear rationale for it;
5. To examine the suitability of the proposed garage site in North Stoke against the needs for the emerging proposal, cost, security, ownership/legal issues etc.

##### **Part 2 Development/ Business Plan**

1. To produce a series of garage layout plans for the purposes of consultations, presentations and discussions;
2. To identify and prioritise tasks into a realistic and achievable work plan, with realistic and achievable timescales and budgets;
3. To investigate and produce a five year development/business plan with detailed technical consideration, scope of the project, governance issues and day to day running and management structure, staffing capability, other resource implications, outputs and result indicators, milestones, timescales and financial cash flow forecasts/projections;
4. To investigate the strategies of the North Staffordshire Regeneration Zone, RENEW, NRF, Staffordshire Objective 2, P3 (ERDF) Action Plan, Stoke City Council plans, as potential funders/ partners in the public and private sector and negotiate with them on the range and scope of the support for the garage based community enterprise project;



5. To investigate the strategies of Advantage West Midlands, National Lottery Grants, CRED and other funders and incorporate a fund raising strategy in the five year development/business plan;
6. In conducting the study, consider other regional, national or international models which might inform the achievement of a successful garage based community enterprise as a model for community/economic regeneration and social inclusion in the UK.

#### 4. METHODOLOGY

The study has commenced with an understanding that a key objective is to assist in setting up a garage based community enterprise (**social enterprise**) project in the North Stoke area.

Following initial discussions with the project group, it was agreed that a key aim is:

**The garage based social enterprise project will be established as a profitable business that, after initial set up, is capable of trading in the open market with minimal reliance on external grants.**

Understanding the importance of the project achieving social good, the research has focussed on establishing if the following components are in place within Stoke on Trent and surrounding areas, which will support investment in the project:

1. **A Business Case**
2. **A Social Case**
3. **A Community Case**

Methods used to deliver this feasibility study have included:

- Desk research;
- Analysis of wide ranging data and information;
- Site visits (e.g. garage premises);
- Meetings with members of key support agencies;
- Work Shops:
  - Young People
  - Parents
  - UAACO Board
- Presentation/ information sharing 'breakfast briefing' with key agency members. Sponsored by the **Business Brokers**.

## 5. INTRODUCTION

Wider Impact Consultancy is pleased to have access to Stoke on Trent City Council report, **Developing Skills in the City**, *A Study of Employability for Local Public Service Level Agreement Steering Group*.

The report makes important links between thoughts around learning and development of both the employer and the employee, pointing out aims to support business sustainability and personal employability, whilst encouraging wider community participation.

As a social enterprise, the Community Garage project will primarily be a **business** that does **social good**. It is therefore important that the project team understand they have an opportunity to create a vibrant and sustainable business, which has potential to play a role in improving the economic and social capital of Stoke on Trent.

It is of course important the project team understands the challenges ahead. Section 8 spends time outlining the challenges of creating a new business, in particular a garage enterprise.

Wider Impact Consultancy recommends the project team take note of recommendations outlined within the **Developing Skills in the City** report, which include:

- Fundamental to business, both existing businesses within the City and potential inward investors, is a labour force with key skills, together with a willingness to develop those skills further.
- Learning can offer everyone within any organisation, large or small, the opportunity to be an active player, introducing people to ideas or skills that can be developed. Most importantly, within the City of Stoke on Trent, developing skills within the workforce will provide the impetus for change.

Based on such recommendations and further research, Wider Impact Consultancy has approached this research as an opportunity for the Community Garage project to support/link with wider regeneration programmes and initiatives within the City to become directly involved in the 'impetus for change' recommended within the above report.

In short, the Community Garage project is an important and unique opportunity to:

1. Create a vibrant new business within the City of Stoke on Trent;
2. To employ and train local disadvantaged young people; and
3. Become an example of good practice for other projects to follow.

## 6. UNION OF AFRICAN & AFRICAN CARIBBEAN ORGANISATIONS (UAACO)

### Mission Statement

To improve the quality of life of African, African Caribbean people and the community in cultural appropriate ways in the areas of:

- **Health**
- **Social care**
- **Education**
- **Training**
- **Business**
- **Employment**

### Aims

Through the umbrella organisation, **UAACO** aims to provide information, advice, and intellectual capital, including capacity building and research support to member organisations. This service will promote awareness in the above six areas, enhancing positive partnerships for sustainable social inclusion in the community.

### Objectives

To provide:

- Support and help in the management of member organisations;
- Culturally sensitive response to member organisations in the form of support, training, education in the management of their projects;
- Establish a strategy for fund raising for member organisations;
- Develop a range of training initiatives to meet the service aims;
- Promote a range of training opportunities to enable member organisations to gain confidence and access funding opportunities;
- Conduct research around the needs of African and African-Caribbean communities as well as unmet needs;
- Disseminate research findings and promotion of good practice models of project development and to share experiences;
- Monitor and evaluate the impact of this model of service delivery.

### Specialist Training Available

- Diabetes /Hypertension
- Sickle Cell
- Mental Health
- Sexual Health
- Educational Development
- Personal Development
- Counselling
- BME Consultation

## 7. WHAT IS SOCIAL ENTERPRISE

The UK Government definition is:

**Businesses with primary 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.**

Well known social enterprises include Café Direct and the Co-operative Group, and there are a wide range of projects operating in a wide range of industries from farmers markets and recycling companies to transport providers and childcare.

The social enterprise sector is incredibly diverse, encompassing co-operatives, development trusts, community enterprises, housing associations, football supporters' trusts, social firms and leisure trusts, among others. As a result social enterprises use a wide variety of legal forms; some incorporate as companies whilst others take the form of industrial and provident societies.

According to figures from the Government's Annual Small Business Survey 2005 and existing data for the social enterprise sector, there are at least **55,000** social enterprises in the UK with a combined turnover of **£27billion** per year. Social enterprises account for **5%** of all businesses with employees and contribute **£8.4billion** per year to the UK economy - almost **1%** of annual GDP.

Social enterprises share a number of common characteristics:

- **Enterprise orientation** – they are directly involved in producing goods or providing a service to a market;
- **Social aims** – they have explicit social aims such as job creation, training and the provision of local services. Their ethical values may include a commitment to building skills in local communities. Their profits are principally reinvested to achieve their social objectives;
- **Social ownership** – many social enterprises are also characterised by their social ownership. They are autonomous organisations whose governance and ownership structures are normally based on participation by stakeholder groups (e.g. employees, users, clients, local community groups and social investors), or by trustees or directors who control the enterprise on behalf of a wider group of stakeholders. They are accountable to their stakeholders and the wider community for their social, environmental and economic impact. Profits can be distributed as profit sharing to stakeholders, or used for the benefit of the community.

### **Potential Role Community Based Organisations**

Wider Impact Consultancy has taken time to explore potential 'ownership' of the Community Garage project, which will without doubt be classed as a 'social enterprise'.

As a new and developing business, the project will require **leadership, direction** and **governance**. Staff will require an employer and line management.

As already outlined, in addition to being a 'business', the Community Garage project will be expected to deliver '**community good**', e.g.

- Employment and training for disadvantaged young people;
- Reinvesting 'profits' for the benefit of local communities;
- Community confidence/ capacity building;
- Community cohesion.

It is of course essential that the host company has the **skills, experience, capacity** and **will** to deliver such complex and ambitious outcomes. Such issues will be explored within Section 15 of this report.

## 8. BUSINESS CASE

### Introduction

Accepting the garage based social enterprise project will be 'established as a profitable business that, after initial set up, is capable of trading in the open market with minimal reliance on external grants', it is important to understand:

- The economic environment the garage will be operating within; and
- The practicalities of establishing such an enterprise.

Wider Impact Consultancy is grateful to:

- **The North Staffordshire Chamber of Commerce and Industry and Business Link**, for providing information, which includes a 'Business Opportunity Profile' of the car maintenance and repair sector;
- **Alan Button**, General Manager, Staffordshire County Council Fleet Care;
- **Rob Redfern**, Business Advisor, Business Initiative, for advice relating to company structure and cash flow analysis;
- **Harry Bowyer** (Programme Manager, Stoke on Trent College Motor Vehicle Section Internal Verifier for all subjects in Motor Vehicle at College and City & Guilds External Verifier), for providing detailed information regarding setting up a garage project;
- **Terry Broadhurst**, retired Managing Director, 4Tec Fabrications (Stoke on Trent), for providing practical information regarding business set up and sustainability.

### Business Opportunities

A garage offering car maintenance and repair, may provide a general service tackling vehicle servicing and a range of repairs for any make of car, or may specialise in a particular area, such as engine, tyres, exhaust, gearbox, or brakes. Alternatively, a garage may specialise in a particular make of car. In addition to servicing and repair work, garages may offer MOT testing, valeting, body repair and repainting services.

### Skills and Training

Wider Impact Consultancy has taken it as a 'given' that the project will be established on '**quality**' and '**professionalism**'. It is therefore clear that those employed in the garage **MUST** be trained to appropriate levels. It is accepted in the industry that much of the training is completed 'on the job', often during an apprenticeship within a working garage. Qualifications include:

- S/NVQ level 1 and 2 in Vehicle Fitting, which covers fast fit, tyre fitting and installing automotive electrics;
- S/NVQ level 1 and 3 in Vehicle Maintenance and Repair, which covers all aspects of mechanical and electrical repair for light and heavy vehicles and motorcycles;
- S/NVQ level 2 and 3 in Motor Vehicle Body and Paint Operations, which covers the stripping and rebuilding of vehicles, body repair and finishing;
- S/NVQ level 1 to 3 in Vehicle Parts Operations, which is a new qualification covering the function and upkeep of parts used in modern vehicles.

A range of specialist qualifications covering, for example, tyre and exhaust fitting, are also available. These can form part of a Modern Apprenticeship scheme to those under 24 years. Candidates can also opt to take further technical certificates, or the Progression Award in Automotive Vehicle Servicing and Repair at levels 1, 2 and 3.

### Likely Customers

- **Private owners of new vehicles** often approach an independent garage for routine annual servicing and as their vehicles pass mileage milestones. Consumer spending on new cars is currently riding high, with low interest rates and garage based 'deals' encouraging more consumers to acquire loans and long term credit agreements. The removal of the 'Block Exemption' clause committing new car owners to have their cars serviced at dealership garages has boosted the potential for independent garages to service new cars.
- **Older and used vehicles owners** will always need regular attention as their cars age. Older cars still require servicing every twelve months and repairs and parts replacement are also more likely. MOT testing is required by law on vehicles over three years old. Such customers are also likely to approach for quotes on installing extras such as immobilisers, security systems and in car entertainment systems.
- **Both older and used vehicle owners** will require pre-winter servicing in order to check tyre treads headlights and other wear and tear before the onset of the cold weather. Equally, the winter months can cause a range of damage and owners will also want their cars checking over in preparation for summer holidays.
- **Motorists with little knowledge or experience of working with cars** may approach for a range of small tasks, such as changing engine oil prior to long journeys, or checking tyre pressures.
- **Businesses running company cars or fleets** will require regular maintenance and servicing work, as well as annual MOTs on older vehicles.
- **Car rental businesses** that do not employ in-house mechanics may use an independent garage for routine servicing of their fleet as well any repair work.



### Competitors (Generic)

- New and used car dealerships;
- Major chains, such as Kwik Fit;
- Other independent servicing garages.

### Competitors (North Staffordshire)

As anticipated, there are no shortages of garages within the North Staffordshire area. Whilst no one agency is able to provide precise details of numbers, or type of businesses, research on business website pages reveals:

- UK Business Directory - **162**
- Yellow Pages – **133**
- Access Place – **182**

Research into services on offer reveals no gaps in services available to customers.

As the research does not take into account details of garages not registered with the above web based companies, it will be a fair assumption that there are in excess of **200 potential competitors** within the North Staffordshire area.

### Promoting the Enterprise

In such a competitive field, it is essential that any new business 'stands out' from the rest, if it is to compete and survive.

In an industry plagued by customer complaints and a negative image regarding poor service and rogue traders, it is essential to impress potential customers with a **professional approach** whilst the business gets established. Clearly the simplest way is to offer:

- Consistently high quality and reliable service;
- A clean and tidy premises;
- A friendly rapport with each customer;
- Competitive pricing.

North Staffordshire Chamber of Commerce and Industry/Business Link guidance also includes developing mutually supportive relationships with others involved in the motor trade. This could include independent new and used car dealers, car body shops, parts suppliers and local mechanics.

A 'unique' feature of this project will clearly be its '**social good**', which has potential for positive marketing, attracting support from socially minded companies and individuals.

## Start Up Costs

The largest initial expense will be suitable premises, which will require:

- Sufficient garage space with several spacious work bays (high enough to elevate cars);
- Outdoor space for parking;
- Adequate storage space for vehicles and equipment.

Options include purchasing or renting premises, which may require adapting or updating. In appropriate cases, planning permission will be required from the local authority for change of use, or updating facilities.

## Cost of Renting Premises

Whilst cost of purchasing land and/or premises in North Stoke cannot be accurately estimated until a suitable location is identified/confirmed, rental costs can be estimated based on details of **ten** available premises supplied by **InStaffs (UK) Ltd**.

The research indicates there are a number of potential rental sites suitable within the Stoke on Trent area, including premises within the Groundwork Stoke on Trent Enterprise Centre.

The average rent for suitable premises is **£9,000** per year, or between £2 to £5 per square foot. Such estimates do not include rates or service charges.

## Additional Costs

A comprehensive range of tools and repair equipment will be essential and represents a considerable expense. Included will be complete hand tool kits and at least one engine lift and stand, a series of ramps and car jacks and at least one vehicle lift.

Safety equipment is important, which will include protective clothing such as overalls, face shields, goggles, gloves and heavy duty boots.

Should the business acquire approved repair status with an insurance company or vehicle manufacturer, related costs will be high. For example manufacturers are likely to stipulate expensive training courses, branding on the premises and use of specialist equipment. Costs can run into thousands of pounds.

There will be a likely requirement for repair estimating and diagnostic software, which gain can cost thousands of pounds. Repair estimating software will be supplied by manufacturers who since October 2005 have been legally obliged to provide the information at reasonable costs. It is important to be aware of the increasing reliance on soft ware in the garage industry and to be prepared to make necessary investments.

Costs will also include setting up and equipping a separate office(s), with a reception area where customers can wait whilst work is done on their cars. Basic furniture can of course be purchased second hand.

Other essential equipment will include:

- Electronic till and facilities for accepting credit and debit cards. There will be a need to consider utilising chip and PIN enabled equipment, as from January 2005 business that do not accept the new cards will be held liable for the financial losses resulting from fraud committed on their premises;
- Computer, printer, telephone/ answering machine, mobile phone(s);
- Insurance costs, including public liability and employers liability;
- Employee wages and training.

As an estimate, it is anticipated capital costs of equipping a garage will be in the region of **£50,000** (Source: Harry Bowyer, Stoke on Trent College/ Supply Direct, UK Garage Equipment Supplier).

### **Training Costs**

At the present time, costs relating to employing Apprentices are met by the employer. Apprentice style training is met by the Government and delivered by providers such as Stoke on Trent College.

It should be noted that whilst in training (and particularly during early years), Apprentices generally have limited revenue earning potential for the business and often reduce the earning potential of supervising staff, as they monitor and check their work.

### **Legal Issues**

Trading and consumer legislation is central to this type of business. It must comply with the **Supply of Goods and Services Act 1982** (as amended), which states that the services provided must be carried out with reasonable care and skill, within reasonable time frame and at reasonable cost. The Act is amended by the Sale of Goods Act 1994, which says that any parts or equipment supplied must be satisfactory quality.

The business must also comply with the **Consumer Project Act 1987**, which makes suppliers and manufacturers responsible for harm or loss caused by defective goods and protects consumers against misleading pricing. **The Trade Description Act 1988** also prohibits businesses from advertising a service it cannot supply.

Many garages offering repairs and servicing provide courtesy cars for customers. This inevitably involves arranging temporary motor insurance. In such cases all businesses involved with selling, arranging or recommending insurance policies must be registered with and approved by the **Financial Services Authority (FSA)**.

The **Data Protection Act 1968** will also apply when records are kept of customers or suppliers.

Another important area is Health and Safety. Those responsible for the business must be aware of:

- The **Health & Safety at Work etc. Act 1974**;
- The **Manual Handling Operations Regulations 1992**;
- The **Personal Protective Equipment at Work Regulations 1992**;
- The **Lifting and Use of Work Equipment Regulations 1998** (setting specific standards for the maintenance of garage equipment);
- The **Control of Substances Hazardous to Health Regulations 2002 (COSHH)** will apply to any repair work involving toxic substances, such as battery acid, metallic paint and engine coolant.

The business will also need to comply with the chosen **Trade Associations Code of Practice**.

Since October 2004, any business with premises open to the public, or any business that employs staff, falls under the remit of the extensions to the **Disability Discrimination Act 1995 (amendment) Regulations 2003**, the Disability Discrimination Act (Pensions) Regulations 2003 and the Discrimination (Employment Field) Leasehold Premises) Regulations 2004, which prescribes that business premises must not obstruct access for disabled customers or employees. The amendments apply to all businesses and compliance may mean carrying out structural modifications or installing new equipment such as disabled bathroom facilities and ramps etc.

### **Business Start Up**

**Appendix 1** (report Harry Bowyer), provides a brief feasibility report, which although centred within the Shelton area, provides an insight into the type of business the enterprise should pursue:

- Small garage, offering service for the second hand market;
- Small repairs for vehicles over three years not covered by Main Agent warranty;
- MOT repairs.

Whilst competition from other garages will be an issue, it is apparent new business opportunities will be created as a result of **RENEW North Staffordshire**, which aims to build hundreds of new homes in the North Staffordshire area (see Section 10).

Set up costs have potential to be high, which will include:

- Purchase/lease of premises;
- Equipping the garage (dependent on opportunities to develop an existing business, or 'start from scratch');
- Employing/training staff;
- Legal costs.

There is no doubt, as a 'business' the Community Garage project will be vulnerable during early months, as it will not have a track record of delivery.

The enterprise will be deemed 'self sufficient' when it earns sufficient revenue to cover its costs, including the financial costs of servicing any loans. Self sufficiency allows greater flexibility in terms of legal structure and commercial funding sources. However, experience is demonstrating that even when social enterprises have the potential to become self sufficient, they usually need a few years to reach that point and will require grant support during that period.

The sustainability of a social enterprise has to be considered in line with its social mission and its business model. Some social enterprises may never earn enough money to become fully self sufficient, but because of their social mission can expect to have continued access to grants that, together with their earned income, will cover costs.

## **REPORT FINDINGS**

### **Premises**

It has become clear the best option will be rent a premises, rather than attempt to purchase land/and or a new premises. Enquiries reveal there are a number of premises in the area that could be suitable for such use.

Early enquiries have identified an ideal premises within the Groundwork Stoke on Trent Enterprise Centre situated in Burslem. Costs are competitive and are close to training facilities at Stoke on Trent College.

### **Size of Business**

Based on report findings, which include initial cash flow analysis, it is recommended that the business 'starts small' with opportunity to grow. In such case, the new business will initially be able to employ **7.5** staff from within Stoke on Trent/North Staffordshire communities:

- Garage/Project Manager
- Part-Time Administrative Support
- 3 Experienced Mechanics
- 3 Apprentices

### **Profitability**

Based on a number of assumptions, e.g. competitive hourly charging rate, trading restrictions due to size of the business and the availability of 'start up' grant funding, initial cash flow analysis indicates the business will start to 'stand alone' as a business at the **end of second year trading**.

## Sustainability

The research has indicated the business will be in a position to consider growth in terms of turnover and re-location at the **end of the third year of trading**; with the likelihood of healthy reserves, to support development costs.

Based on initial cash flow analysis, it is likely the business will be in a position to employ and support training for **three** further Apprentices at the **start of year four trading**.

The above findings will be presented in a separate Business Plan, which will outline capital/revenue costs and projected sales.

## Conclusion

Whilst there is no compelling business case to launch a new garage venture in the North Stoke area, there appears no reason why such a venture cannot work (particularly in view of future opportunities to be created by **RENEW North Staffordshire**), providing the business delivers:

- Consistently high quality, reliable service;
- A clean and tidy premises;
- A friendly rapport with each customer;
- Competitive pricing;
- Social good.

It is apparent that the business should 'start small' and cater for niche markets, which includes:

- Service for the second hand market;
- Small repairs for vehicles over three years not covered by 'Main Agent' warranty;
- MOT repairs.

As a 'not for profit' enterprise, the business will be in a position to support vocational, Apprentice based training for local BME (and wider community members) young people.

The business has the potential to 'stand alone' with minimal reliance on grant aid at the end of year two.

It is clear that the garage industry is a specialist area to trade in and the Community Garage project will clearly require:

- Qualified and dynamic 'front line' personnel to manage the business and deliver services;
- A qualified and dynamic 'back room' team, to ensure the business stays on track, achieving business and social objectives.

## 9. SOCIAL CASE

### Introduction

Understanding the aims and objectives of key agencies, potential sponsors and funders (see Sections 11, 12 and 13), it is essential that there is a compelling social case for development of the Community Garage project. Whilst anecdotal evidence suggests such a case, Wider Impact Consultancy has taken opportunity to examine the social case, paying particular attention to wider BME issues.

Stoke on Trent is characterised by:

- Extremely high levels of worklessness (the March employment rate for the City was 70% (74.2% nationally));
- Low levels of skills (42.7% of the population aged 16-74 have no qualifications);
- Low levels of enterprise (the City has one of the lowest business start up rates in England);
- Low levels of incomes (just 79.25% of the English average);

### Wider BME Issues

Wider Impact Consultancy is grateful to the Stoke on Trent Local Strategic Partnership (LSP), which kindly provided access to data and information outlined in a discussion paper, **The Enabling Black and Minority Ethnic Potential**, produced at 2005 multi-agency workshop.

As the paper outlines, Black and Minority Ethnic (BME) communities have been a part of the City for a very long time and are mainly concentrated in the most deprived neighbourhoods.

Tables 1 to 3 (Source: Stoke on Trent City Council Knowledge Management Unit), outline the percentage of Black and Minority communities within Stoke on Trent and a breakdown of statistics from the 2001 census.

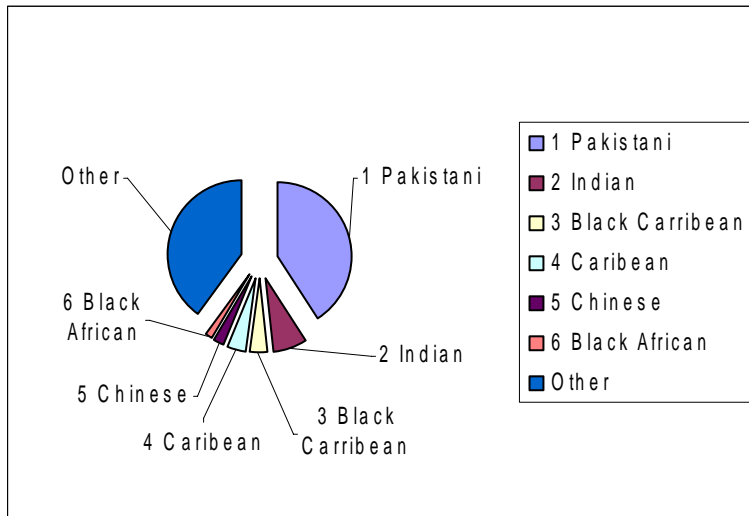
**Table 1**

<b>Black &amp; Minority Ethnic</b>	6.4%	15,439
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**Table 2**

Description	%
1 Pakistani	41.2
2 Indian	7.1
3 Black Caribbean	4.0
4 Bangladeshi	3.7
5 Chinese	2.6
6 Black African	1.8
Other	39.6

**Table 3**



It is estimated over **forty** languages are spoken within the City. After English, the predominant languages are Urdu, Punjabi, Hindi and Bengali.

**Issues Affecting BME Communities**

Issues affecting the BME communities can be summed up by taking the multiple deprivation indicators in the City and adding at least ten percentage points, whether it relates to worklessness, education, health, income or crime.

Table 4 provides a useful illustration.

**Table 4**

Description	% White	% BME	% Pakistani
Economically Active	61.7	50.7	42.9
Economically Inactive	38.3	49.5	57.0
Qualifications Level 1	16.23	13.05	
Qualifications Level 2	17.3	14.36	

Whilst the above statistics outline headlines rates relating to BME communities, the Stoke on Trent City Council **Developing Skills in the City** report, paints a picture regarding young peoples’ perception of training and skills development.

For example, anecdotal evidence revealed an indication that whilst individuals were keen to gain a qualification, after qualifying they expressed the view that few qualifications were needed for the jobs on offer in the Stoke on Trent area.

A number of students expressed their preference for the NVQ modular structure and most enjoyed learning in the workplace.



## School Leavers

Wider Impact Consultancy is grateful to have access to data kindly supplied by Connexions Staffordshire, which relates to a November 2005 'snapshot' analysis of all Stoke on Trent sixteen year old school leavers.

Table 5 provides a summary of those known to be available to the local labour market.

**Table 5**

Description		
Males	537	62%
Females	326	38%
Total	<b>863</b>	
Asian British	33	3.8%
Black British	5	0.6%
Mixed	6	0.7%
White	812	94.1%
Not stated	7	0.8%

Table 6 provides a snapshot of their activities.

**Table 6**

Description		
In some form of full time employment or training	542	62.8%
Not in any substantial activity (more commonly described as <b>NEET</b> young people)	321	37.2%
Total	<b>863</b>	

The characteristics of this inactive group of 321 **NEET** young people are:

**Gender**      Males 60%      Females 40%

**Ethnicity**    White 95%      Black and Minority Ethnic Groups 5%

Table 7 provides an overall picture of Stoke on Trent sixteen to nineteen year olds currently listed as 'NEET' (not in education, employment or training).

**Table 7**

<b>Ethnic Group</b>	<b>% NEET</b>	<b>NEET Count</b>	<b>Total Group</b>
Asian British	13%	73	560
Black British	20%	16	80
Mixed	20%	5	25

Source of data for tables 1 to 3: Annual School Leaver Activity Survey November 2005 (Connexions Staffordshire)

**Summary**

Whilst numbers of BME young people seem low, compared to total numbers, as will be indicated below, they are high relative to wider BME communities in Stoke on Trent.

**Youth Offending**

Wider Impact Consultancy is grateful to receive data kindly collated by the Stoke on Trent Youth Offending Services Team. Table 8 provides a breakdown of 2005 youth offenders, offences and interventions by ethnicity.

**Table 8**

<b>Total Youth Offenders</b>	<b>% White</b>	<b>% Mixed</b>	<b>% Asian/ Asian British</b>	<b>% Black/ Black British</b>	<b>% Unknown/ Other</b>
<b>696</b>	91.7	1.5	3.4	0.2	0.7
<b>Total Offences</b>					
<b>2023</b>	91.1	2.3	4.0	2.3	0.1
<b>Total Interventions</b>					
<b>1832</b>	91.5	2.6	3.9	1.6	-

**Comment** - Whilst BME youth offending/interventions appear low, compared to the white population, percentages reflect the BME population in Stoke on Trent (see table 1), which, highlight the importance of ensuring BME youth have equal access to opportunities.

### **Training Opportunities for BME Young People**

Research has revealed that at any given point within Stoke on Trent, circa **fifty-five** young people are taking part in vocational, 'Apprentice' style garage based training.

At the present time (November 2006) it is believed that only **two** are from BME communities and **none** are from African, African Caribbean backgrounds.

It should be borne in mind there are believed to be over **two hundred** garages within Stoke on Trent (See Section 8). Based on one Apprentice per garage (a number of garages employ more than one Apprentice), this indicates only **27.5%** of local garages are providing garage based Apprentice opportunities for local young people and virtually **nil** are providing such opportunities for BME young people (source: Stoke on Trent College).

### **BME Potential**

There is general agreement within Stoke on Trent that the potential shown by BME communities is untapped. In terms of qualifications at higher levels the BME communities are doing well, but still face barriers in terms of gaining employment in the mainstream, which forces them into low skilled markets.

It must be a concern that young people from BME communities suffer from low educational attainment and high unemployment in Stoke on Trent. The Pakistani and Bangladeshi pupils are particularly under achieving at Key Stage 3, which is subject to Local Public Services Agreement (LSPA). Anecdotal evidence suggests BME young people are increasingly involved with drug abuse, which is one of the real concerns within the community and the situation is further exacerbated by the cultural stigma attached, which leads to the community suffering in silence.

Women from the BME communities have their own particular needs and are faced with barriers to participate socially and economically. Some of the most common reasons cited for this are cultural and religious requirements, which are not understood and therefore not catered for in the mainstream public and private organisations.

It is noticeable that Stoke on Trent BME communities display a propensity to enter into business at twice the rate of their white counterparts. The businesses they start are more often in response to a Market need, which they are satisfying, than because they have no other viable employment option. Subsequently they can fail to make good use of 'traditional' business support services and do not achieve organic growth.

As highlighted at the LSP workshop, key challenges include tackling poor BME educational attainment, connecting people into work, integrated skills and employment systems, health and social care and inequalities, whilst tackling discrimination and ensuring better ethnicity monitoring.

## Community Consultation

The study has taken opportunity to explore **why** BME young people seem to be put off pursuing careers in the garage industry during a workshop (12<sup>th</sup> August 2006), attended by twenty BME young people, arranged as part of feasibility study research.

Wider Impact Consultancy was impressed with the young peoples' interest in the subject and the energy and commitment during the workshop.

The following are responses from the group when asked, ***'What is preventing you working in local garages?'***

- Lack of placements
- Not enough finance in garages
- No skilled tutors to motivate BME workers
- No BME employers
- No guaranteed pass, or job after
- Too long to earn a qualification
- Not enough funding for people to be trained
- Are there enough trainers to give me the essential skills I need?
- Only one type of study
- Not enough information given to people about courses and how to gain skills
- Usual stereo types
- Under representation
- Lack of unity
- Image!
- Not seen as young professionals
- Public seeing us as robbing mechanics
- Motivation
- Fear of failure
- Put down negative influence
- Lack of empowerment
- Lack of confidence
- Under representation
- Discrimination
- Climate
- Unfair dismissal
- Not putting our qualifications into consideration

## Willingness to Work in the Garage Industry

During the same workshop, the young people were questioned about their willingness to pursue a career in the garage industry.

The following are responses from the young people when asked, ***'Why does a career in the garage industry appeal to you?'***

- Interest in cars X 2
- Knowledge of cars
- A good trade X3
- Good money X2
- To achieve a grade
- More communication skills
- Help with English
- Work experience
- Get job – new technology
- A flexible trade
- You can get set up, technical problems
- Safety, get money, training
- You will become skilled in a valuable trade
- A lot of youths are on JSA (Job Seekers Allowance) and can't find right career path
- There are a lot of black mechanics about, but get knocked back from jobs due to lack of knowledge
- Skills
- Regular wage
- Dad's job
- Maybe open own garage
- Keep busy
- Gets you off the streets
- Need sense of PRIDE
- To help others
- To be seen as a professional

## Views and Support from Parents and Carers

Wider Impact Consultancy recognises that the UAACO Board are themselves parents/ carers/grandparents and represent the wider African/African Caribbean communities of Stoke on Trent.

Whilst there is strong support for the project from the Board, which has been recorded; opportunity has also been taken to meet with a sample group of eight local parents on the 23<sup>rd</sup> August 2006 (which included a white/ British parent). Held at UAACO, details of the meeting had been publicised within local communities, as an 'open meeting'.

The majority of the group were aware of the project and had previously been discussing the subject with other local parents. Format of the meeting was a discussion group, with Wider Impact Consultancy taking notes.

Whilst the group was not a large group in terms of numbers and was not as 'energetic' as their siblings, in terms of points made, outputs were well thought out and reasoned.

When asked, ***'Why would you support your children entering the garage industry?'*** responses were:

- Secure income
- Good wages
- Full time job
- Skilled job
- High quality training
- Good prospects
- Working towards a high standard of profession
- Working in a safe place
- Self respect
- Role model for the young

When asked, ***'What is standing in their way?'*** responses were:

- Most garages are family businesses
- Finances
- Lack of placement opportunities
- No time to train students
- Lack of understanding of young black males
- Discrimination
- Lack of confidence
- Fear
- Not able to sell themselves
- Faces don't fit

## Conclusion

Wider Impact Consultancy is satisfied there is a strong social case for development of a Community Garage project, linked to supporting BME communities, based on:

- Stoke on Trent is currently ranked the eighteenth most deprived Local Authority area in the Country;
- Extremely high levels of worklessness (the March employment rate the City was 70% (74.2% nationally));
- Low levels of skills (42.7% of the population aged 16-74 have no qualifications);
- Low levels of enterprise (the City has one of the lowest business start up rates in England);
- Low levels of incomes (just 79.25% of the English average);
- BME communities are mainly concentrated in the most deprived neighbourhoods;
- High levels of economic activity amongst BME communities;
- Low levels of academic achievement among BME communities;
- Potential shown by BME communities being untapped
- Preference amongst potential target groups/potential employees for vocational, work based training;
- A will by BME young people (and their parents/carers) to enter the garage industry;
- Apparent barriers in place preventing BME young people entering the industry, which the Community Garage project has potential to overcome.

## 10. COMMUNITY CASE

### Introduction

As will be highlighted, meetings with key agencies such as the Racial Equality Council, the Minority Business Association, Stoke on Trent City Council and most significantly BME young people, highlight the importance of the Community Garage project being **inclusive** for **all** young people and wider community members. Wider Impact Consultancy has therefore taken opportunity to establish if there is a community case for the project.

### Stoke on Trent Today

Stoke on Trent came into being in 1910 when the six pottery towns of Tunstall, Burslem, Hanley, Stoke upon Trent, Fenton and Longton were united under a single authority.

The City has considerable challenges to overcome. The disappearance of local coal and steel production and increased outsourcing of ceramic manufacture to Third World countries, point to a need for integrated long term strategies to stabilise the local economy and drive it forward.

The City's population lives in around 108,000 households. 15,439 (6.4%) of the population are from non white ethnic minorities.

Stoke on Trent is currently ranked the **eighteenth most deprived** Local Authority area in the Country. Around 63,000 people in the City live in areas that are in the 10% most deprived wards in England and 186,000 people feature in the most 20% most deprived wards in the country.

### Key Issues:

- A declining population due to decreasing birth rate, an aging population and people moving out of the City;
- Poor quality older terraced housing with a limited range of different types of properties;
- A declining employment base with the need to attract quality inward investment;
- Health inequalities e.g. those with the poorest health have the least access to services;
- Under achievement in education, a narrow skills base and a lack of access to services;
- Widespread multiple deprivation (poverty, poor housing, unemployment, low skills etc.) with hotspots in certain areas;
- Poor quality environment, widespread dereliction and poor infrastructure and transport systems;
- Poor image and lack of pride in the City.

## The City Councils Vision for Stoke on Trent

*'By 2014 Stoke on Trent will be a thriving and diverse City, within a confident, competitive and inclusive City Region where people want to live, work and study'*

A range of priorities have been identified and grouped into themes that work towards a:

- **Healthy City**
- **Safer City**
- **Learning City**
- **Wealthier City**
- **Green City**
- **Strong Sense of Community**

## Neighbourhood Issues and Priorities

Table 8 is summary of neighbourhoods/ wards, most prolifically targeted for priority interventions as indicated. Criteria are linked to weakest, weak and average categories in the Local Index of Deprivation.

**Table 8**

Neighbourhood	Ward	Health	Education	Employ'	Housing	Crime	Liveability
Burslem	Burslem South	✓	✓	✓		✓	✓
Forest Park	Burslem South	✓	✓	✓		✓	✓
Meir North	Weston and Meir North	✓	✓	✓	✓	✓	
Bentilee	Bentilee and Townsend	✓	✓	✓	✓		
Abbey Hulton	Abbey Green	✓	✓	✓	✓		
Blurton and Newstead	Blurton	✓	✓	✓	✓		
Middleport and Longport	Burslem North Burslem South Tunstall	✓		✓	✓	✓	✓
Meir South	Meir Park and Sandon	✓	✓	✓			
Shelton North and Etura	Hanley West and Shelton	✓		✓	✓	✓	✓
Chell Heath	Chell and Packmoor		✓	✓		✓	
Northwood	Northwood and Birches Head			✓	✓		

**Source:** Stoke on Trent LSP Multi Agency Workshop, 20 January 2005

**Comment** It seems appropriate that initiatives such as the Community Garage project are sited within, or close to one of the above listed neighbourhoods.



## Young Peoples Views

As already highlighted, Wider Impact Consultancy has taken opportunity to explore what a Community Garage will mean to the lives of the BME young people surveyed at the workshop (12<sup>th</sup> August 2006).

It will be noted that the young people who were surveyed, are extremely keen to ensure the project is open to the wider community, not just to BME young people.

The following are responses from the group when asked, ***'What will be the advantages if a UAACO managed Community Garage is opened in Stoke on Trent?'***

- Positive role model for black people in the community X2
- A chance to create positive BME role models X2
- Give young BME a focus
- Taking advantage of diverse skills
- To build cohesion in the community
- Make the community aware that young people are aiming to improve their community
- Gives youngsters a positive role in the community
- The garage will also be a kind of community centre as long as open to everyone
- Everyone is equal and free and empowered and also a sense of achievement
- Good for the community
- The garage is beneficial for the people in the community, no matter what race, nationality or colour
- Equal opportunities for everyone
- Demand in the community for training
- Communication
- Able to understand each other with language
- Trainers to understand BME people
- A face in the community where people don't feel threatened or intimidated to gain qualifications
- Generate jobs in the community
- Positive contribution to the community
- Improves deprivation
- Deters young BME males from crime
- Creating opportunities
- Sense of belonging for BME students
- BME will learn economic well being
- For people to gain skills they do not have at present
- BME is a life style and not just colour so a BME employer can understand a white person who lives a BME life
- A black garage can make the community understand they have potential to achieve something
- To turn BME students into tutors and trainers
- Serving black community
- BME employer will understand BME issues
- Freedom to accessing the garage for black people
- Sense of ownership
- If it is the professional and the black community will support the project
- A black owned garage where no matter what nationality can go and be treated fairly

The young people were also asked, ***'What is on your 'wish list' in terms of your lives as members of Stoke on Trent communities?'***

- Fulfil my goals and dreams
- To do something where I'll have a sense of achievement
- Help people in society
- Work with people in need
- To guide future generations
- To become tutors
- Train people in the community
- Respect and equal rights for each cultures
- Being able to provide for my family
- Respect
- Do work/ dream job
- Being your own boss
- My own business
- Guaranteed employment X2
- Decent rate of pay
- Regular income
- Financial independence
- To make a secure future for my children
- A permanent work I can buy a car and own my home and house
- Purpose and meaning
- Achievement
- Gain equality
- My opinion to be heard
- Freedom for my voice to be heard in society
- Going to University
- Finish University
- Power

### Supporting Local Communities

Understanding the importance of community cohesion, Wider Impact Consultancy has taken time to meet Stoke on Trent support agencies, including:

- Racial Equality Council (REC);
- Minority Business Association (MBA);
- Stoke on Trent City Council Community Cohesion Team.

### Conclusion

Wider Impact Consultancy noted general acceptance of the concept of a 'Community Garage', which would benefit the **wider community**, whilst **targeting** the specific needs of local BME young people.

Local agencies also supported the concept of a UAACO based social enterprise, with potential outcomes that include:

- Local employment for local young people;
- 'Niche' garage based training opportunities;
- Affordable garage based services for local people;
- 'Profits' reinvested for the benefit of local disadvantaged communities;
- BME role models;
- Opportunities for self employment and new business start ups;
- Social cohesion.

## 11. PARTNERSHIP STRATEGIES

### Introduction

This section of the study will highlight regional, sub-regional, area and local partnership strategies, which will have influence on delivery of the Community Garage project. Whilst not intending to be a complete picture, it will paint a background of opportunity in which the project can thrive and contribute to external outcomes.

### ADVANTAGE WEST MIDLANDS (AWM)

AWM aims include creating a better region in which to invest, work, visit and live.

Around £300m each year is invested into activity that will help transform the West Midland's economy, focussing on:

- **Business** – improving the collective performance of traditional industries and diversifying the business base;
- **Skills** – leading the work of the West Midlands Regional Skills Partnership to set skills policy and priorities;
- **Infrastructure** – working to improve transport, communication and land and property infrastructure;
- **Communities** – helping all of them, whether urban or rural, enjoy a better quality of life;
- **Promoting the Region** – nationally and internationally.

### Business

AWM is focussing on:

- Improving **enterprise** performance;
- Modernising and diversifying the **manufacturing** base;
- Providing **finance for business**;
- Increasing **innovation** and developing the knowledge economy;
- Increasing **investment** into the region;
- Developing environmental economy;
- Developing tourism.

## **NORTH STAFFORDSHIRE INTERGRATED ECONOMIC DEVELOPMENT STRATEGY**

### **Partners**

- City of Stoke on Trent;
- Newcastle under Lyme Borough Council;
- RENEW North Staffordshire;
- North Staffordshire Regeneration Zone.

### **North Staffordshire Vision**

*'North Staffordshire will become the city region of choice for 1 million people by 2021'*

Plans include creating 5,000 new jobs over the next five years and a total of 25,000 jobs in the long term, to halt the population loss and see the population grow by 2021.

### **Programme Aims**

- Provide the workforce with the skills modern employers need;
- Enable existing businesses to offer better, higher paid jobs;
- Attract new types of employment in offices, tourism and laboratories;
- Encourage people to start up their own businesses.

### **Guiding Principles**

- Competitiveness
- Innovation
- Focussed Action
- Partnership

### **Drivers**

- Business Base
- Knowledge Assets
- Image
- Physical Realm
- Skills

## **NORTH STAFFORDSHIRE REGENERATION ZONE (NSRZ)**

Wider Impact Consultancy is pleased to have access to the NSRZ Implementation Plan, 2006 to 2009, which is an update of the 2005 to 2008 Implementation Plan.

The revised plan captures main changes in policy, priority and operation over the previous year and incorporates initiatives wished to be take forward up to 2009.

Significant theme activity includes:

**Objective 1 Retain wealth within North Staffordshire through increased economic activity**

The NSRZ will be working to create a dynamic enterprise start up environment through a range of interventions, directly complementing the work of the West Midlands Regional Enterprise Board's 'Rising to the Enterprise Challenge'.

**Priority actions** have been identified which have been reinforced and evidenced by various studies, including the IEDS, under the following categories:

- To develop new growth clusters/sectors that will form the basis of new economic activity;
- To address the low level of business start ups;
- To improve the level of innovation amongst the business base;
- To improve substantially the image as a place to invest, 'do business', live and visit.

**Significant 2006/7 activities to include**

- Engagement with the private sector within the enterprise and innovation theme group;
- Continue the development of a package of generic start up premises in line with the requirements of the Enterprise Options Report (Lymedale Enterprise, Knutton Enterprise, Kidsgrove Enterprise, Shelton Enterprise, Chatterley Valley Enterprise, Newcastle Studios);
- Analyse market information to develop the future enterprise workspace and grow on space required beyond the Enterprise Options Report;
- Develop detailed proposals for workspace and business units at Chatterley Valley and City Centre;
- Identifying growth and space requirements and promoting these as opportunities to the private sector as part of an Inward Investment Strategy (Enterprise Workspace);
- Embed a quality standard and brand for the development and building of enterprise workspace together with linked business support activity;
- Securing, through creative ways, additional resources for supporting start ups in the area and influencing culture, including mainstream funding (Developing new enterprise culture);

- Ensure that essential supporting initiatives are developed within the LEGI framework;
- Improving the coordination and impact of existing innovation based schemes to maximise their impact;
- Gap analysis of existing provision for possible future initiatives (Innovation Initiative);
- Develop and enhance business innovation schemes, through business training, support and finance;
- Develop Broadband/IT initiative.

### **Objective 2 Provide skilled jobs for skilled local people**

The NSRZ will continue to align with the core policies of the LSC and LSP. New developments will focus on bringing forward a major programme of capital activity, with the exception of an 'Employer Led Workforce Development' initiative, which will be funded through NSRZ revenue.

#### **Key Priorities**

- To develop a University Quarter, which provides a focus for educational progression and facilitates the physical renaissance of a key part of the City;
- To ensure employers have the right skills to support the success of their businesses and individuals have the skills to be employed;
- To respond to the 'Knowledge Revolution' through the enhancement of the Broadband/IT initiative;
- To raise the individual aspirations of the people of North Staffordshire to build for the future economic growth and prosperity.

### **Objective 3 Re-design and re shape the urban fabric to create a high quality environment and infrastructure**

Spatial priorities are supported and reinforced by priorities of RENEW and English Partnerships. English Partnerships are leading on the City Waterside project, RENEW are leading on the areas of major intervention (AMIs) and NSRZ are leading on City Centre developments.

#### **Key Priorities**

- Create a strong and vibrant City Centre;
- Physically develop the Medical Technical Cluster, maximising the potential benefits of the new hospital;

- Develop the strategic employment site at Chatterley Valley;
- Regenerate the Burslem Town Centre.

#### **Objective 4 Linking opportunity to need and breaking down barriers**

There will be an emphasis to integrate activities within major capital projects to ensure initiatives are included that support this theme.

##### **Key Priorities**

- To ensure the planned major investment in North Staffordshire benefit local people;
- To improve procurement practices to ensure that added economic value is achieved;
- To remove barriers to employment and training;
- To reduce worklessness in North Staffordshire;
- To develop employee opportunities through joint working with employers, voluntary and community organisations to deliver employment and training.

#### **Objective 5 Make Staffordshire a place of choice for residents, businesses, students and tourists**

##### **Key Priorities**

- Undertake a Marketing Communications Programme;
- Raise the Design Standard;
- Create a high quality environment.

#### **LEARNING AND SKILLS COUNCIL (LSC)**

Government White Paper '*Getting on in Business, Getting it on at Work*', recognises the important role regional skills partners play in setting the skills and training agenda for their regions.

The White Paper has implications on the ability of partners to reskill the workforce to take on new opportunities created through the regeneration of the area.

The specific targets for the LSC are to deliver outputs up to NVQ Level 2, with commitment from the Government to fully fund the cost of brokers and the training of individuals and employees undertaking basic skills and first full level 2 qualification.

## RENEW NORTH STAFFORDSHIRE

RENEW North Staffordshire is one of nine Housing Market Renewal Pathfinder schemes in England. Funded by the Government, the schemes aim to create a better future for communities hit by low demand for property and poor quality housing.

North Staffordshire faces particular problems:

- House prices have been the lowest in England;
- A fifth of homes in the pathfinder area sold for less than £20,000 during 2002;
- 19% of households faced negative equity;
- Thousands of privately owned homes were classified as unfit;
- Much of the areas social housing was unpopular and hard to let;
- The local population continues to fall, as people move away in search of better jobs and new opportunities.

The pathfinder scheme is described as a unique opportunity to deliver the radical change needed to reverse the decline and create a better future. It is planned to build a wider choice of new homes, to rent or buy and make communities safer and better places to live.

In July 2004, RENEW North Staffordshire was granted £30m for 2004/06, to be supplemented by a further £37.5m from other sources.

However, due to lower than anticipated funding, RENEW have had to make difficult choices in prioritising and phasing proposed interventions. The Urban Core, which includes the City Centre, Burslem/Middleport/Etruria Valley AMI and Hanley South AMI, is likely to be in the first phase of investment for RENEW. This prioritisation is wholly complementary to the NSRZ priorities.

## LOCAL STRATEGIC PARTNERSHIP (LSP)

Linked to the Stoke on Trent Community Strategy Vision:

*'By 2014 Stoke on Trent will be a thriving and diverse City with a confident, competitive and inclusive City Region where people want to live, work and study'*

The **Local Neighbourhood Renewal Strategy** underpins the need to tackle causes and consequences of social exclusion and develop innovative solutions to shifting the focus of preventative actions that will help break the cycle of deprivation.

The strategy is based on the City's 'Knowledge Management' approach and has supported the establishment of floor targets to priority neighbourhoods.

The **Local Area Agreement** (LAA) process has resulted in priorities for each of the following blocks, which have identified outcomes, indicators and targets, which will have measurable impact on each of the block areas of activity.



## **Block 1 Children and Young People**

### **Outcomes**

- Ensuring a positive start to life;
- Improving behaviour and better emotional resilience;
- More fulfilled, inclusive and healthier lifestyles;
- Improved outcomes for children who are looked after;
- Improved educational attainment and progression.

## **Block 2 Safer and Stronger Communities**

### **Outcomes**

- To reduce levels of crime, the harm caused by illegal drugs and reassure the public by reducing the fear of crime and anti social behaviour;
- To empower local people to have a greater voice and influence over local decision making and the delivery of services;
- To have cleaner, safer and greener public places;
- To improve the quality of life for people in the most disadvantaged neighbourhoods, ensure providers are more responsive to neighbourhoods needs and improve delivery;
- To build respect in communities and to reduce anti social behaviour.

## **Block 3 Healthier Communities and Older People**

### **Outcomes**

- Providing a healthy start in life;
- Better health in adulthood;
- To improve the independence and quality of life of older and vulnerable people;
- Improving and promoting positive mental health.

## **Block 4 Economic Development and Enterprise**

### **Outcomes**

- To raise levels of economic activity and household earnings to the national average;
- To increase the level of enterprise amongst local people;
- To support sustainable growth and reduce the rate of failure amongst businesses;
- To attract the appropriate inward investors into the City.

## **LOCAL ENTERPRISE GROWTH INITIATIVE (LEGI)**

Linked to LAA Block 4, Stoke on Trent City Council in partnership with key local agencies is formulating a bid for funding under the Local Enterprise Growth Initiative. This funding opportunity is available to all areas in receipt of Neighbourhood Renewal Funding (NRF).

Key objectives of LEGI funding is to provide devolved flexible funding in the deprived areas to support locally developed and owned proposals which will deliver innovative or proven ways to stimulate economic activity and productivity through enterprise development.

## **STOKE ON TRENT COLLEGE**

Stoke on Trent College has indicated a willingness to support the Community Garage project.

### **Mission Statement**

*'Excellence in education and skills for work and life'*

### **Strategic Values**

- Students first;
- Valued staff;
- Employer focused;
- Learning across the City region;
- Effective partnerships;
- Continuous improvement;
- Value for Money.

### **Strategic Objectives**

- Raise student success rates to the top quartile for general F.E Colleges;
- Empower individuals with the breadth of skills they will need for a successful life;
- Through the Collegiate and partners in North Staffs raise participation in education and training at 16 and 17+ towards the national average;
- With employers and partners create a flexible, accessible provision that raises employee skills levels and contributes decisively to economic and social regeneration;
- Engage the community in the Learning and Skills agenda;
- Increase the proportion of local learners progressing to and achieving H.E qualifications;
- Enhance financial performance to support continuous improvement in quality through investment in our staff and an inspirational learning environment.

## **Courses on Offer**

Understanding the needs and aspirations of target groups, the College are able to deliver flexible and adaptable services and are willing to explore the concept of the Community Garage taking on the status of a 'training academy'.

## **Available Courses Include**

### **Full Time Courses**

City and Guilds 3901 Basic Motor Vehicle Servicing  
 City and Guilds Level 1, Year 1 (Progression Award) Light Vehicle  
 City and Guilds 4100 Light Vehicles (Progression Award), Level 3  
 City and Guilds Body and Paint 4101(Progression Award) Level 1, Year1  
 City and Guilds Body and Paint 4101(Progression Award) Level 2, Year1  
 City and Guilds Heavy Vehicle 4101 (Progression Award) Level2, Year 1  
 Moving Forward, Motor Vehicle

### **Student Progress**

The research has taken opportunity to 'track' student progress during a typical three year NVQ garage based Apprenticeship:

#### **End of Year 1**

- General Maintenance
- Collecting parts from stores
- Changing Tyres

#### **End of Year 2**

- NVQ Level 2 awarded
- Carry out full service
- Repair/ change clutch
- Repair/ replace timing belts

#### **End of Year 3**

- NVQ 3 awarded
- Carry out diagnostic work
- Repair/ replace steering units
- Qualify to apply for an MOT qualification
- Employment prospects/ earning potential significantly increased

## 12. FUNDING

### Introduction

This section will examine the issue of funding, referring to potential grant and non-grant sources, to assist in the start up of a social enterprise business.

### Purpose of funding

It is important for the project group to understand the need for funding support and what requires funding. Non-grant finance, or commercial finance is often required when a specific financial need arises, or long term financial planning requires financial sources beyond grants and internally generated cash. For example:

- Purchasing property;
- Renovating or fitting out a building;
- Purchasing (or leasing) equipment;
- Managing ongoing cash needs;
- Managing lead times between delivering services and receiving payments;
- Bridging a gap when receiving grants on an ongoing basis (for instance where grants are secured, but may be quarterly in arrears);
- Bridging a gap when receiving one off grants;
- Funding growth e.g. purchasing equipment, increasing staff;
- Buying an established business and converting to a social enterprise;
- Starting new income generated activities, either as a charity developing a trading arm, or as a social enterprise starting from scratch.

### Amount of Funding Required

The amount of finance required will affect options, as some finance providers will not consider an application that is above or below their guidelines. Grants are usually available from very small to quite large amounts, depending on the grant maker.

Commercial banks do not often consider loans for less than £10,000, but can consider much larger sums than grant makers, as long as the social enterprise can make a strong business case (To be highlighted within the Garage Business Plan).

Equity finance, whether from venture capital or public sources, tends to start at much larger sums, typically £250,000 or higher, although some providers may make investments of £50,000 to £100,000.

## **FUNDING OPTIONS**

Opportunities for funding will come from a variety of sources, which will include:

### **Grants**

Social enterprises often receive grants as part of their funding through grants from charitable foundations, government or European funds. They have the significant advantage of not having to be repaid, but are not 'free money' and it is important to consider the draw backs of this type of finance (see table 9).

### **Commercial Finance**

The limitations of grant funding highlight the need for social enterprises to access other sources of funding.

Commercial finance can take the form of debt or equity and whilst it carries higher financial cost than grant money, it also has a number of advantages. Commercial finance can be longer term than one year grant funding and frees up management from constant fundraising.

Commercial finance requires and imposes a degree of financial discipline, which can be a positive impact for most organisations. It is more flexible; funds received are not tied to specific outputs and not even to specific projects.

There will be conditions associated with the finance received, but these and the associated reporting requirements are typically less onerous than for grant funding.

### **Debt**

Debt finance is usually available in the form of loans.

### **Equity**

Equity is fundamentally different to debt, as in exchange for receiving capital, the 'owners' of the organisation concedes part ownership of the enterprises.

Unlike debt, equity finance is permanently invested in the organisation. The social enterprise has no legal obligation to repay the amount invested at a set point in time, or to pay any interest.

Equity investors typically look at the growth potential of an organisation; they invest in enterprises they believe will perform well in the future. They expect to be compensated through:

- Dividends paid out through the enterprises earnings;
- Capital gain realised upon sale of the enterprise, or realised from selling their equity interest to other partners.

Equity can help to strengthen organisations balance sheet by increasing the ‘cushion’ that it can fall back on should things not go as planned. The increase in capital base can also help an organisation when it is looking to secure loans in the future.

Table 9 provides a summary of the advantages and disadvantages of different types of finance.

**Table 9**

Type of Finance	Advantages	Disadvantages
<b>Grants</b>	<ul style="list-style-type: none"> <li>• Nothing to repay</li> <li>• Very useful at start up stages</li> <li>• Possible to fund non-income generating sources</li> </ul>	<ul style="list-style-type: none"> <li>• Geographic constraints</li> <li>• Competition</li> <li>• Often short term</li> <li>• Inflexible</li> <li>• Increasingly difficult to access</li> <li>• Hidden costs associated with grant funding, such as time spent fundraising and time spent reporting</li> <li>• Need to account for how the money is spent</li> <li>• Often have to pay up front and reclaim against receipts</li> </ul>
<b>Debt</b>	<ul style="list-style-type: none"> <li>• Flexible</li> <li>• Can bridge funding gaps</li> <li>• Short, medium or long term</li> <li>• Often quicker to obtain than grants</li> <li>• Fewer reporting requirements than for grants</li> </ul>	<ul style="list-style-type: none"> <li>• Has to be repaid with interest</li> <li>• Security may be needed</li> <li>• Assets can be lost if loan is not repaid</li> </ul>
<b>Equity</b>	<ul style="list-style-type: none"> <li>• Larger sums might be available</li> <li>• Flexible</li> <li>• Permanent</li> <li>• Medium to long term</li> </ul>	<ul style="list-style-type: none"> <li>• Must give up ownership/control of part of the enterprise</li> <li>• Legal and ownership limitations for social enterprises</li> <li>• May be difficult to find investors whose interests are aligned with those of social enterprise</li> </ul>

**Conclusion**

Lines between each category can be blurred and there may be hybrid instruments that do not fall neatly in one category. Clearly the project group need will need to explore the financial products in detail and access the most appropriate type of finance to support the project though its life cycles.

## 13. FUNDING OPPORTUNITIES

### Introduction

Whilst there are numerous funding opportunities open, Wider Impact Consultancy has taken opportunity to highlight examples of the most likely large/medium grants and loans currently available to the Community Garage project.

### State Aid

State Aid is a Member State's financial aid to business which meets all the criteria in Article 87(1) of the updated European Community (EC) Treaty 1 Article 87(1) 2 declares that State aid, in whatever form, which could distort competition and affect trade by favouring certain undertakings or the production of certain goods.

In short, it is likely there will be limited opportunities to access grants and services sourced from public bodies (e.g. ESF, The Big Lottery/ Coalfields Regeneration Trust), as the Garage based enterprise has the potential to 'threaten' other similar businesses trading capacity. Whilst there will not be a bar to trading, potential limitations regarding grant funding and support, are likely to impact options such as purchasing land/premises and capital/revenue spends. Further research will be necessary during delivery of the business plan, which will highlight funding/ resource requirements.

## GRANTS

### European Structural Funds

**European Structural Funds** were set up by the European Commission to help reduce differences in living standards between the regions of the European Union. The West Midlands region was awarded over £610 million of Structural Funds money under the new **Objective 2 Programme**.

**Objective 2** funding is available for nearly half of the West Midlands population and aims to renew industrial, urban and rural areas.

### About Objective 2

The Objective 2 programme aims to support the economic and social conversion of areas within the West Midlands facing structural difficulties. It offers a real opportunity for the West Midlands to achieve a positive step change in its economic performance through improvements in infrastructure, businesses and industry whilst also encouraging social regeneration and supporting environmental sustainability.

Under the current programme which runs from 2000 to 2006 the West Midlands has been awarded £575 million and this must be implemented by 2008. £2 billion worth of investment will be triggered by this programme resulting in an additional £1.9 billion net value added to the West Midlands economy. It is anticipated that this programme will result in the creation of some 28,000 new jobs and will safeguard a further 16,000. It is also anticipated that 1,800 new businesses will be created.

## The Priorities

In its West Midlands Economic Strategy (WMES), Advantage West Midlands (AWM) identifies four priorities that are vital in meeting their economic vision for the region:

*'Within ten years, the West Midlands will be recognised as a premier European location in which to live, work, invest and to visit, regarded internationally as world class, and the most successful region in creating wealth to benefit everyone who lives in the area'.*

The four priorities identified by WMES were:

- Developing a diverse and dynamic business base;
- Creating the conditions for growth;
- Regenerating communities;
- Creating a learning and skilful region.

These priorities form the priority areas for objective 2 funding which is the main plank in delivering the WMES. The three Objective 2 priorities are listed below:

**Priority 1** - Developing a diverse and dynamic business base

**Priority 2** - Creating the conditions for employment growth

**Priority 3** - Regenerating communities

**Priority 3** focuses on areas where there is a combination of problems which creates on areas of exclusion such as unemployment, poor skills, housing, high crime. It aims to do this by:

- Developing social capital and enabling communities;
- Developing employment opportunities;
- Building sustainable and connected neighbourhoods;
- Upskilling communities.

Three **horizontal themes** underpin the whole programme that every project bidding for funding should include in the bid:

- Innovation;
- Environmental Sustainability;
- Equality of Opportunity.

## Available funding

- Objective 2 ERDF £71.58m;
- Transitional ERDF £11.77m;
- Objective 2 ESF £17.44m.

51% 'match funding' will need to be located from other areas, which in addition to **Neighbourhood Renewal (NRF)** funding, could include:



## Big Lottery Fund

Two funding routes appear appropriate:

### Community Buildings Programme (Closes 30 April 2007)

#### Grant size

Minimum	£50,000
Maximum	£500,000
Average	<b>£250,000</b>

Over three years the Community Buildings programme will award **£50 million** for community buildings to provide services and activities for a broad range of people.

The programme is open to voluntary and community organisations in England. Voluntary and community organisations include charities, not for profits companies, credit unions, social and community enterprises and community based activities.

### Reaching Communities

#### Grant Size

Minimum	£10,000
Maximum	<b>£500,000</b>
Average	Not available

This programme is for community driven projects which benefit those most in need, including communities with shared interests. Projects should be involved throughout the life of the project. This is a primary revenue programme, but can contribute up to £50,000 towards capital costs.

### Coalfields Regeneration Trust (CRT)

The CRT 'Bridging the Gap' programme offers grants from £500 to **£10,000** to groups and organisations working for the benefit of local communities. Projects will be welcomed in the following categories:

- Supporting Communities;
- Learning Communities;
- Enterprising Communities;
- Supporting People into Work.

CRT can contribute up to 100% of total project costs and are 'one off' annual grants. Grants can support revenue and capital funding e.g. tools and equipment.

### **Britannia Building Society Foundation**

Britannia Building Society charitable giving focuses on making a difference in local communities within a 25 mile radius of Leek. Grants range from £250 to **£25,000** and the Foundations priority issues are:

- Homelessness
- Education achievement and aspirations
- Community safety
- Encouraging prudent money management

### **Co-op Dividend Scheme**

This scheme is open to organisations working in the trading area of Co-operative Group (CWS) Limited. Grants of between £100 and **£5,000** are available for projects fulfilling a need in the local community, which are of voluntary, self help, co-operative or not for profit nature. Projects should help to address:

- Community issues
- Poverty relief

### **Esmee Fairbairn Foundation**

Grant programme for Social Change. Enterprise and independence seems appropriate, which aims to enable people and organisations to be more enterprising and to develop new ways of tackling the needs of those at greatest disadvantage through:

- Work which enables voluntary and community organisations to achieve some degree of sustainability (for example through trading activities or increasing other earned income);
- Social enterprises;
- Organisations taking an entrepreneurial approach to tackling social need by experimenting with new methods;
- New opportunities for people to become more economically independent, for example by moving into paid employment.

There are no 'maximum' grants; average grants during 2005 were just over **£52,000**.

### **Lloyds TSB Foundation**

The Foundation supports under funded charities so people, especially disadvantaged or disabled people can play a fuller role in the community. Various levels of funding grants are available under their Community Programme for social and community needs, education and training.

The Foundation is unable to provide details of available funding, due an ongoing review of grant procedures. Details are expected to be available early 2007.

## LOAN FUNDS

### Advantage Community Loan Fund

Established in 2002, with the support of Advantage West Midlands and Unity Trust Bank, to provide loans for social enterprises throughout the West Midlands. Loans will be given for:

- Capital loans
- Property purchase or refurbishment
- Bridging finance
- Working capital and cash flow support
- Gap Funding

Applicants can borrow between **£15,000** and **£85,000**. Terms include:

- An average of 3 to 4% above bank base rate;
- An arrangement fee of 1.5 to 2%;
- No annual fees;
- Repayments will be tailored to the expected cash flow of the organisation;
- Repayments may be to a maximum of ten years;
- Security is not essential.

### North Staffordshire Capital Risk Fund plc (NSCRF)

NSCRF has been formed to fill the void that exists for potentially exciting businesses in the North Staffordshire area whose formation or growth is constrained for want of modest amounts of risk capital. In meeting this need NSCRF will aid the development of a more entrepreneurial culture, which will, in turn, help to stimulate an economy in long term decline.

#### It will directly and indirectly:

- Increase the number of new sustainable businesses created in the area;
- Sharpen the skills base of support-providers so that they can recognise and deal with the specific needs of businesses with growth aspirations;
- Stem the loss of graduates and other skilled people from the area by assisting in the creation of innovative and knowledge-based businesses;
- Operate and maintain a fund which is sustainable over a ten year timeframe to provide opportunities now and in the future.

### Borrowing from the NSCRF

NSCRF will make investments by way of unsecured loans (with an option to share in future profits) in the range £10,000 up to £50,000 and exceptionally up to £75,000, in owner managed companies.

Its target is businesses with the potential for growth, including opportunities where businesses can be revitalised by a new management team.

A high proportion of the businesses will either be start-ups of less than three years old. Typically they will be knowledge-based and innovative.

In deciding whether or not to invest NSCRF will pay close attention to:

- The characteristics of the market in which the business is targeted and the differentiating factors of the company's products or services;
- The experience and ambition of the management team.

### **Michelin Development**

Michelin Development offers the following support to small and medium sized enterprises up to twenty-five employees (SMEs)

#### **Access to Finance**

- Unsecured loans from £5,000;
- Bank of England base rate;
- Repayment period three to five years.

#### **Access to advice and expertise**

- Access to free of charge independent advice from Michelin's in-house expertise;
- Where the product or service is appropriate, the client may be able to tender for Michelin business;
- A press release created for successful applicants, providing valuable publicity.

### **Conclusion**

It is apparent that there are a variety of funding opportunities (grants and loans), to support the launch and delivery of the Community Garage project.

It will be necessary for the project group to consider issues such as:

- Not losing sight of the potential of the enterprise to 'earn its keep' and contribute towards running costs. Indeed, it should be an objective for the enterprise to become 'self sufficient' within a given period of time (see Section 8);
- Whether to:
  - Purchase land/premises;
  - Rent existing garage premises;
  - Rent premises and convert to garage use.

Such issues will clearly contribute to the type and amount of funding raised to support development and delivery of the project.

## 14. LEGAL STRUCTURE

### Introduction

Social enterprises can take a variety of forms and legal structures. Some social enterprises have group structures comprising of several legal forms, with different subsidiaries or affiliates set up to serve different strategic, operational and financial purposes.

The legal status of the organisation may effect how it can use different types of finance. Table 10 summarises the most common legal forms and their implications.

**Table 10**

Legal Structure	Receive Charitable Status?	Access Debt/Borrow	Access Equity/Issue Shares
Company limited by guarantee	Yes	Yes	No
Company limited by shares (Private)	Unlikely	Yes	Yes
Company limited by shares (Public)	Unlikely	Yes	Yes
Industrial and Provident Society (Community Benefit Society)	Yes	Yes	Yes
Industrial and Provident Society (Cooperative)	Unlikely	Yes	Yes
Company Interest Company (CIC)	Yes	Yes	Yes

### Company Option

It therefore seems appropriate that an option is for the Community Garage project to become a 'stand alone' company.

In which case, a separate company would be established, with its own Board/Trustees.

In such a case, all 'risks' associated with the business would remain with the business, as a '**Company Limited by Guarantee**'.

This option is explored in more depth within Section 15.

## 15. GOVERNANCE AND SUPPORT

### Introduction

As highlighted within Section 8, there will be risks associated with setting up any new business, which will be no less in the case of setting up a social enterprise. In this case, the 'business' will be a garage run on commercial grounds, which will require particular expertise and experience. Issues involved will include governance, management, business expertise and multi-agency support.

Wider Impact Consultancy has taken opportunity to facilitate a workshop with the UAACO Board and Chief Executive Officer to explore the feasibility of UAACO becoming the Managing Agent of the Community Garage project.

Table 11 is a summary of a SWOT analysis carried out, which highlights the strengths, weaknesses, opportunities and threats identified by the group at the workshop.

**Table 11**

STRENGTHS	WEAKNESSES
Passion (X3) Unity (X2) Culture Strength Diversity Strength Growth Strength for UAACO - Patience Sense of Injustice Commitment Perseverance Tenacity Past Disappointments Ambitions Skilled Personnel/ Wide Amount of Skills Access/ Community Leadership Board's Good Community Relations Facilities	Lack of/ Reliance on Funding Finance Lack of Resources Barriers to Resources Accommodation Support High Dependency on Volunteers Training Skills Meeting Legal Criteria's Patience Gap in Education Skills (Schools/ Colleges) Lack of Social Skills Time Constraints Motivation
OPPORTUNITIES	THREATS
Opportunity for Young People Identified Need Diverse Business Opportunity To Provide Occupations To Provide New Skills To open New Avenues Good Networks/ Links To provide a Much Needed Service External Support Access to Public Funds Mainstream Political Instability/ Change Restoration of Dignity	Environmental Influences Nanny State Discrimination (X2) Racial Stereotypes Cultural Ignorance Knowledge Base Lack of Skills (X2) Motivation Lack of Interest/ Lack of Vision Lack of Role Models Literacy & Numeracy Support Bureaucratic Obstacles Finance/ Cash Flow Plagiarism Competition (X4) Over Industrialised Political Change/ Instability

Whilst the UAACO Board clearly recognises challenges, they also identify opportunities for UAACO, key local agencies, the wider community and most importantly, local young people.

There is agreement by the Board that the project should go ahead. There is however an understanding that such a venture will require specialist expertise in areas such as:

- Finance
- Fundraising for small businesses
- The garage industry
- Business contracts
- Small business start up
- Risk management
- HR/recruitment/training
- Customer care/service
- Legal issues
- Sales
- Marketing/promotion
- HR/training
- Health & Safety
- Community Consultation/involvement

Understanding the complexity of such issues, advice has been obtained from Business Initiative (Rob Redfern) and it has been agreed that it would be ideal if a separate 'stand alone' company is created – **'THE UAACO COMMUNITY GARAGE'**.

The company would be **'Limited by Guarantee'**, would be in a position to apply for Charitable Status and to register for VAT.

It will be necessary for a new Board/Trustees to be established, which can include members of the UAACO Board/Chief Executive Officer and others who are able to 'fill the gaps' in relation to the skills and experience required to support the development and delivery of such a venture.

It is suggested that this could include representatives from:

- Local Youth
- Private Sector
- Stoke on Trent City Council
- Elected Member(s)
- Racial Equality Council (REC)
- Minority Business Association (MBA)
- Stoke on Trent College
- Housing Associations
- Voluntary Sector Representatives
- Community Representatives

It is also suggested that the **Chair** of the new Board/Trustees has the business acumen and 'local profile' to support development/delivery of the venture.

The Board would appoint a **Garage/Project Manager/experienced mechanic**, who would in effect, carry out the role of Chief Executive Officer in the Company, responsible to the Board/Trustees to manage a profitable and successful business venture.

**Role of the UAACO Board**

Whilst the new company will be managed separately from UAACO, it will be in the fortunate position of being supported by the UAACO Board and Chief Executive Officer, which will ensure that principles, such as ‘social good’ are achieved and there is wider community benefit from the ‘Social Enterprise’ company.

Under such as model, UAACO will be protected from ‘risks’ associated with development and delivery of a new business venture.

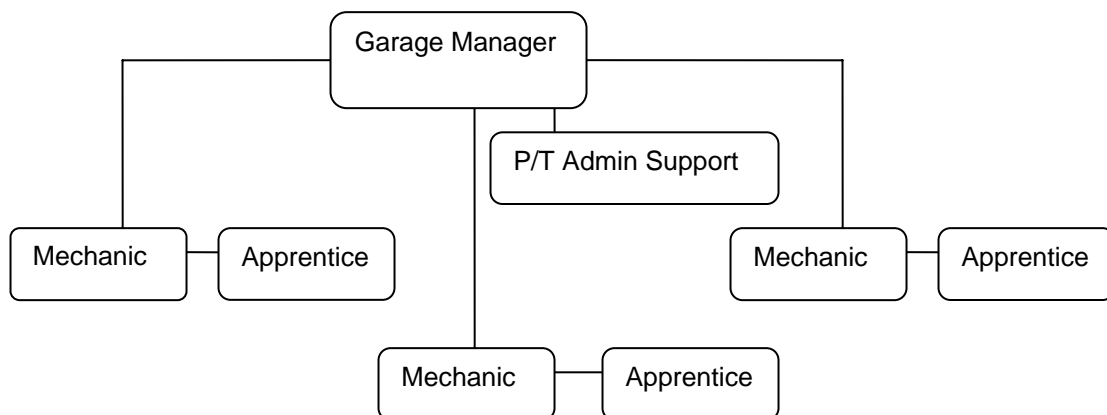
**Role of the Garage/Project Manager/Senior Mechanic**

The garage/project will be managed by an experienced Garage/Project manager, who will be the first beneficiary to be recruited to the project. As in the commercial world, it will be the responsibility of this post holder to be directly involved in the recruitment of key staff, market and manage the garage on behalf of the Board as a profit making (social) enterprise.

**Staffing Structure**

Figure 1 provides an outline of proposed staffing structures, over the first three years trading period.

**Figure 1**





### **Wider Multi-Agency Support**

Understanding the importance of multi-agency partnership working, consultation should clearly continue with key local partners, which includes, Stoke on Trent City Council, North Staffordshire Regeneration Zone, Local Strategic Partnership (LSP), RENEW North Staffordshire, North Staffordshire Chamber of Commerce and Industry, Business Brokers, Racial Equality Council (REC), Minority Business Association (MBA), Stoke on Trent College, Private Sector Expertise, Housing Association(s), Member(s) of Parliament, Elected Member(s), community representatives and the young people themselves.

### **Conclusion**

- A new company is created - **THE UAACO COMMUNITY GARAGE**;
- Board members/Trustees include existing UAACO Board members and external 'experts';
- A Garage/Project Manager is appointed, with the role of CEO of the new company;
- The UAACO Board provides advice and support to the new company;
- Consultation should continue with key local partners.

## 16. OPTION APPRAISAL

### Introduction

Whilst a case has been made for a **UAACO COMMUNITY GARAGE**, opportunity is taken at table 12 to explore alternative options:

**Table 12**

	<b>Option</b>	<b>Comment</b>
1	Not to create a UAACO Community Garage – rely on existing provision for BME young people	Research has indicated existing provision is not meeting the needs of BME young people (see Sections 8/9). Opportunity would also be lost to establish a community based 'Social Enterprise' with objectives that included supporting community capacity building and developing community cohesion – LAA objective
2	Extend provision of training within Stoke on Trent College – increasing numbers of trained BME young people	Research has indicated BME young people are generally not attending college based garage courses, despite there being a will by the young people to enter the garage industry. Cultural issues cited by the young people (see Sections 8/9)
3	Develop training provision for BME young people within existing garages	Research has indicated there is a lack of such places for young people in general and BME young people are currently extremely reluctant to work in such establishments during early training years. Employment costs related to profits indicated by the industry and discrimination and cultural reasons cited by the young people (see Sections 8/ 9)
4	Stoke on Trent College Development Worker to support BME young people in work environments	Already been considered by the College and rejected as being resource intensive and too costly (Source: Stoke on Trent College). It is also clear work has to take place 'promoting by example' the value of the <b>UAACO COMMUNITY GARAGE</b> project and delivering Apprentice based training in Stoke on Trent

### Conclusion

It has become apparent the delivery of the **UAACO COMMUNITY GARAGE** project will assist in improving and 'adding value' to existing training and employment provision in Stoke on Trent and has potential to play a significant role in:

- Leading on the employment of Stoke on Trent BME (and wider community members) within garage and trade industries in general; and
- Leading on the development of a professionally managed, Stoke on Trent based, profit making Social Enterprise company.

## 17. SUMMARY OF REPORT FINDINGS

Wider Impact Consultancy is satisfied:

1. 'Need' has been demonstrated for the project i.e. there is a business, social and community case for development of Community Garage project in the Stoke on Trent area;
2. With the support of 'start up' grants, there is opportunity to deliver a profitable 'stand alone' business by the end of second year of trading;
3. There is opportunity to create a new company – **THE UAACO COMMUNITY GARAGE**, supported by a Board/Trustees.
4. Managed as 'not for profit' social enterprise the project has the potential to employ **7.5** local people:
  - 1 Garage Manager
  - 1 Part-Time Administrative Support
  - 3 Full-Time Mechanics
  - 3 Full-Time Apprentices
5. The business has the potential to grow at the end of third year trading – ensuring sustainability (and for example the employment of **3** further Apprentices);
6. The project supports the strategies and aims of key agencies such as:
  - Advantage West Midlands;
  - RENEW North Staffordshire;
  - Learning & Skills Council;
  - North Staffordshire Chamber of Commerce and Industry;
  - North Staffordshire Racial Equality Council;
  - North Staffordshire Regeneration Zone;
  - Minority Business Association;
  - Stoke on Trent City Council;
  - Stoke on Trent College;
  - Stoke on Trent Local Strategic Partnership;
  - UAACO;
  - Youth Offending Team.
7. There is multi-agency support/ interest in the project – many of which are keen to support and be involved in its delivery;
8. The project supports the aims and objectives of key funders such as:
  - European Social Fund,
  - Big Lottery e.g. Community Buildings programme/Reaching; Communities programme;
  - Coalfield Regeneration Trust;

- Britannia Building Society Foundation;
  - Co-op Dividend Scheme;
  - Esmee Fairbairn Foundation;
  - Lloyds TSB;
  - Advantage Community Loan Fund;
  - North Staffordshire Capital Risk Fund;
  - Michelin Development.
9. Option appraisal analysis confirms the project is the best option to achieve desired objectives in the Stoke on Trent area;
10. **UAACO** is well placed to provide support and guidance to the new company.
11. '**Risk**' is manageable (see **Appendix 2**) and is likely to be kept manageable on implementation of recommendations highlighted within Section 18.

## 18. RECOMMENDATIONS

Wider Impact Consultancy is pleased to recommend:

1. The UAACO Board approve progression of the Community Garage project;
2. A new company – **THE UAACO COMMUNITY GARAGE** is created;
3. Whilst it will be an aim of the new company to support the development of BME young people, it should also provide benefits to wider Stoke on Trent community members;
4. The business should 'start small' and aim to 'find its feet' in the market. This will include employing a total; of **7.5** staff, which will include the employment of **3** Apprentices. Numbers can increase as the business grows;
5. The company should establish formal agreement with Stoke on Trent College, to deliver vocational training to all staff/apprentices involved in delivery of the project;
6. Wider Impact Consultancy is directed to deliver a Business/Development Plan (Part 2 of the commission);
7. Funding applications are submitted by the UAACO Management Team, following Board approval of the Business Plan;
8. The UAACO Management Team aim to recruit a Board/Trustees, to deliver and support **THE UAACO COMMUNITY GARAGE**;
9. The new company appoints a **Chair Person** with business acumen and 'local profile' to support development/delivery of the venture;
10. Following approval(s) of funding support, the UAACO Management Team/**THE UAACO COMMUNITY GARAGE** Board recruit an experience Garage/Project Manager/Mechanic, to assist in development and delivery of the project;
11. Consultation should continue with key local partners;
12. Monitoring and evaluation of the project should include tracking of staff/ apprentices involved in the project, in order to establish long term outcomes and wider impacts.

## 19. CONCLUSION

Wider Impact Consultancy has been impressed with support of individuals and a wide variety of agencies for the concept of the **UAACO COMMUNITY GARAGE** project, which primarily aims to support the social and economic needs of young people living in Stoke on Trent.

Whilst the original brief outlined support for 'mainly African and African Caribbean youth', it has become clear there is a need to support the wider community, whilst understanding that BME young people should be a special case to receive support and guidance, if they are to enter 'trade' occupations such as the garage industry.

For example, it must be a concern that there are virtually no BME young people currently enrolled on Stoke on Trent College NVQ garage courses, despite young BME people clearly indicating a wish to enter the trade as Apprentices/employees.

There is no doubt that the creation of a new garage business will be a bold step, particularly in such a competitive area of business. What is also clear, are the social rewards and long term outcomes of what is also an innovative step.

It is therefore essential that the UAACO and the new Board, receives the full support and co-operation of those individuals and key agencies, who have it in their gift to make the **UAACO COMMUNITY GARAGE** project become a reality.

**APPENDIX 1****Feasibility Report 2006  
Small Garage and Workshop in Stoke on Trent**

The Stoke on Trent district which includes Shelton, at this present time is under going a major development programme. Old factories and houses are being demolished to make way for new modern property and industry.

Most house owners in these modern times have at least one or two vehicles at their disposal, which from time to time need to be regularly serviced and after three years need a Government MOT examination.

In the Shelton area of Stoke on Trent we have a number of Main Agent Garages which look after the customers who buy new or almost new vehicles. Also in the area we have petrol service stations and small tyre and exhaust outlets taking care of these specialised needs on vehicles.

Shelton with its growing population in housing would benefit from a small garage offering a service for the second hand vehicle market, It could offer small repairs work for vehicles over three years not covered by the Main Agent warranty, along with MOT repairs and electrical fault diagnostic work.

This type of Garage would operate between the main agent garage and the tyre and exhaust outlet. Giving the people of Shelton and the surrounding area a good service for their vehicles.

In addition to this it would also bring needy work and training to people living in the area. In this modern world where technology is ever moving forward in transport we have a need to develop a garage which can meet the needs of this changing technology. One area could be Shelton that would help to meet the new demands in technology and also satisfy the needs of the community within the area of Stoke on Trent.

**Harry Bowyer**

Programme Manager, Stoke on Trent College Motor Vehicle Section

September 2006

**APPENDIX 2**

**Community Garage Risk Assessment**

Risk Type	Description	Probability 1= VL 2= L 3= M 4= H 5= VH	Impact 1= VL 2= L 3= M 4= H 5= VH	Result	Suitable Responses	Comment
Human	Lack of 'need' for project – Social, Community case	1	5	5	Ensure project continues to support social and community need in Stoke on Trent i.e. clear 'terms of reference'	Feasibility study has identified strong social and community 'need' for project
Financial	Lack of 'need' for project – 'Business case'	3	5	15	Ensure 'business' is able to compete i.e. deliver high quality, professional services and reasonable rates to customers.	Likely to delay period when project becomes self sufficient. Need to promote social case to companies keen to promote corporate social responsibility
Organisational	Lack of opportunity for Social Enterprise	2	5	10	Developing interest in social enterprise nationally, regionally and locally	Grant giving organisations and loan providers keen to support social enterprise development
Human	BME Young People rejecting employment and training opportunities	3	5	15	Unsure young people are listened to and are made aware of opportunities available. Employ the services of mentor(s), who can broker trust between BME young people and service providers	Research indicates BME young people are interested in entering 'trades', but are put off by employers/ training providers not understanding their needs/ cultural issues
Financial	Lack of Funding to Develop Project	2	5	10	Ensure strong evidence of project meeting local 'needs' and target appropriate funding agencies	Feasibility study demonstrates strong evidence of project meeting aims of numerous funding providers
Organisational	Lack of governance/ skills/ experience to develop project	2	5	10	A new company THE UAACO COMMUNITY GARAGE is formed, supported by an experienced Board and Garage Manager	Key agencies have indicated support for the project, providing it is 'inclusive' and supports the wider community
Organisational	Lack of multi agency support for project	2	5	10	Ensure open and two way dialogue with key agencies. Ensure involvement with project delivery	Important to maintain balance, with clear line accountability to funders and line management structures
Organisational	Sustainability of project – dependence on scarce grants funding	3	5	15	Ensure project is launched as a 'business', with aims that include sustainability	Essential rigorous and realistic business plan in place. Monitoring systems required to be in place.
Health & Safety	Injury to staff or customers	2	5	10	Health & Safety, linked to high quality a project a priority	Ongoing support from SOT College and H&S Executive will be obtained