Implementing a Scottish Social Innovation Strategy:
Support from the European Regional Development Fund 2014-2020
The following research involved a review of the current literature on social innovation, the consultation of practitioners, twelve snapshots of the current practice of social innovation in Scotland and Europe and concludes with recommendations for future policies.

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1. A Review of the Social Innovation Literature

1.1 What is Social Innovation?

As the field of social innovation continues to develop and draws the attention of policymakers, academics and key stakeholders, efforts to understand what we mean by 'social innovation' have become more focused, nevertheless much debate remains, even in regard to the actual definition of the term.

Any attempt to define social innovation is confronted by the reality of a broad range of actors who have identified themselves as 'social innovators' as well as a large number of actors whose work could easily be described as 'social innovation' but do not describe it in these terms.

There are also some definitions which have been put forward and have gained currency due to their explanatory value. One definition which can claim such currency is that deployed by Murray et al (2010) in the Open Book of Social Innovation who, '...define social innovations as new ideas (products, services and models) that simultaneously meet social needs and create new social relationships or collaborations. In other words, they are innovations that are both good for society and enhance society's capacity to act'.

It may perhaps be useful at this stage to also untangle social innovation from traditional conceptions of innovation in the wider economy. Mulgan (2006) offers a useful distinction

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that may enhance the understanding of those to whom social innovation is a novel concept, ‘Social innovation refers to innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organisations whose primary purposes are social. Business innovation is generally motivated by profit maximisation and diffused through organisations that are primarily motivated by profit maximisation’. Nevertheless although innovation can develop vastly different organisms and can emerge from a range of diverse contexts, it can still be broadly understood as a locus of change with common conceptual roots.

Attempts to capture an understanding of social innovation have often led to its conflation with social enterprise and although this is understandable given the fact that the purposes and methods can intersect, it is important to emphasise that social innovation covers a much broader range of activities than purely social entrepreneurship, particularly as social innovation can often materialise across the boundaries of public, private and informal sectors as well as civil society.

Therefore given the amorphous nature of social innovation it is important to understand that efforts to offer an authoritative definition are inevitably confronted by the fact that the processes being described are constantly being reshaped and reinvented by those engaged in socially innovative activities. It is therefore reasonable to conclude that 'social innovation is a practice led field'.

Before we go any further we should address who we mean by social innovators. Given the fact that social innovation can develop across sectors, an exhaustive list of social innovators may be both impossible and undesirable as, ‘unlike the terms social entrepreneurship and social enterprise, social innovation transcends sectors, levels of analysis, and methods to discover the processes—the strategies, tactics, and theories of change—that produce lasting impact. Social innovation may indeed involve finding and training more social entrepreneurs. And it may entail supporting the organizations and enterprises they create. But it will certainly require understanding and fostering the conditions that produce solutions to social problems’. Nevertheless it is still useful to highlight examples of actors who can initiate and sustain social innovation, such as: social entrepreneurs, social movements and policy-makers.

The role of the entrepreneur as a key disruptive actor in the creative destruction processes of innovation has been asserted not only in practice, but also in the works of the economist

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Joseph Schumpeter. The influence of such pioneers on the innovation process cuts across sectors to include the third sector and social enterprise. A notable example of this is the work of Professor Muhammad Yunus in the development of microfinance in Bangladesh from a very small scale to what we now know as Grameen. Disruptive innovators therefore have a key role, however – as crucial as such individuals may be - the emphasis placed upon increased participation through social innovation may lead others to view the building of social movements as more participatory and reflect the collaborative values that social innovation seeks to mobilise.

Social innovators may use the vehicle of social movements to diffuse their message across different sectors and to draw support from a broad range of actors. Social movements may also be regarded by social innovators as an approach which reinforces the importance of ‘bottom-up’ rather than ‘top-down’ solutions. One example of this is the co-operative movement which has deep roots in Scotland stretching back to the work of Robert Owen in New Lanark. However co-operatives are not a historical phenomenon and many examples of their continued relevance and contribution to the economy are evident throughout Scotland today.

The capacity for policy-makers to embrace the necessary risks that often accompanies social innovation may seem limited, but the work of one Danish unit, MindLab, reveals how new solutions can be developed through collaboration. The Mindlab approach is to co-create policies with citizens and stakeholders through qualitative research and design-led thinking. Mindlab also emphasises the fact that, ‘We are also a physical space – a neutral zone for inspiring creativity, innovation and collaboration’.

It is clear from our assessment of the literature thus far, that efforts will be best placed by focusing on identifying a framework through which social innovation can be understood rather than a final and absolute definition. The framework put forward by Moulaert et al (2005) offers a clear and logical understanding of what social innovation involves and the aims which motivate the growing number of practitioners. In their study, three dimensions of social innovation are identified:

- content/product dimension
- process dimension
- empowerment dimension

The content/product dimension outlined by Moulaert and his colleagues views social innovation as having the capacity to meet human needs, particularly basic alienated needs,

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which are not being met by the market or the state.

The *process dimension* addresses changes in governance structures that increase levels of participation in meeting the human needs identified by the content/product dimension, with a particular focus on increasing participation levels of the most deprived groups.

The *empowerment dimension* recognises that in order for the human needs identified in the content/product dimension to be met and the levels of participation in the process dimension to be realised there must be greater access to resources and increasing levels of social and political capacities.

The framework articulated by Moulaert and his colleagues also accentuates the interaction between the three dimensions and it is this relationship which requires further analysis if we are to understand what social innovation may mean for the communities in which practitioners are engaged and how its benefits can be realised.

### 1.2 Developing Social Innovation

Understanding the theoretical framework underpinning social innovation outlined by Moulaert provides a beneficial alternative to an elusive definition. To comprehend how support can be offered to encourage the expansion of social innovation it is necessary to focus more sharply upon how social innovations evolve from experimental ideas to sustainable solutions that empower stakeholders and users.

One model which offers some insight into the processes of developing social innovation is that constructed by Murray et al (2010). They highlight six different stages to the development of social innovation and there is a high level of compatibility between these stages and the framework of social innovation detailed previously: 11

In order to grasp the different forces which determine the development of social innovation we shall utilise this six-stage model and examine the factors which underpin the successes and failures of social innovations.

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1.3 Prompts, Proposals and Prototypes: Stimulating Social Innovation

In discussing what prompts social innovation Murray et al (2010) characterise this stage as one in which the need for social innovation is identified and this is done by uncovering the causes of these needs rather than their symptoms. The importance of this stage is emphasised by their statement that, ‘Framing the right question is halfway to finding the right solution’. Following on from this they identify the next stage of social innovation as proposals (or ‘idea generation’) which can involve experimenting with a range of methods to enable the most appropriate solutions to be identified. What is clear is that to generate the type of ideas that can lead to sustainable solutions it will be necessary to engage with those who have the knowledge of the needs and challenges being addressed, therefore to tackle root causes it will be necessary to engage with the very individuals and communities experiencing these needs and challenges.

In a collaboration of institutions from across Europe, TEPSIE – a research project focused upon the theoretical foundations of social innovation in Europe – have published a study which identifies why the engagement of a much more diverse range of citizens is crucial for the development of social innovation. One reason they highlight is fundamental, that the first step for any social innovation is to accurately identify the social needs to be tackled. A conclusion therefore drawn from this is that if a community itself develops a social innovation they will be ideally placed to understand the needs which will be the focus of their efforts. However, often it is not the members of a community who are the actual innovators, instead this is driven by social entrepreneurs, public sector authorities or partnerships of actors drawn from a range of organisations. Consequently social innovators have an obligation to focus their initiatives around the evidence provided by those with the true expertise – the members of the community in which the needs must be addressed.

Another reason for greater participation pinpointed by the TEPSIE group of researchers is that members of the community can also be drivers of innovation. They argue that given the expertise of such individuals in tackling the challenges they meet in their community, providing them with the resources to innovate produces a much better environment for effective outcomes to be developed. The TEPSIE researchers also emphasise that involving a wide range of groups in the innovation process enriches the pool of diverse initiatives which can then be developed.

One final reason that the TEPSIE group identify as a motive for greater citizen engagement

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14 Ibid.
15 Ibid.
is that the very nature of the needs and problems being addressed by social innovation requires a deviation from the typical structures which have been used in the past to deliver possible solutions. Therefore for social innovations to be effective they must be participatory and interactive.\textsuperscript{17}

The arguments outlined above offer some insight into the centrality of participation in enabling social innovations to realise their full potential. However, it is critical that the discussion of participation does not end with simply stating its necessity, as the interpretation of what is actually meant by participation will determine the reality of how social innovation is implemented across communities in Scotland.

Perhaps an indication of the degree of inclusiveness required by social innovation is best emphasised by the realisation that the imperative for new forms of participation \textit{has stemmed from a recognition that traditional, existing modes of public participation – which often take the form of passive consultation – provide a limited and increasingly outdated form of participation, which no longer meets the public's full needs in an age of democratic deficit, declining trust in decision-makers and increasing access to information}.\textsuperscript{18} The description of previous forms of participation, characterised through passive consultation and judged to be obsolete, justifies an assessment of the format of participation proposed by those seeking to develop the type of environment that will nurture social innovation.

The TEPSIE research group conclude that \textit{“given our focus on the social innovation process, analysing citizen engagement according to power dynamics is problematic”}.\textsuperscript{19} Nevertheless, it is important that when we discuss social innovation as a phenomenon occurring across sectors that we do not ignore the reality of the asymmetries that exists between actors, both in resources and power. Therefore although the rebalancing of the power between different actors may not be the exclusive focus of social innovation, it is a crucial factor and a failure to recognise this risks undermining the potential to fully engage with groups and communities who are not normally involved in decision-making.

Concerns over the realisation of participation and empowerment through social innovation are highlighted in a report by the Bureau of European Policy Advisers which identifies the problem of \textit{“administrative cultures”} that remain focused upon top-down solutions with \textit{“public institutions”} as the primary actors.\textsuperscript{20} These researchers instead emphasise the central role played by community members in reshaping policies. Consequently they conclude that, \textit{“the major barriers are a political culture based on a clear-cut distinction between policy-makers and policy users, and a general view of politics as a process that puts citizens in a reactive and passive position”}.\textsuperscript{21}

\textsuperscript{21}Ibid., p116
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Therefore if communities, particularly communities which have experienced deprivation over a number of years, are to become fully involved in designing and implementing solutions, the mechanisms must be made available to enable this level of participation.

There are an array of technologies which have made it much easier for communities to disseminate ideas, share successes and failures and plan future collaborations. These technologies are ubiquitous and will prove to be significant for the future development of social innovations. However research has identified the continued importance of face to face meetings in facilitating participation in the context of generating solutions and developing a base of grassroots support to meet needs and challenges collectively.  

The next stage of social innovation in the six-stage model outlined by Murray et al (2010) is to test the ideas that have been formulated. The researchers explain that this can be done through rudimentary trials of new initiatives or by more structured prototyping. They emphasise the importance of this stage not just for identifying the viability of new innovations but the process itself also serves as a milieu for building connections between users and practitioners. Furthermore they stress that this stage is crucial in formulating the measurements of the impact of social innovation.

The importance of incubation for prototyping social innovations is clear, not only from the guidance of the European Commission but also from the experience of those currently engaged in developing a supportive ecosystem for social innovation across the European Union and in Scotland.

In particular given that social innovation can occur across or between the boundaries of the market, state and third sector then it is important that incubators reflect this and are a space for collaboration. Furthermore these incubators are unique in that the focus is not on profit maximisation but impact maximisation.

Some social innovations may not be fully realised without the support of public policies, therefore impact maximisation may be enhanced if spaces are available for policy experts, social entrepreneurs and citizens to coexist and engage in the type of knowledge exchange that can result in tailored solutions. This gives social innovation incubation a distinct character from traditional incubators. A social innovation incubator not only serves as a hub for developing and executing new ideas it also serves as a public space for diffusing social innovation in the wider community and increasing awareness and participation.

Examples of social innovation incubators can be found in Europe and further afield. The Centre for Social Innovation, a social enterprise based in Toronto, describe themselves as ‘a coworking space, community centre and incubator for people who are changing the world’. Such has been the success of their Toronto base, the Centre for Social Innovation

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have recently launched a similar space in the Chelsea district of New York City.  

In the Basque country, the Social Innovation Park developed by Denokinn is aimed at fostering collaboration between social innovators in the pursuit of creating a ‘social silicon valley’ where unmet social needs are identified, new social businesses are established and training and support is offered to those keen to become involved. The Social Innovation Park also places a particular focus upon developing innovations on a larger scale than that which has been the norm for social innovators to have operated up until now. Although attempts to replicate the success of silicon valley are ambitious, there is reason to suggest that social innovation contains the capacity to reap the benefits of collaboration. One example is the innovative collaboration between sectors, a strength identified in a study on the success of silicon valley by Mark Granovetter and colleagues which concludes that, ‘intersectoral flows are what make Silicon Valley unique, and that in the history of the world’s economy, the ability to leverage value by shifting resources among previously separated sectors has always provided a vital edge for regions able to do so’.  

Efforts to create a supportive environment for social innovation are currently being undertaken in Scotland, albeit not on the scale reflected in the initiatives highlighted above. An Edinburgh based social enterprise, The Melting Pot, seeks to stimulate social innovation through incubation with the provision of co-working and meeting spaces and the opportunity to tap into a wider members’ network. A significant initiative launched in 2012, has been the Social Innovation Incubator Award which offers ten start-up social innovations free access to the facilities of The Melting Pot for twelve months as well as a suite of training and support. The role incubation can play in the development of social innovation in Scotland will be addressed in greater detail later in this document.

There are a number of factors that anyone should consider before dedicating time and resources to a new start-up venture, however there are specific barriers that social innovators are compelled to navigate, ‘social innovation ventures usually start from a limited size and from non-traditional business operators, and thus may not be perceived as self-sustainable/replicable (as their business driven counterparts) and consequently do not attract the necessary interest. Ultimately this leads to a lack of funding for social entrepreneurs and a fragile market for valuing social innovation, which means that special forms of seed funding are needed to promote and test pilot cases’. For these reasons, the support system available in Scotland will be a focal point of the recommendations outlined later in this document.

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There is a huge literature – too extensive to even summarise - available to those seeking practical guidance on pursuing innovative start-ups in the private sector, however it may prove useful to observe one example of the type of approach that can be undertaken by innovators, given its relevance to the field of social innovation.

The Lean Startup is a methodology developed by entrepreneur Eric Ries to reshape traditional paths taken by start-ups. This approach emphasises the importance of engaging customers or service users at a very early stage in the development of an innovation and as a consequence typically involves launching an early basic version of a product or service (defined by Ries as a Minimum Viable Product) to increase the capacity of innovators to learn from the strengths and weaknesses of their venture based upon the responses of users. To articulate this more clearly, Ries has developed what he describes as the 'Build – Measure – Learn Feedback Loop':

![Build - Measure - Learn Feedback Loop](image)

The clear message from this model is that learning from what works and what doesn't is an unavoidable process if objectives are to be met. An illustration of the relevance of this approach for social innovation is provided by a newly established US based initiative, Lean Impact, which focuses upon transmitting Lean Startup principles to innovators who are seeking to create social change.

1.4 Sustaining and Scaling Up Social Innovation

Once a social innovation has become established and the focus shifts towards refining the initiative we have then reached the stage of sustaining the social innovation. Murray et al (2010) explain that this stage is characterised by pursuing objectives which places the innovation on a secure footing for the future, such as the safeguarding of the finances of a project. Therefore the sustainable solutions pursued by social innovators refer not only to concerns such as social or environmental sustainability but also the financial sustainability of their efforts. This is a concern addressed regularly by social innovators and this is

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reflected in the ideas and actions detailed in the case studies outlined later in this document.

When a social innovation has developed a proven strategy to sustain their work, the next stage, scaling-up, is crucial in ensuring that the knowledge gleaned from the experience is fully utilised. Researchers, Murray et al (2010) emphasise the importance of stimulating demand for successful social innovations and explain how the initiatives which have proven their success can be ‘scaled up’ through replication or by providing the necessary support and information to diffuse their impact.

The various forms of organisations involved in social innovation and the nature of their objectives presents obstacles to scaling that may require novel approaches to achieving their goals, for example through the well co-ordinated collaboration of key stakeholders. This type of well managed partnership has been articulated through a metaphor where scaling-up social innovation; ‘requires the ‘bees’ – small organisations, individuals and groups who have the new ideas, and are mobile, quick and able to cross-pollinate – to find receptive ‘trees’ – the big organisations such as governments, companies or non-governmental organisations, which are generally poor at creativity but good at implementation, and which have the resilience, roots and scale to make things happen. Much social change is a result of a combination of the two’.32

No study can successfully identify all of the varied and numerous obstacles that social innovations engaged across different sectors may face in the diffusion of their efforts. Nevertheless, there are barriers which may emerge on a recurring basis and thus call our attention to them. Research undertaken by Mulgan et al (2007) outlines four conditions which are required to support the growth of social innovations: 33

- effective demand
- effective supply
- effective strategies that connect ‘pull’ to ‘push’
- learning and adaptation

The researchers explain that key to developing effective demand is the identification of a need in society which social innovators can address, thus supporting the focus placed upon this concern earlier in this document. The importance of effective demand is echoed by Murray et al (2010) who explain that the methods for stimulating demand can include; campaigning, lobbying and raising awareness. Perhaps offering greater clarity in outlining

the importance of this dimension of the scaling up process is their conclusion that, ‘effective demand refers to the willingness to pay’.34 This aspect is also addressed by Mulgan et al (2007) who present a dichotomy between 'direct' and 'indirect' consumers. The authors explain that 'direct' consumers are comprised of members of the public purchasing goods and services directly from social innovations and as a consequence those engaged in these type of initiatives are confronted by very similar challenges to those involved in traditional innovations. In contrast, 'indirect consumers' are those organisations which purchase goods and services on behalf of others (e.g. local authorities).35

The role of effective supply is described by Mulgan et al (2007) in terms of the process of developing a social innovation from the idea stage into a prototype that is then executed, refined and diffused to others. The research by Murray et al (2010) concludes that, ‘effective supply refers to the growth of evidence to show that the innovation really works’.36 Indeed Murray et al (2010) offer examples of some of the methods that may be utilised to ensure effective supply, such as research and evaluation aimed at demonstrating impact and value for money. Effective supply is understood by Mulgan et al (2007) to be effective when the innovation is tailored to potential demand. They argue that this is achieved by the innovation being developed in a more diffuse style, ‘The development of ideas into more effective innovations usually depends on more people becoming engaged...Diffusion of an idea generally brings with it evolution; the innovation changes shape as more players use it, think about it, and relate it to their needs’.37

The development of effective strategies that connect 'pull' to 'push' is discussed by Mulgan et al (2007) in terms of the types of organisations that are utilised by social innovators. The researchers identify a spectrum of diffusion which includes: uncontrolled diffusion, which can be communicated through the media and through word of mouth by promoters; directed diffusion, where methods and processes are more carefully structured such as promotion through formal and informal networks and through the use of models of federations, licensing or franchising; social innovators can also engage in a strategy of being taken over by larger organisations; social innovations can themselves focus their attention upon organisational growth in which the idea and the execution of the idea remains under the control of the innovators.38

These models of organisation are also reflected upon by Murray et al who explain, ‘The social economy – being primarily oriented around social missions, favours the rapid diffusion of an innovation, rather than keeping it private. This is one reason why the social economy has less compulsion to organisational growth and more towards collaborative networking as a way of sharing innovation’.39

38 Ibid.
The importance of **learning and adaptation** is also identified by Mulgan et al (2007) particularly in terms of ensuring maximum social impact as they warn that the importance of this aspect can sometimes be overlooked by the overriding concerns of organisational growth. Such specific focus on maximising social impact is also addressed by Bradach (2010) who explains that, *Finding ways to scale an organization’s impact without scaling its size is the new frontier in the field of social innovation. If we can decipher the code on that problem, we will be able to affect the most critical challenges and opportunities facing society.*  

In order to better understand how impact can be achieved beyond the isolation of a single organisation we can consider the analysis of Kania and Kramer (2011) who explain that although some needs and challenges are best met by individual organisations, there are a number of areas where the collaboration of organisations to meet shared objectives will prove more fruitful. To elaborate this further they set out five conditions to achieve what they describe as ‘collective impact’:  

**Common Agenda:** a shared vision for change, one that includes a common understanding of the problem and a joint approach to solving it through agreed upon actions.  

**Shared Measurement Systems:** ensuring that efforts are aligned and that learning from each others successes and failures is facilitated.  

**Mutually Reinforcing Activities:** a diverse group of stakeholders working together, not by necessarily doing the same thing, but by encouraging each other to undertake the specific set of activities at which it excels in a way that supports and is coordinated with the actions of others.  

**Continuous Communication:** building trust between stakeholders and recognising common motivations behind their efforts.  

**Backbone Support Organisations:** a separate organisation and staff with the skills necessary to serve as the backbone for creating and managing collective impact.

The importance of facilitating collaboration between stakeholders therefore has a significant effect on the potential for collective impact. However in order for impact to be achieved either collectively or individually, concerted efforts must be made to equip social innovators with the necessary resources. The types of resources made possible through ERDF assistance will be addressed in the policy recommendations outlined later in this document. It is important at this stage however to remind ourselves that any discussion of the impact of social innovation risks being incomplete if it is not accompanied by an articulation of the measurements available to record successes and failures in a systematic manner.

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1.5 Measuring Impact

A key aspect which distinguishes social innovation from other forms of innovation in the wider economy is the measurement of success. A traditional approach to assessing the impact of a new venture and whether or not it is worthy of further investment may be to focus primarily on the balance sheet of the organisation. This approach does not translate easily into the assessment of social innovation given that the objectives of social innovators will be focused upon achieving outcomes rather than generating profit:

‘Measuring the production (impact) of social innovation is a priority for policymaking as ‘what you do not measure, you do not achieve’. However, the value produced does not easily translate into quantifiable benefits. It most often consists of more social justice, more empowerment and more democracy which will make for a more dynamic and productive society’. ⁴²

Although challenging, measuring the effectiveness of social innovations remains crucial, particularly when decisions must be made to allocate scarce resources. Furthermore, measuring impact provides social innovators with the opportunity to demonstrate the value they can offer in comparison to traditional goods and services.

Those engaged in social innovation have long realised the necessity to communicate how they achieve success beyond the traditional confines of financial measurements. There is a growing literature dedicated to explaining social impact and a growing awareness of the importance of this in enabling social innovations to achieve the scale of change that many believe they possess.

A simplified approach to understanding the impact of social innovation is offered in a report for the Directorate-General for Enterprise and Industry on issues of assessing the success of social innovators. This explains that, ‘An organization uses inputs (staff, buildings, equipment and so on) to produce a set of outputs (products and services), which then influence the outcomes for individuals and society (for example, a less polluted environment, or a deeper set of skills and knowledge)’. ⁴³

Inputs > Outputs > Outcomes

Source: Reeder et al (2012)

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A more detailed analysis of the importance of measuring the success of social innovation requires a closer look at the practical tools available to practitioners to demonstrate their impact. There are a range of methods that have been deployed to capture this, including 'Social Impact Assessment', 'Cost-Benefit Analysis', and 'Socio-economic reports'.

One method that has grown in prominence is that of **Social Return on Investment (SROI)**. This approach utilises data to measure social impact and inform decision-makers of the value provided by initiatives. There are two forms of SROI which can be distinguished: **evaluative**, which measures those outcomes which have already occurred and **forecast**, which estimates the social value generated should the intended outcomes be achieved.

According to the SROI Network, social return on investment is based upon 7 principles:

1. **Involve stakeholders**
   Understand the way in which the organisation creates change through a dialogue with stakeholders

2. **Understand what changes**
   Acknowledge and articulate all the values, objectives and stakeholders of the organisation before agreeing which aspects of the organisation are to be included in the scope; and determine what must be included in the account in order that stakeholders can make reasonable decisions

3. **Value the things that matter**
   Use financial proxies for indicators in order to include the values of those excluded from markets in same terms as used in markets

4. **Only include what is material**
   Articulate clearly how activities create change and evaluate this through the evidence gathered

5. **Do not over-claim**
   Make comparisons of performance and impact using appropriate benchmarks, targets and external standards.

6. **Be transparent**
   Demonstrate the basis on which the findings may be considered accurate and honest; and showing that they will be reported to and discussed with stakeholders

7. **Verify the result**
   Ensure appropriate independent verification of the account

The question of how to implement SROI is addressed by Nicholls et al (2009) in their guide, published as part of a programme focused upon measuring social value which was funded through the Office for the Third Sector and in association with the Scottish Government.

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The authors highlight **six stages** which are involved in conducting an SROI analysis.\(^{47}\)

1. **Establishing scope and identifying key stakeholders.** It is important to have clear boundaries about what your SROI analysis will cover, who will be involved in the process and how.
2. **Mapping outcomes.** Through engaging with your stakeholders you will develop an impact map, or theory of change, which shows the relationship between inputs, outputs and outcomes.
3. **Evidencing outcomes and giving them a value.** This stage involves finding data to show whether outcomes have happened and then valuing them.
4. **Establishing impact.** Having collected evidence on outcomes and monetised them, those aspects of change that would have happened anyway or are a result of other factors are eliminated from consideration.
5. **Calculating the SROI.** This stage involves adding up all the benefits, subtracting any negatives and comparing the result to the investment. This is also where the sensitivity of the results can be tested.
6. **Reporting, using and embedding.** Easily forgotten, this vital last step involves sharing findings with stakeholders and responding to them, embedding good outcomes processes and verification of the report.


Although SROI provides clear advantages to both social innovators and to decision makers when assessing progress, the methodology still requires further development, particularly in terms of the lack of consistency and standardisation which exists.\(^{48}\) Arguments against extensive standardisation may include the fact that the context of the needs being addressed by social innovators must be encompassed when assessing impact. Furthermore the context may also define how stakeholders and users are empowered by social innovation and may determine how change is realised.

### 1.6 Empowerment and Systemic Change

The final stage of social innovation identified by Murray et al (2010) is that of systemic change which they describe as, ‘**the ultimate goal of social innovation**’.\(^{49}\) These researchers explain that social innovations are often confronted with entrenched ways of doing things and that to enable the level of change promised by social innovation to be realised, new environments need to be constructed. Achieving this scale of change across different sectors can be closely bound up with the empowerment dimension of social innovation.
described by Moulaert et al (2005) which emphasises the access to novel resources and the realisation of greater social and political capacities.

When discussing the pragmatic implementation and evaluation of social innovation, it is easy to lose sight of the degree of change that many believe it promises; ‘the outcome of social innovation is reshaping society itself. Here the social dimension of innovation relates to changes in fundamental attitudes and values, strategies and policies, organisational structures and processes, delivery systems and services, methods and ways of working, responsibilities and tasks of institutions and linkages between them and different types of actors’.50

In order to realise the level of change outlined in the statement above, it will be necessary to make available the social and political resources described earlier by Moulaert et al (2005) and this will often translate into the rebalancing of decision-making powers to include those actors who would not normally engage in such activities. Such shifts in decision-making capacity will enable social innovators to develop more effective, sustainable solutions in partnership with stakeholders and users. This will include empowering individuals and communities, particularly those who have suffered from exclusion, to drive forward social innovation.

Such change will also require that these same individuals and communities are not perceived as a burden on resources, but instead as being in possession of local expertise that can be mobilised to solve the social needs and societal challenges affecting their communities; ‘Instead of treating economically poor people as a sink of public aid, assistance, advice, and corporate goods and services, we should treat them as a source of ideas, innovations, and institutional arrangements with which formal public and private institutions can engage’.51

The will to achieve this degree of change can be found across sectors and at different levels of governance. The following sections identify the commitments already being made to social innovation in the European Union and in Scotland.

2. Social Innovation as a European Priority

The promise offered by social innovation is articulated by the European Commission in their communication 546/2010 ‘Europe 2020 Flagship Initiative Innovation Union’ which highlights how social innovation is deemed to be a crucial tool in developing the necessary solutions for a more sustainable economy. President Barroso has stated on record that, ‘I believe that in the current economic turmoil, where the financial crisis has already had serious consequences on employment and public budgets, we have to mobilise all our strengths to alleviate the negative impacts on the most vulnerable populations. Social

innovation is not a panacea but if encouraged and valued it can bring immediate solutions to the pressing social issues with which citizens are confronted. In the long term, I see social innovation as part of the new culture of empowerment’.\(^\text{52}\)

The increasing relevance of social innovation cannot be discussed in isolation of the economic context, indeed the economic imperatives of new ideas to tackle social needs are clear; ‘Firstly, solutions must be found, in a time of major budgetary constraints, to deliver better services making more effective use of available resources. Second, the traditional ways in which the market, the public and the civil sector have provided answers to social demands are no longer sufficient’.\(^\text{53}\)

The clear enthusiasm for social innovation in the European Union stretches beyond supportive statements from the Commission. A number of initiatives and programmes reflect a sense of urgency in realising the potential contribution that social innovation can make in delivering smart, sustainable and inclusive growth. Such initiatives seek to understand social innovation through greater research as well as stimulating its development. A number of actions have been taken that include:

- **Social Business Initiative**:\(^\text{54}\) an action plan from the European Commission designed to fully realise the benefits of social businesses (social enterprises). The aim of this plan is to stimulate the ecosystem for social business across Europe and to enable better access to financing. Eleven priority measures are set within three groups based upon their objectives: measures to improve the legal environment for social business; measures to improve the visibility of social business and measures to improve access to funding which includes the establishment of a €90 million financial instrument due to be operational from 2014. The importance of the SBI has been outlined by Commissioner Laszlo Andor (Employment, Social Affairs and Inclusion) as, ‘an invitation to national and regional governments and stakeholders to develop eco-systems for social enterprise, to strengthen efforts at national and regional levels, and to make best use of the structural funds and other available sources of support’.\(^\text{55}\)

- **Social Innovation Europe**:\(^\text{56}\) an initiative focused upon developing a Europe wide platform that enables various stakeholders including researchers, policy-makers and practitioners to collaborate in the development of social innovation. This initiative places a strong emphasis on the importance of creating a social innovation community across Europe. They accelerate learning through knowledge sharing on their online hub and disseminate information through the publishing of reports and hosting networking events.

- **EU Social Innovation Competition**:\(^\text{57}\) offers a prize to those social innovators who

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\(^{53}\)Ibid., p30


\(^{57}\)Enterprise and Industry. 2013. European Social Innovation Competition - Industrial innovation - Enterprise and Industry. [online] Available at:
can assist people in getting back into employment. The competition encourages the development of innovations which can tap into the skills of the population with an emphasis placed upon the development of new markets and new sectors by maximising the transformational capacity offered through social innovation. The competition also aims to encourage initiatives which support people to start up and grow new businesses. Thirty semi-finalists of the competition were brought together for a Social Innovation Academy, held in Amsterdam, to develop their ideas further and the three best ideas, announced in May 2013, have each been awarded €20,000. The next competition will begin in October 2013.

- **European Investment Bank Social Innovation Tournament:** 58 aimed at promoting the generation of ideas to combat social exclusion through social innovation. Innovations compete in a General Category for a 1st prize of €25,000 and 2nd prize of €10,000. There is also a Special Category prize of €25,000 offered in 2013 to those innovations tackling needs in the urban and natural environment.

- **Naples 2.0 Social Innovation Competition:** 59 a project undertaken by the Euclid Network, Project Ahead and the UniCredit Foundation to test the capacity of social innovation to deliver tangible change to Naples. The competition aimed to inspire social innovators from across the globe to find sustainable solutions to six specific challenges in the Naples area. The winners received prizes between €7,500 and €10,000 to take their ideas forward.

- **This is European Social Innovation:** 60 an initiative designed to identify ten large-scale social innovations in Europe. Those innovations selected by the jury were then invited to the Social Innovation Park in Bilbao to participate in a workshop focused upon scaling up and replicating their success and develop new ideas for future collaboration.

The framework programme of the European Union for research and innovation, **Horizon 2020**, will allocate approximately €71 billion to contribute to the aims of generating jobs and growth in Europe. Social innovation will form a key role in this programme, particularly within the section addressing societal challenges which contains the priority of ‘inclusive, innovative and secure societies’. 61 This commitment to social innovation for 2014-2020 builds upon similar commitments that have previously been undertaken through activities funded by the Seventh Framework Programme (FP7), illustrated by the following examples.

- **TEPSIE:** 62 a seventh framework programme research project examining the theoretical, empirical and policy foundations of social innovation in Europe. The purpose of

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60 European Commission (2010) This is Social Innovation. DG Enterprise and Industry.


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the project is to identify and develop tools and methodologies which will enhance the capacity of policy-makers, practitioners and researchers to advance the understanding and implementation of social innovation across Europe and set future priorities.

• **WILCO**: an FP7 research project investigating how local welfare systems encourage cohesion through social innovation. In particular the WILCO team are examining the 'missing link' between social innovations which operate at local levels and the transfer and implementation of these innovations to other contexts.

• **INNOSERV**: a research project, funded through FP7 which is investigating innovation in three main areas: health, education and welfare. The project is particularly focused upon examining the current level of research in these areas and gaining insights from practitioners who have developed innovation in these fields. The project aims to develop future research agendas encompassing service planning, provision and evaluation.

• **IMPROVE**: an FP7 funded research project focused upon reducing poverty in Europe, with a focus on two key questions: how can social cohesion be achieved in Europe? And, how can social innovation complement, reinforce and modify macro-level policies and vice-versa? The research aims to develop new tools to monitor poverty, social policy and social innovation.

• **LIPSE**: another project funded by FP7 and which is focused upon identifying the catalysts and obstacles to social innovation in the public sector. There are five 'building blocks' of social innovation which the LIPSE team will examine: innovation environments; innovation inputs; innovation tools and processes; innovation outcomes and feedback loops and innovative systems. The project also aims to develop a set of public sector social innovation indicators.

• **SOCIETY**: an FP7 research project aimed at discovering the opportunities to reduce inequalities and improve the quality of life of young people through social innovation. A key focus of the SOCIETY team is social participation, including within the research process itself. The project aims to develop a broad base of knowledge which can then be used to develop and implement socially innovative policies.

• **SELUSI**: an FP7 research project examining two related areas: one is the emergence of social ventures from across Europe; the other aims to enhance understanding of open service innovation by examining the potential for social entrepreneurs designated as ‘lead users’ to be connected with established corporations in order to develop new concepts of services.

The importance of social innovation to the forthcoming **Structural Funds** programmes is made clear through a number of communications from the Commission. As outlined in the *Guide to Social Innovation*, produced by the DG Regional and Urban Policy and DG Employment, Social affairs and Inclusion, ‘Europe has a head-start. It is ideally placed to take a lead and capture first-mover benefits when it comes to implementing social innovations by pro-actively and effectively trying to fully (and fairly)realise both economic and societal benefits. With its strong legacy in social democracy, solidarity, civic participation, justice and fairness, Europe arguably constitutes especially fertile grounds when it comes to sustainably enabling and growing social innovation’.69

There are specific provisions for social innovation in the delivery of ERDF funding. Before addressing these we should recall at this point the ERDF investment priorities within the thematic objectives created to deliver smart, sustainable and inclusive growth as set out in Article 9 of COM(2011) 615 final/2 2011/0276. The ERDF priorities within these objectives are outlined in Article 5 COM(2011) 614 final 2011/0275 and are presented below.

**Before reviewing the objectives it is crucial to note that Article 4 of the same communication, outlines the degree of concentration of ERDF funding.** In those regions classified as 'less developed' at least 50% of total ERDF resources at national level are to be allocated to delivering thematic objectives 1, 3 and 4 with the provision that at least 6% of total ERDF resources at national level to be allocated to the delivery of thematic objective 4. In those regions classified as 'more developed' and 'transition' at least 80% of total ERDF resources at national level are to be allocated to delivering thematic objectives 1, 3 and 4 with the provision that at least 20% of total ERDF resources at national level to be allocated to the delivery of thematic objective 4. The latter two categories are most relevant in a Scottish context given that, 'For the 2014 – 2020 programming period, and specifically relating to Structural Funds, the Highlands and Islands have been designated as a transition region and the rest of Scotland as a more developed region'.70

The thematic objectives are:

1. **Strengthening research, technological development and innovation**

2. Enhancing access to and use and quality of ICT

3. **Enhancing the competitiveness of SMEs**

4. **Supporting the shift towards a low-carbon economy in all sectors**

5. Promoting climate change adaptation, risk prevention and management


70 Scottish Government 2013. A public consultation seeking views on the proposals for the implementation of the 2014 – 2020 European Structural Funds. p10
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6. Protecting the environment and promoting resource efficiency

7. Promoting sustainable transport and removing bottlenecks in key network infrastructures

8. Promoting employment and supporting labour mobility

9. Promoting social inclusion and combating poverty

10. Investing in education, skills and lifelong learning by developing education and training infrastructure

11. Enhancing institutional capacity and an efficient public administration by strengthening of institutional capacity and the efficiency of public administrations and public services related to implementation of the ERDF, and in support of actions in institutional capacity and in the efficiency of public administration supported by the ESF

In thematic objective 1, relating to the strengthening of research, technological development and innovation, there is specific reference made to investment in social innovation, 'promoting business R&I investment, product and service development, technology transfer, social innovation...'.71 This reference alongside what could be described as 'traditional' concepts of innovation (i.e. technological) reveals the shift in thinking required when considering the potential of social innovation.72 The opportunities for Scotland to not only embrace, but spearhead this change in the conceptualisation of innovation will be addressed in much greater detail later in this document.

Thematic objective 2, which refers to the enhancing of access to, as well as the use and quality of ICT also opens up a number of opportunities for social innovation, 'strengthening ICT applications for e-government, e-learning, e-inclusion and e-health'.73 The scope for this to include 'co-creation and user-led initiatives through socially innovative methods' is articulated in guidance from the Commission.74 The capacity for innovators in Scotland to accelerate the changes taking place in the fields of health and social care using such methods is already evident through the development of new approaches such as telehealth, enabling patients to participate in the 'design and

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In thematic objective 3, which focuses upon enhancing the competitiveness of SMEs, there are significant opportunities for social innovators to be supported. The objective states the prioritisation of, ‘promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms; (b) developing new business models for SMEs, in particular for internationalisation’. A comprehensive approach to the delivery of this objective would include social innovators and social entrepreneurs, this is reflected in guidance from the Commission and is particularly apt given the much broader conceptualisation of innovation they have embraced. Furthermore, the development of new ideas and enterprises is central to some of the very definitions of social innovation addressed earlier in this paper and will form the basis for the recommendations to be made later.

Thematic objective 4, which deals with the shift to a low-carbon economy, offers significant scope for the support of social innovators in Scotland. The objectives include: ‘(a) promoting the production and distribution of renewable energy sources; (b) promoting energy efficiency and renewable energy use in SMEs; (c) supporting energy efficiency and renewable energy use in public infrastructures and in the housing sector; (d) developing smart distribution systems at low voltage levels and (e) promoting low-carbon strategies for urban areas’. A number of initiatives already well established in Scotland, from community energy to low carbon focused social enterprises indicates the pace of development in this area and the scope for support to accelerate this further. These initiatives will be addressed in greater detail in some of the case studies outlined in this document.

In thematic objective 5 the promotion of climate change adaptation, risk prevention and management is congruent with the work of a number of socially innovative organisations across Scotland and Europe. In Scotland there have been a range of efforts across sectors to address climate change adaptation and therefore significant potential exists for social innovation in the delivery of this objective.

Thematic objective 6, aimed at protecting the environment and promoting resource efficiency highlights priorities for investment in areas where social innovators are already engaged. The priorities include: ‘(a) addressing the significant needs for investment in the waste sector to meet the requirements of the environmental acquis; (b) addressing the significant needs for investment in the water sector to meet the requirements of the environmental acquis; (c) protecting, promoting and developing cultural heritage; (d)
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protecting biodiversity, soil protection and promoting ecosystem services including NATURA 2000 and green infrastructures and (e) action to improve the urban environment, including regeneration of brownfield sites and reduction of air pollution.\textsuperscript{79} Specific examples of social innovations currently involved in these fields will be detailed later in this document, but it is important to emphasise the fact that a number of social innovations focused upon diverse areas such as preserving cultural heritage and pursuing opportunities in the waste sector are apparent across Scotland.

The aim of \textbf{thematic objective 7}, to promote sustainable transport and remove key bottlenecks in key network infrastructures offers scope for the inclusion of socially innovative organisations particularly in relation to 'developing environment-friendly and low-carbon transport systems and promoting sustainable urban mobility'.\textsuperscript{80} Social innovations engaged in promoting sustainable transport in Scotland will be explored in greater detail later in this paper, but other examples such as the growing need for community transport initiatives highlight the potential opportunities for social innovators.\textsuperscript{81}

\textbf{Thematic objective 8}, which promotes employment and supports labour mobility, makes provision for the, 'development of business incubators and investment support for self-employment and business creation'.\textsuperscript{82} This is of particular relevance to nurturing the growth of social innovations and this has been exemplified by the investments made through structural funds in the development of large-scale incubation such as the Social Innovation Park in Greater Bilbao, which will be addressed in a case study later in this document. If new ideas are to be developed, measured and learned from, then incubators provide the ideal environment for this to take place.

In \textbf{thematic objective 9} where the focus is placed upon promoting social inclusion and combating poverty, there are provisions which quite clearly encompass the work of social innovators. For example those investments which are aimed at 'reducing inequalities in terms of health status, and transition from institutional to community-based services', as well as 'support for physical and economic regeneration of deprived urban and rural communities', and more specifically, 'support for social enterprises'.\textsuperscript{83} This objective invites social innovation to play a central role in those efforts to confront wicked issues such as health inequality and poverty.

\textbf{Thematic objective 10}, also contains the potential for social innovators to be supported in efforts to enable lifelong learning, skills development and the provision of training that leads to positive labour market outcomes, especially for young people. A wide range of

\textsuperscript{79}Ibid. p12-13
\textsuperscript{80}Ibid. p13
\textsuperscript{81}Community Transport Association 2012. The CTA State Of The Sector Report For Scotland 2012.
\textsuperscript{83}Ibid.
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socially innovative activities are taking place in Scotland to address these issues and specific examples will be discussed later in this document.

In thematic objective 11, there exists scope for social innovation in improving the efficiency of public services and administrations in the implementation of the ERDF and this issue will be addressed in the policy recommendations outlined in this document.

There are also opportunities for the support of social innovation through a number of special support instruments available through the ERDF. These include:

Joint European Support for Sustainable Investment in City Areas (JESSICA) which is an instrument developed by the Commission in partnership with the Council of Europe Development Bank (CEB) and the European Investment Bank (EIB). This instrument, using financial mechanisms, supports sustainable urban development and regeneration for projects including: energy efficiency improvements; university buildings (specialised facilities); the creation of new commercial floor space; redevelopment of brownfield sites; heritage or cultural sites and urban infrastructure.

Joint European Resources for Micro to Medium Enterprises (JEREMIE) is an instrument that promotes the use of financial engineering instruments that can improve the access that SMEs have to finance. Member states can utilise part of their structural funds allocation to invest in mechanisms such as venture capital, loan or guarantee funds that can be used to support initiatives such as: the creation of new businesses or the scaling-up of existing enterprises; business oriented research and development, technology transfer, innovation and entrepreneurship; access to investment capital, particularly for SMEs to modernise, diversify, and secure and expand their access to markets; productive investments which protect jobs and create new employment and the technological modernisation of structures which aid the reaching of low carbon economy targets.

Joint Action to Support Micro-finance Institutions in Europe (JASMINE) is an instrument developed by the Commission in partnership with the European Investment Fund (EIF) and the European Investment Bank (EIB). This initiative provides technical assistance to microfinance providers in Europe and also offers financial support through the European Progress Microfinance Facility (EPMF).

ERDF support for social innovation may also be available through the European Territorial Co-operation objective. Formerly known as the INTERREG Community Initiative, this group of programmes includes cross-border co-operation programmes which aim to

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encourage entrepreneurship (particularly SMEs) in areas such as tourism, culture and cross-border trade; supporting the links between urban and rural areas; improving access to transport and communication networks; developing the joint use of infrastructure; improving the joint management of natural resources and supporting administration, employment and equal opportunities. European Territorial Co-operation also includes **transnational co-operation programmes** which address priorities such as: innovation, particularly the networks of universities, SMEs and research centres; the environment, particularly water resources; accessibility, such as the completion of networks and sustainable urban development. The **interregional co-operation programme** supports regions to work together (including the bringing together of actors at a local and regional level) to address priorities such as innovation and the knowledge economy as well as the environment and risk protection. The interregional co-operation programme also acts as the main vehicle for the ‘Regions for Economic Change’ initiative which supports the knowledge sharing of best practice, examples of which are highlighted in the Commission’s ‘RegioStars Awards’ which includes a category for social innovation in 2013. 89

Therefore it is clear that social innovation ranks highly on the agenda of the Commission in meeting the challenges of Europe 2020 and there are clearly a number of opportunities for social innovation to be supported through the ERDF. Furthermore it is important to emphasise that far from being a novel concept in Scotland, social innovation is an area where a broad spectrum of actors have been engaged in both localised activities and in the building of support for practitioners. Therefore the utilisation of sharply focused ERDF funding in this area can strengthen Scotland’s position as a potential leader in this field and provide opportunities for communities across Scotland to fully participate and reap the benefits.

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3. Social Innovation as a Scottish priority

Scotland’s relationship with social innovation is far from new. In fact, a number of studies begin their discussion of the history of social innovation by pointing to the Scottish exemplar of Robert Owen’s innovative community in New Lanark. However, the role of social innovation in Scotland is not contained in the groundbreaking approaches of bygone age, as has been illustrated by the decision to launch Grameen micro-lending in Scotland, a system developed by Nobel Laureate and Glasgow Caledonian University Chancellor, Professor Muhammad Yunus. Indeed, the elements which underpin social innovation are vibrant in modern day Scotland with the potential to grow even stronger. Examples of social innovation in Scotland exist at different scales, across different sectors and at different stages of development. Their capacity to deliver new ideas and solutions to address a range of needs not only stems from their ability to work across sectors, but also their capacity to develop solutions and initiatives from within communities.

As we observed earlier in this document, the growth of social innovation is driven by the need for novel and effective solutions to social needs. Such an approach requires a shift in thinking, particularly in the delivery of services as social innovation emphasises the importance of the participation of individuals and communities in tailoring solutions. The compatibility between the fresh approach offered by social innovation and the existing needs to be found across many Scottish communities is captured in a 2011 report by the Commission for the Future Delivery of Public Services. The report explains that in terms of addressing inequalities efforts must, ‘ensure that it is not just the ‘trained voice’ which is heard, but that all members of a community are able and encouraged to participate and contribute’. This corresponds with the assertion of social innovation researchers that, ‘Citizens themselves are best placed to articulate these challenges. They have information about themselves that no centralised bureaucracy can ever have’.

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The conclusion that solutions to some of the most pressing problems experienced across communities in Scotland may actually reside with the individuals who constitute that community appear to be further echoed by a Scottish Government paper on regeneration which asserts that, ‘community involvement is likely to result in more sustainable and successful outcomes. This is equally true in urban and rural Scotland...in our most disadvantaged and fragile communities it is particularly important that communities have access to adequate and appropriate support in order to fulfil their potential to do things for themselves’.  

The emphasis on enabling the development of solutions from within communities accords with the objectives outlined by the European Commission in their guidance on social innovation, ‘complex social and societal challenges call for specific answers that have to be found locally, and social innovation is able to mobilise local actors and create localised responses’.  

Therefore there is a clear alignment between the objectives of both the Scottish Government and the European Commission in ensuring that local needs are met by solutions designed using local knowledge. Social innovation offers a framework through which needs and challenges ranging from sustainable growth to tackling deprivation can be addressed innovatively by the community themselves or in partnership with them leading not only to new solutions but also new opportunities for employment and entrepreneurship.

The elements that can drive forward social innovation in Scotland are evident through a number of initiatives, enterprises and programmes. Providing a thorough review of each and every one of these initiatives is beyond our remit, however we can identify examples of how the current ecosystem in Scotland can offer assistance for new social innovators to emerge and for existing social innovators to be supported in scaling-up their achievements.

A range of support organisations for the social economy exists in Scotland such as: the Social Entrepreneurs Network for Scotland SENscot which offers a network of peer support for social entrepreneurs as well as seeking to enhance their impact; Social Enterprise Scotland, a large membership-based organisation which seeks to promote and represent social enterprise in Scotland; Social Firms Scotland, an organisation which supports and promotes social firms in Scotland which they describe as a special form of social enterprise with a ‘specific social mission to create employment for people most disadvantaged in the labour market’; Development Trusts Association for Scotland which provides assistance to communities seeking to establish development trusts and

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represent those already established; the **Social Enterprise Academy** offers a range of programmes to develop the skills of social entrepreneurs; the **School for Social Entrepreneurs Scotland** offer personal development for social entrepreneurs and peer support; **CEiS** which offers training, support and finance to community and social enterprises; **Snook**, a social innovation and service design company; the **Social Innovation Network** a platform to encourage collaboration between various stakeholders engaging with social innovation; **Social Innovation Scotland** a not-for-profit organisation encouraging and supporting social innovation in Scotland; the **Social Value Lab** which works with a range of organisations across different sectors aiming to achieve social impact. We should also not forget that the largest social enterprise event in the world – the **Social Enterprise Exchange** – is also held in Scotland.

As stated earlier this is far from an exhaustive review, however it is already clear that there exists a wealth of skills and enthusiasm in Scotland that will be required to drive social innovation forward.

The Scottish Government have also consistently reiterated their commitment to those areas of the economy where social innovators often emerge. For example, in 2012 when announcing the launch of the **International Social Enterprise Programme**, an initiative to encourage international social enterprises to base their headquarters in Scotland, First Minister Alex Salmond expressed his desire that Scotland would ‘continue to provide the most supportive environment in the world for social enterprise’.

This commitment has been reflected in ongoing initiatives which are supported and financed by the Scottish Government such as **Just Enterprise**, a consortium of organisations tasked with delivering the Scottish Government’s business support programme to the third sector.

Other examples include **Co-operative Development Scotland** (a subsidiary of Scottish Enterprise which works in partnership with Highlands and Islands Enterprise) which offers support and advice on issues of finance and organisational structure to co-operatives and

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employee owned enterprises.

The **Enterprise Growth Fund**[^112] financed by the Scottish Government, has offered support through the awarding of grants between £25,000 and £200,000 to over sixty organisations in the third sector.

The **Third Sector and Social Enterprise Challenge Fund**[^113] is a £3 million initiative which funded 24 projects aimed at improving the employability of young people.

The **Third Sector Early Intervention Fund**[^114] 2013-2014 has seen £20 million awarded to 96 organisations (and an additional £10 million for strategic funding partnerships), with the aim of supporting organisations and projects that can improve outcomes for children and young people through the delivery of more effective and sustainable services.

One initiative aimed at improving the capacity of the third sector to compete for public procurement contracts is **Ready for Business**, which delivers the **Developing Markets for Third Sector Providers** programme[^115]. One approach supported by Ready for Business are **Public Social Partnerships** which are arrangements through which the public and third sectors can design and deliver services in recognition of the fact that ‘the third sector’s ability to innovate and its experience in working on a day-to-day basis with particular client groups can help to deliver better, more efficient services which achieve key outcomes for service users’.[^116] This programme also assists in the development of **Community Benefit Clauses** which deliver broader social, economic or environmental benefits than the main purpose of the procurement such as the delivery of public services by third sector organisations, meeting environmental targets, the provision of employment and training opportunities for the long term unemployed and supporting community initiatives[^117].

The initiatives outlined above offer a snapshot of the environment which social innovators in Scotland inhabit and this is further reflected by the Scottish Government’s commitment to **community empowerment** which emphasises participation, including the capacity to challenge the effectiveness of local public service delivery, a stronger voice in budgetary decisions and engagement across all sectors[^118].

The Scottish Government have also sought to ensure the engagement of those sectors where social innovators can often emerge through the continuation of the **Third Sector**

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Research Forum, which has the aim of facilitating collaboration and information sharing in terms of the needs and priorities of the third sector and the results of the latest research. The forum is comprised of stakeholders from the Scottish Government, local government, enterprise agencies and academia, along with representatives from across the third sector. The diffusion of research is also facilitated by the Interactive Evidence Library, which has been developed by the Scottish Council for Voluntary Organisations (SCVO) and financed by the Scottish Government, providing an online resource where research can be accessed and shared.

Another instrument which encourages collaboration between sectors is the Third Sector Employability Forum, which provides the third sector with a collective voice in the development of effective employment policies and the design of services which are funded by the Scottish and UK Governments.

Examples of learning and collaborating across sectors are also evident in attempts to design more effective health services. These examples include Learning Exchanges between community-led and voluntary organisations and civil servants in the Scottish Government. These exchanges involved facilitating dialogue between the officials and the organisations, including presentations, discussions and visits to the organisations that provided opportunities to listen to service users and actually participate in some of the activities being undertaken. Another initiative, NHS Hack Scotland which was organised and run by volunteers, has demonstrated how collaboration between those working in different fields can result in innovative solutions. The ‘hack weekend’ brought together software developers, designers and others with frontline NHS staff in Scotland to generate new ideas on the first day which were then worked on to develop a prototype which is presented to judges on the final day.

Therefore as we have observed the elements to reap the benefits of social innovation in Scotland are evident, however to achieve these benefits more efforts are required to build upon and co-ordinate existing frameworks of support to tap into the potential wealth of ideas that can be drawn from within communities, leading to innovative solutions for a range of needs and challenges.

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4. Policy Recommendations

4.1 Strategies for ERDF Funding of Social Innovation

The role for social innovation in the implementation of Operational Programmes for ERDF and other structural funds in Scotland is reflected by the capacity it offers in drawing together key priorities of the European Commission and the Scottish Government.

In launching the consultation process that will inform the development of the Partnership Agreement and the Operational Programmes, the Scottish Government have proposed three Scottish Themed Funds to address key priorities whilst ensuring integration between funds. The three themed funds are: 124

- Competitiveness, innovation and jobs
- Low carbon, resource efficiency and the environment
- Local development and social inclusion

There is clear compatibility between these three funds and the many activities social innovators are currently engaged in throughout Scotland. Furthermore, the challenges identified through these proposed funds offer significant potential for new social innovators to emerge. This is exemplified both by the case studies from Scotland and Europe outlined later in this document and in the guidance provided by the European Commission on implementing social innovation. This guidance sets out ten steps which can be followed by managing authorities, they are: 125

**Step 1:** Learn about Social Innovation and put the pieces together (Crash course, Idea Jams)
**Step 2:** Streamline the actions on SI
**Step 3:** Get Insider Knowledge: Track, Spot and Anticipate
**Step 4:** Develop a Smart Specialisation Strategy and Plan including SI
**Step 5:** Develop collaboration tools with socially engaged community. Develop auditing, innovation training and workshop activities.
**Step 6:** Transition Innovation platform
**Step 7:** Incubation Trajectory specifically targeted at Social Innovation
**Step 8:** Social Innovation Cluster/ Park

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124 Scottish Government 2013. A public consultation seeking views on the proposals for the implementation of the 2014 – 2020 European Structural Funds. p11
Step 9: Special Economic Zone for Social Innovation.
Step 10: Cross-Regional and international Trade and Exchange of social innovation within the Innovation Union framework.

The implementation of these measures can commence at any of the stages outlined above, however the guidance highlights the particular importance of Steps 1, 4, 6, 7 and 8. This emphasis reflects the priorities set out by the Commission's Position Paper which include the 'promotion and scaling up of social innovations with incubators, platforms and networks'.

Even though it is clear that Scotland has a wealth of actors who can drive social innovation forward and that social innovation is developing in both the Highlands and Islands and Lowlands and Uplands regions, it is important to avoid complacency and address the first stage highlighted by the Commission – learning about social innovation - to ensure that the potential it offers is understood by all stakeholders and that those individuals, communities and organisations engaged in socially innovative activities are aware of the broader picture that is emerging.

The Commission suggests that a key actor (an individual, group or institution) should be identified who can demonstrate the leadership necessary to drive social innovation forward in the region. Of critical importance is also collaboration between these key actors and academics in business and public policy schools who can provide the knowledge and training for stakeholders to understand social innovation more fluently and share this knowledge with others. Events and initiatives (idea jams, competitions etc) aimed at raising awareness of social innovation are also identified by the Commission as an opportunity to inspire citizens, public officials and university students, enabling the construction of a powerful knowledge base.

Activities such as those outlined above have indeed already been taking place in Scotland. One example is the Glasgow Caledonian University Social Business Award, a competition offered through a collaboration of the university's Yunus Centre for Social Business and Health, School for Business and Society and the Glasgow Social Enterprise Network, which invites students and recent graduates of the university to put forward a concept for a social business with the winner receiving support from leading social entrepreneurs in developing their social business and an opportunity to visit and learn from an international leader in the field. To ensure that the knowledge base of social innovation is Scotland is fully developed, it will be crucial that steps are taken to replicate and accelerate these activities as well as amplifying their diffusion particularly when reflecting upon the

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126 Ibid., p59
129 Ibid.
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challenges expressed in the consultation document on structural funds which outlines that the proposed Scottish Themed Fund, ‘Competitiveness, innovation and jobs’, must address the fact that Scotland, ‘has an excellent reputation for research – but a poor track record in business-to-academia linkages’. 131

The development of a **smart specialisation strategy and plan including social innovation** is not only another step identified by the Commission in implementing social innovation 132, a smart specialisation strategy is also proposed by the Commission as an ‘ex-ante conditionality’ (or pre-condition) for supporting ERDF investments that seek to address two thematic objectives: **strengthening research, technological development and innovation** and **enhancing access to and use and quality of ICT**. 133 Research and innovation strategies for smart specialisation (RIS3) have been defined by the European Commission as ‘**integrated, place-based economic transformation agendas that do five important things**’: 134

- Focus policy support and investments on key national/regional priorities, challenges and needs for knowledge-based development, including ICT-related measures;
- Build on each country's/region's strengths, competitive advantages and potential for excellence;
- Support technological as well as practice-based innovation and aim to stimulate private sector investment;
- Get stakeholders fully involved and encourage innovation and experimentation;
- Are evidence-based and include sound monitoring and evaluation systems.

The relevance of social innovation is also reflected in guidance on developing smart specialisation strategies through the conclusion that it can, ‘**contribute positively to diminishing the innovation divide by involving end-users (including disadvantaged groups) and stakeholders into innovation processes, promoting inclusive growth. Therefore, they are a relevant rationale to have in mind while designing innovation strategies for smart specialisation**’. 135

The role of social innovation in ensuring smart specialisation will deliver smart and sustainable growth is emphasised in its capacity to support research and innovation in sustainable energy. The Directorate-General for Regional and Urban Policy conclude that, ‘**strengthening community-based renewable energy is one form of much needed social innovation**’. 136 The growth of community renewable energy projects in Scotland reflects the

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131 Scottish Government 2013. A public consultation seeking views on the proposals for the implementation of the 2014 – 2020 European Structural Funds. p8
134 Ibid., p8
135 Ibid., p109
strong pool of social innovators already mobilised in communities whose actions have been reinforced by the commitment of the Scottish Government in setting a target of 500 MW of community and locally-owned renewable energy capacity to be in place by 2020. These communities have also been supported by organisations such as Community Energy Scotland, whose work will be highlighted in a case study later in this document.

Social innovators have also been identified in guidance from the DG for Regional and Urban Policy as key to successful strategies aimed at eco-innovation, particularly in transforming consumption patterns and lifestyles through collaboration between communities and different sectors. Eco-innovation is also cited as a specific objective within the proposed Scottish Themed Fund, ‘Low Carbon, resource efficiency and the environment’. The Scottish Government’s public consultation document on structural funds also highlights further areas in which social innovators in Scotland are already engaged - reflected in the case studies detailed later in this document – when it asserts that, ‘Scotland is recognised for its high value nature and bio-diversity, as well as for its cultural heritage’.

Guidance from the European Commission on the development of a smart specialisation strategy for regional investment explains that, ‘rather than being a strategy imposed from above, smart specialisation involves businesses, research centres and universities working together’. We can therefore conclude that a high level of compatibility exists between the desired approach to developing a smart specialisation strategy and the type of collaboration encouraged by the Commission when implementing their step by step strategy for social innovation.

The measures required when implementing steps 6, 7 and 8 of the Commission guidance on increasing the capacity for social innovation are interconnected in the actions that they require. The aim of Step 6 is to promote the creation of transition innovation platforms which are described by the Commission as a ‘committed multi-stakeholder environment where business, academic, non- and social profit, government and lead users can interact with the goal to solve a specific societal issue’. The model proposed by the Commission to develop such collaborative solutions is articulated through three pillars:

- **Vision** – Co-creation of a long-term vision, focusing upon a region, sector or societal trend
- **Action** – Generating actions and experiments which can be scaled-up

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139 Scottish Government 2013. A public consultation seeking views on the proposals for the implementation of the 2014 – 2020 European Structural Funds. p12

141 Ibid., p9

142 European Commission. Research and Innovation Strategies for Smart Specialisation. Cohesion Policy. p6
Networking – Formation of coalitions who can develop innovative ideas

As has been outlined earlier in this document, efforts are being made in Scotland to stimulate co-operation between sectors and to create networks of social entrepreneurs and social innovators, however if social innovation in Scotland is to realise the full benefits that can emerge from such networks, it will be advantageous for these efforts to be supported in reaching the level of focus outlined above by the Commission. The proposed Scottish Themed Fund, ‘Low carbon resource efficiency and the environment’ offers a number of areas where such focus could have a substantial impact, particularly given that ‘The Scottish Government views the low carbon economy as a key driver for job creation and sustainable growth, however it is important to recognise that that low carbon not only focuses on renewable energies but also on energy efficiency installations and technology, supply chains and encouraging innovative consumption patterns in SMEs to reduce the environmental impact’. Social innovators are currently engaging with such issues in Scotland and this is reflected in the case studies outlined later in this document. Therefore the collaborative focus described in this stage of implementing social innovation offers opportunities to accelerate efforts to address these challenges and in turn, generate low carbon jobs and sustainable growth throughout our communities.

Generating new solutions and ideas is clearly a consistent theme not only in the theory underpinning social innovation but also in the vision of the European Commission in its implementation at Member State and regional levels. A further way to facilitate this is expressed in Step 7 of the guidance from the Commission which addresses the need to develop incubation targeted at social innovation. This involves the facilitation of physical spaces for social innovators to develop their ideas and start-ups and thus maximise their social impact. As the Commission explains, ‘Public authorities can use social policy experimentation as financed through PROGRESS and its follow-up, the Programme for Social Change and Innovation, to develop and incubate new solutions. But they can also organise and finance (including with ERDF funding) specific incubation spaces (in renovated old factories, for example), meeting and co-working facilities, cooperation with living labs, extending the mission of science parks’. The Commission also stress the importance of the creation of funding vehicles that are focused upon enterprises and organisations aiming to achieve social impact, and it is for these purposes that the Commission have been undertaking activities such as the Social Business Initiative detailed earlier in this document.

The experience necessary to meet such challenges is currently being offered to those who have socially innovative ideas and enterprises in Scotland. In terms of financial support, organisations such as Firstport offer advice to social entrepreneurs in Scotland as well as financial assistance through their Level 1 and 2 Awards. In addition to this, Social Investment Scotland also provide investments to stimulate the growth of social

143 Scottish Government 2013. A public consultation seeking views on the proposals for the implementation of the 2014 – 2020 European Structural Funds. p9
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enterprises, charities and community organisations and aim to support, ‘local job creation, community engagement and economic development in almost every city, town and region nationwide’. Another example of activity in Scotland, which will be outlined in greater detail in a case study later in this document, is the work of The Melting Pot, which currently offers an Incubation Award, co-working spaces and a range of other services and facilities specifically dedicated to social innovation.

Therefore it is clear that the knowledge required to expand and take forward the incubation of social innovation across Scotland successfully does exist and this can be put into practice with the support of ERDF funding. Through greater focus, co-ordination and acceleration this expertise can be directed towards meeting the types of challenges outlined in the proposed Scottish Themed Funds. In the proposed Scottish Themed Fund, ‘Competitiveness, innovation and jobs’ there is specific reference to the fact that in Scotland, ‘business birth rates are low for the population, revealing a lack of entrepreneurial culture’. Expanding the incubation of social innovation in Scotland offers the potential to facilitate the birth of socially innovative ventures across communities and groups who may never have considered any form of entrepreneurship before.

The proposed Scottish Themed Fund ‘Local development and social inclusion’ also identifies challenges that can be addressed by social innovators including underemployment, youth employment issues and long-term unemployment, indeed the document outlining the public consultation for structural funding asserts that, ‘One of the most significant long-term threats to sustainable growth in Scotland is the loss of skills due to current unemployment trends’. Social innovations in Scotland currently aim to meet the needs of people experiencing these issues through offering opportunities to develop skills and the creation of jobs. The work of such organisations will be addressed in the case studies detailed later in this document.

It is important when discussing employment issues to recognise the wider context in which such challenges are taking place. The global financial crisis has resulted in a more difficult global economic environment for job creation, and within this context President Barroso has explained that, ‘The financial and economic crisis makes creativity and innovation in general and social innovation in particular even more important to foster sustainable growth, secure jobs and boost competitiveness’.

In the next step of implementing social innovation, the Commission highlights the opportunities made possible through the creation of a social innovation cluster or park which can build upon the incubation stage outlined above by developing, ‘a vibrant and

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148Scottish Government 2013. A public consultation seeking views on the proposals for the implementation of the 2014 – 2020 European Structural Funds. p8

149Ibid., p9

unique industrial park with a social focus'. A commitment to fostering social innovation at this level presents further possibilities for new businesses to be generated, accompanied by new sustainable jobs. It also offers further opportunities to strengthen and accelerate the collaboration between stakeholders that the previous stages will have nurtured.

The creation of a dedicated social innovation cluster or park could therefore also be aimed at meeting a number of objectives found within the proposed Scottish Themed Funds, 'Competitiveness, innovation and jobs' and 'Local development and social inclusion' as well as supporting the type of innovation required to generate jobs and sustainable growth from the low carbon economy as outlined in the proposed 'Low carbon, resource efficiency and the environment' fund. An example of such a cluster, the Social Innovation Park in Greater Bilbao, will be articulated in a case study later in this document.

We can conclude that a social innovation strategy can be focused upon meeting the challenges of different thematic objectives therefore ensuring that ‘activity supported by the EU funds is coherent and complementary, and minimises duplication of funding and delivery arrangements’. The implementation of a Scottish social innovation strategy through the actions outlined below, facilitates the integrated implementation of ERDF funding with other funds such as the European Social Fund and aims to empower communities to develop the type of solutions which, if supported effectively, can not only meet their own challenges but present the opportunity for systemic and societal change.

Summary of recommendations to implement a Scottish social innovation strategy:

• Raise awareness about social innovation beyond the usual suspects
• Formulate (with stakeholders and citizens) a Scottish social innovation strategy.
• Implement a smart specialisation strategy encompassing social innovation
• Support the development of social innovation networks and platforms to enable greater focus and co-ordination of socially innovative activities in Scotland.
• Support the expansion of the incubation of social innovation to provide opportunities for ‘bottom-up’ solutions, and sustainable job creation.
• Plan and implement the creation of a dedicated social innovation cluster/park in Scotland.

4.2 Governance and Delivery of ERDF Funding of Social Innovation

If the benefits of social innovation are to be fully realised, its effective implementation is contingent upon the participation of all stakeholders. As a consequence, ensuring that funding is directed efficiently to achieve maximum impact will involve careful consideration

152 Scottish Government 2013. A public consultation seeking views on the proposals for the implementation of the 2014 – 2020 European Structural Funds. p11
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of the structures utilised in the governance and delivery of ERDF funding through the Operational Programmes. The Commission makes clear that, 'effective partnership means that all stakeholders – national or regional authorities, social partners, civil society - can influence and take part in planning, programming, implementation and monitoring'. \(^\text{153}\) For effective partnership to be achieved, the Commission have proposed specific instruments for the governance and delivery of funds in an efficient, simplified and collaborative way. It is clear when examining these instruments that the 'bottom-up' approaches and cross sector collaborations fostered through social innovation are highly compatible with their implementation.

One such instrument, **Integrated Territorial Investment (ITI)**, 'allows Member States to implement Operational Programmes in a cross-cutting way and to draw on funding from several priority axes of one or more Operational Programmes to ensure the implementation of an integrated strategy for a specific territory'. \(^\text{154}\) The focus on a specific territory, (e.g., urban, rural, inter-regional) requires a strategy to implement a range of actions that encourage investment in both physical infrastructure and investments in people, thus requiring the co-ordination of funds, specifically ERDF and ESF. \(^\text{155}\) Such co-ordinated actions appear to be reflected precisely in the different stages of implementing the Scottish social innovation strategy we have outlined in this document. In terms of the governance of the ITI tool, although the final responsibility rests with the Managing Authority of the Operational Programme, it can delegate management and implementation actions to intermediaries. \(^\text{156}\) Furthermore, another tool, Community-led local development, may be encompassed within an ITI strategy, although it differs significantly with ITI in the respect that decision-making is purely undertaken through a 'bottom-up' approach.

It should be emphasised that the **Community Led Local Development (CLLD)** approach is not novel and has been utilised in ERDF programmes such as URBAN, and; ‘the LEADER approach for example – designing area-based strategies built on local potential and encouraging partnerships between public, private and voluntary organisations, as well as citizens and local communities’. \(^\text{157}\) One of the key objectives of the CLLD approach reflects the aims of activities detailed throughout this document, given that it seeks to, ‘build community capacity and stimulate innovation (including social innovation), entrepreneurship and capacity for change by encouraging the development and discovery of untapped potential from within communities and territories’. \(^\text{158}\) Therefore there exists a high degree of compatibility with CLLD and the actions proposed earlier in this document to implement social innovation but this also requires a specific role for communities in the development, management and monitoring of such strategies.

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\(^{154}\) European Commission n.d. Integrated Territorial Investments. Cohesion Policy. p2

\(^{155}\) Ibid., p3

\(^{156}\) Ibid., p4


\(^{158}\) European Commission (n.d.) Community-led local development. Cohesion Policy. p3
In terms of the practical implementation of CLLD, the draft proposals of the European Commission (article 30)\textsuperscript{159} set out that community-led local development should be implemented by local action groups and involve, ‘drawing up a non-discriminatory and transparent selection procedure and criteria for the selection of operations, which avoid conflicts of interest, that shall ensure that at least 50% of the votes in selection decisions are from the non public sector partners’. This builds upon an earlier assertion, in article 28\textsuperscript{160}, that no single group should hold more than 49% of the votes. The draft guidance also requires, in article 29\textsuperscript{161}, that local development strategies should set out the process of community participation in the development of the strategy, a description of the strategy and the priority objectives of that strategy as well as an action plan for meeting such objectives. Funding and support to assist in the development of a local development strategy has also been outlined in article 31\textsuperscript{162}.

Although the CLLD strategy should ensure compliance with the criteria which will be set out by the Commission, local action groups will also have the capacity to define the populations and territory that their strategy will target.\textsuperscript{163} As a guideline, the ERDF funded URBAN II programmes covered average populations of 30,000.\textsuperscript{164} Also as an incentive to pursue CLLD strategies, the Commission proposes that ‘for those Operational Programmes where an entire priority axis is delivered through CLLD, the maximum co-financing rate from the ERDF and/or the ESF at the level of a priority axis will be increased by 10 percentage points’.\textsuperscript{165} This raises the question of how such opportunities can be encompassed within Scottish operational programmes. To answer this we need to examine the methods of delivery and governance for the proposed Scottish Themed Funds.

The consultation paper set out by the Scottish Government explains that the role of Strategic Delivery Partnerships (SDPs) will be key in the governance and delivery of ERDF and other structural and investment funds for 2014-2020 and will involve the combined efforts of Scottish Government, agencies such as Highlands and Islands Enterprise, Scottish Enterprise, Skills Development Scotland, the Scottish Funding Council, Local Authorities and Community Planning Partnerships. It is this latter member of the SDPs, Community Planning Partnerships (CPPs) which we shall now turn our attention to.

Community Planning Partnerships (CPPs) are cross-sector bodies which Local Authorities have a duty to initiate, facilitate and maintain in each of the 32 Local Authority areas in Scotland.\textsuperscript{166} They aim to bring together public agencies with the community to plan and deliver services and, through a Third Sector Interface in each local authority area, many of...
those organisations that have typically engaged in social innovation have been provided
with a voice to participate in planning processes. An evaluation of the delivery of structural
funding through CPPs has revealed that, 'A major achievement of the initiative was the
impact it has had on partnership working and local co-operation. The approach provided an
opportunity for new agencies to be brought into partnerships, and in some cases, shift the
balance of power'.\(^{167}\)

Therefore just as the implementation of a Scottish social innovation strategy presents an
opportunity to further accelerate the shift away from traditional 'top-down' solutions and
embrace 'bottom-up' approaches, this too can be reflected in the management of funding.
Embracing community-led local development can mobilise the experience, networks and
knowledge gleaned by social innovators through their participation in CPPs, third sector
interfaces, and many of the collaborative initiatives detailed in this document, thus
ensuring that local needs and challenges are addressed by solutions drawn from local
experience and decisions on the selection of projects for funding are as efficient as
possible.

In order to ensure there is a level of consistency across the selection of projects for funding,
a criteria of social innovation must be set. There are three aspects highlighted by the
Commission which can then be developed into criteria.\(^{168}\)

i) the social need which is addressed
ii) the social qualities of the tools or methods which are used
iii) the innovative nature of the activities

These three aspects reflect the definitions and the framework of Moulaert et al (2005)
discussed earlier in this document. Nevertheless we should seek to develop specific criteria
that reflects the experience of communities in Scotland. Therefore drawing upon the review
of the social innovation literature and specifically the framework offered by Moulaert et al,
we can establish the following criteria:

\bullet A social need or societal challenge that has not been met by the market or the
state is the
  core aim of the project
\bullet The project increases participation levels of stakeholders and users in meeting the social
  need or societal challenge
\bullet The project empowers stakeholders and users through the provision of the necessary
  capacities to experiment, collaborate and develop sustainable solutions

Evaluation of the Contribution of European Structural Funds to Community Planning Partnerships. iii
The criteria above ensures that the implementation of social innovation in Scotland taps into the wealth of expertise contained within communities whilst retaining the ambition to develop solutions to social needs or societal challenges which can be scaled-up to achieve social impact far beyond the boundaries of those communities.

If social innovation is to be successfully developed in Scotland and the potential which many believe it offers, is to be realised, it is clear that this will require a collective commitment across sectors to embrace change. Substantial change is seldom achieved without risk, however if social innovators are to be given the scope necessary to develop new solutions to meet needs and challenges within Scotland’s communities, a commitment to embrace such risk as part of the process must also be made and should be intrinsic to the initiatives which are taken to develop social innovation in Scotland.

**European Case Study 1 : Social Innovation Park**

**Location: Santurtzi, Greater Bilbao**

**Needs being addressed:**
The Social Innovation Park, a 72,000 square metre area located in the Basque Country, aims to take collaboration between social innovators to the next level through the provision of a dedicated business park. The project is managed by Denokinn, the Basque Centre for Social Innovation and has the aim of becoming a ‘social silicon valley’ where innovators can generate new ideas, build prototypes and scale-up their innovations. One of the principle
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The aims of the Social Innovation Park is to create new employment and thus it is perhaps unsurprising that many of the actors involved in the creation of the park have also been associated with the Mondragon Cooperative Corporation, which employs over 83,000 people and is the seventh largest business in Spain.169 The Social Innovation Park will therefore serve as a physical example of social innovation where stakeholders and wider society can see the processes which are often discussed, actually take place. Another key aim of the park is to develop those socially innovative projects which have the capacity to be implemented on a large scale.170

**Actions to meet needs:**
The Social Innovation Park offers a range of resources to established and start-up social innovations and to share knowledge and collaborate in the design of new initiatives, enterprises and solutions. These resources include:171

**G-Lab** which has the aim of identifying unmet social needs, particularly those not being met by welfare policies. These needs are identified by utilising methodologies drawn from participatory democracy and the findings which emerge from this research will be shared with all of the organisations based in the park.

**Social Enterprise Generator** supports the development of new social enterprises and cooperatives and will enable those in receipt of unemployment benefit to work for the enterprises based in the park and develop their own innovations without the risk of losing their benefits.

**Social Innovation Academy** develops the skills of innovators through a range of training opportunities in partnership with social innovation schools, including a focus on leadership skills.

**Outcomes:**
The Social Innovation Park has created over 100 jobs since it was established and has provided the infrastructure for the development of collaborative, innovative solutions to a wide range of challenges.

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171Ibid.
Needs being addressed:
Antropia is an initiative that has benefited from ERDF funding and is managed by the ESSEC Business School and open to its students and graduates. The aim is to support social entrepreneurs in launching and developing their innovations by offering managerial, technical and financial assistance to maximise their social impact. The initiative places a particular focus on fostering the emergence of new social entrepreneurs as well as addressing the challenges of scaling-up innovations such as limited ambitions due to the lack of resources.

Actions to meet needs:
Antropia announces a call for entries to the incubator on a quarterly basis which are then assessed by their selection committee and if the project is admitted it can receive assistance at the start-up and scaling-up stage.

At the start-up stage Antropia offers support to social entrepreneurs in developing their social business plan in a manner that encompasses the context it is addressing. Antropia offer assistance through their research skills and experience in social entrepreneurship. The initiative offers training and financial support through grants and interest free loans as well as access to a network of other social entrepreneurs and potential partners who can offer managerial and financial assistance.172

The scale-up programme is offered by Antropia in partnership with the Edmond de Rothschild Foundations and assists social enterprises that have already been established in meeting the challenges of scaling-up through two 'axes'. The first axis aims to construct a development strategy and drive this forward. The second axis implements the financial strategy that will underpin the scaling-up stage. The scale-up programme provides training seminars for social entrepreneurs with experienced practitioners and researchers, legal and financial consulting, a press conference to publicise their social business and the opportunity to host a student from the scale-up programme’s scholarship to work in their business for six months full-time.173 The selection criteria for social businesses to benefit from the programme include: a track record in generating revenue; clear potential for expansion; significant social impact and social return on investment (SROI).174

Outcomes:
There have been a number of social businesses which have benefited from the support offered by Antropia with the emergence of start-ups such as Happy Families, an innovation that offers parents welfare and medical advice, workshops and a social space all under one roof.175 The scale-up programme has also supported a number of existing social businesses to expand such as Juratri, a sustainable employment cooperative focused on the recovery and sorting of recyclable waste.176

Scottish Case Study 1: The Melting Pot
Location: Edinburgh

Needs being addressed:
The Melting Pot, a social enterprise which opened in 2007, aims to encourage the growth and sustainability of social innovation in Scotland by offering support to social innovators at different stages of development. The objective underpinning the establishment of The Melting Pot was to create a self-sustaining resource base for the sector by the sector - a non-profit distributing social enterprise. The Melting Pot also aims to stimulate social innovation in Scotland through the nurturing of a community of innovators.

Actions to meet needs:
In order to stimulate social innovation, there are a variety of services and resources offered by The Melting Pot to social innovators, which include:

Co-working and Hot-Desk Space which involves a range of workspace options depending upon the needs of the organisation in terms of its stage of development.

Meeting and Event Space which offers social innovators the ability to host professional meetings and events with a range of support services, on a flexible basis.

Peer Network which enables social innovators to network online and offline to share their experiences, exchange information on opportunities, and build links across sectors.

Consultancy is another dimension of the work of The Melting Pot which includes tailored advice to social innovations, taster sessions, open days and public events.

Social Innovation Incubator Award which is an annual competition, inaugurated in 2012, offering a range of resources over a twelve month period, to ten social innovations under three years old, including: work and meeting room space; IT facilities; a registered business address; funding advice as well as training and mentoring opportunities.

Outcomes:
At present The Melting Pot has over 140 social innovators utilising their services on a membership basis and has played host to a series of meetings and events focused on

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developing the social innovation community in Scotland. The incubator has successfully supported 10 start-up social innovations and is welcoming its new entrants for the 2013/2014 programme.

Scottish Case Study 2: New Start Highland

Location: Inverness

Needs being addressed:
The initial aim of New Start Highland, a social enterprise offering assistance to local communities in meeting the challenges brought by inequalities, was to offer 'starter packs' – furniture and household essentials for those setting up their home – but since then the organisation has grown to service a broad range of needs across communities. Recycling and waste reduction form a core part of the work of New Start Highland and this ethos is reflected in the sourcing and restoring of the goods which are distributed and sold by this enterprise. New Start Highland articulate their impact by explaining that, 'The social issues tackled by us are two-fold; not only do we help provide household items to vulnerable or socially excluded people to enable them to make a house their home; we also provide employment, training and volunteering opportunities to people within our community who have barriers to employment'.

Actions to meet needs:
The activities of New Start Highland have broadened significantly since its inception and this was reflected in the opening of a £1 million Enterprise Centre in 2012, which received funding from Highlands and Islands Enterprise, Social Investment Scotland and the ERDF. The centre will provide New Start Highland with the infrastructure to develop further and will offer meeting and training facilities, assistance to other enterprises as well as three 'starter units'. Other activities of New Start Highland include:

Starter Packs which continue to be distributed by the organisation to assist those requiring essential household items.

Employment Support that offers help in finding jobs that best match the skills of the individual as well as assistance with making applications to employers. The employment

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support available also includes help with developing skills and offers training opportunities.

**Housing Support** which provides advice in managing and maintaining a tenancy with a focus on reducing the risk of homelessness.

**New Start Bikes** which sells refurbished bikes, provides a repairs service and offers maintenance classes whilst promoting the health and environmental benefits of cycling.\(^{181}\)

**Outcomes:**
New Start Highland have calculated that they have offered assistance through their services to over 15,000 people, including over 1,000 people with employability and life skills. The Enterprise Centre has already led to the creation of 40 new jobs with more expected in the near future.\(^{182}\)

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**Scottish Case Study 3 : Living Solutions**
**Location: Cowdenbeath**

**Needs being addressed:**
Living Solutions, a social enterprise and registered charity set up by two graduates of the School for Social Entrepreneurs and funded initially by a grant from the Coalfields Regeneration Trust, has the dual purpose of addressing environmental and social problems. Their work is carried out in the local community with the assistance of volunteers suffering from unemployment (many of whom are long-term unemployed) who are given the opportunity to learn new skills and gain new qualifications to enhance their employability. The focus of Living Solutions is therefore to address inequalities and unemployment whilst promoting skills development, volunteering and safeguarding the environment.

**Actions to meet needs:**
Living Solutions has engaged with organisations such as housing associations, Fife Council, Edinburgh Napier University, Fife Coast and Countryside Trust and the Forestry Commission and provides employment and training opportunities that improve the local environment. Their work has included:\(^{183}\)

**Landscaping** which has involved the provision of maintenance services for the gardens and communal green spaces of a local housing association. This work provides training and volunteering experience that includes the opportunity to gain qualifications.

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Minor Civil Engineering is also provided with the supervision of experienced and qualified staff and this has involved working on projects for organisations such as the Forestry Commission, giving paid trainees the opportunity to gain experience and qualifications relevant to the industry.

Forestry is an area of expertise also aimed at providing opportunities for training and gaining qualifications, with a particular focus on young people experiencing unemployment through the delivery of Forest Commission Scotland’s Forest Skills Training Programme.

Outcomes:
Living Solutions have calculated that they have assisted over 100 people in gaining new skills, experience, qualifications and employment. Currently Living Solutions has six full-time members of staff, it has employed temporary staff (all of whom have been long-term unemployed) via funding from Community Jobs Scotland and the Forestry Commission for periods lasting between nine and twenty-six weeks, where they have gained skills which can assist them in finding permanent employment.\(^{184}\)

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Scottish Case Study 4 : Sustaining Dunbar
Location: Dunbar, East Lothian

Needs being addressed:
The purpose of Sustaining Dunbar, a development trust and charity based in East Lothian, is to provide a support network to members of the community looking to build a sustainable local economy. The aim of Sustaining Dunbar is to facilitate collaboration in the development of initiatives that will lead to a resilient low carbon community and is a network open to anyone who is eligible to vote in the Dunbar and East Linton ward. Sustaining Dunbar is a member of Development Trusts Association Scotland and is part of the transition movement which connects grassroots organisations across the world who are working to reduce carbon emissions.

Actions to meet needs:
In order to develop a coherent strategy to work towards a sustainable local economy, Sustaining Dunbar has developed a 'Local Resilience Action Plan' which will aim to increase the participation of the community in meeting the challenges of sustainability towards the

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year 2025. Therefore a number of interviews were conducted and events were held in the community to enable the input of local people in the development of this plan. Sustaining Dunbar has also offered assistance in the development of a number of projects focused upon energy, food, transport and events including:

**BeGreen** which offers advice to householders in the community to reduce their energy bills, make their home more energy efficient, install residential renewable energy technology and offers information on the availability of grants and assistance with the applications for these. BeGreen also operates an Energy Advice shop in Dunbar town centre.\(^{185}\)

**Dunbar Community Bakery** which is a community co-operative that aims to provide employment, training opportunities, a source of local food production and a contribution to the regeneration of the high street.\(^{186}\)

**Dunbar Community Energy Company** which is a trading subsidiary of Sustaining Dunbar and has been formed to investigate and develop renewable energy projects that will provide opportunities for future community investments. The community energy company has been pursuing planning permission for a community wind turbine in the area which they are planning to fund with the assistance of investments from the local community.\(^{187}\)

**Outcomes:**
The support from Sustaining Dunbar has led to outcomes which include The BeGreen energy advice service estimating that they have saved households over £100,000 in energy bills \(^{188}\) and the Community Bakery creating 10 full-time equivalent jobs, six of which have been filled by candidates who were long-term unemployed.\(^{189}\)

**Scottish Case Study 5: Glasgow Wood Recycling**

**Location: Glasgow**

**Needs being addressed:**
As a social enterprise and charity, Glasgow Wood Recycling aims to reduce the waste of wood in homes and businesses in the Glasgow area by collecting and reusing this wood to produce handmade products for homes and gardens in their workshop. Alongside their commitment to environmental impact, the organisation offers training and volunteering opportunities in order to challenge the effects of social exclusion and help people into

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This project was partially funded by the European Regional Development Fund

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Actions to meet needs:
Glasgow Wood Recycling collects wood waste from homes and businesses across Glasgow and sell their handmade products and reclaimed timber from their wood shop as well as offering bespoke products to customers. There are a number of initiatives in which they also participate, including:

**Eco Schools** in which Glasgow Wood Recycling assess the needs of schools and improve the environment of their school grounds. This work also involves delivering presentations to staff and pupils, offering advice on reducing waste and providing workshops and activities for pupils.

**Sow and Grow Everywhere (SAGE)** is a project aimed at stimulating community food growing across Glasgow by developing derelict, vacant and underused land to be transformed and used by people to grow their own food as well as providing the opportunity to learn about sustainable growth. In order to achieve this the project has utilised ‘growing toolkits’ produced by Glasgow Wood Recycling and made from reclaimed timber and whisky barrels.

Outcomes:
Glasgow Wood Recycling have been operating since 2007 and has provided volunteering and training opportunities to many people experiencing poverty and social exclusion in the Glasgow area. The organisation has worked with over 90 schools in Scotland as part of the Ecoschools initiative. The Sow and Grow Everywhere projects have been successful across Glasgow with the assistance of Glasgow Wood Recycling, with spaces having been created at Gartnavel Hospital and Greyfriars Garden in the Merchant City.

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**Scottish Case Study 6 : Comrie Development Trust**

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Implementing a Scottish Social Innovation Strategy

This project was partially funded by the European Regional Development Fund

Location: Comrie, Perthshire

Needs being addressed:
The aim of Comrie Development Trust is to build a resilient, self-sufficient, sustainable community. The trust is focused upon working with the community to meet local challenges and this is reflected in the strength of their membership, with over 700 members in a community where the population is just over 2,000, making them one of the best represented development trusts in the UK.¹⁹³ Volunteering therefore forms a crucial source of the success of the trust and a number of working groups exist to take forward the priorities of the community.

Actions to meet needs:
There have been a number of initiatives undertaken by Comrie Development Trust to facilitate sustainability in areas including energy, food, recreation, heritage and work. The diversity of actions taken are reflected through the objectives of the working groups which includes the development of Cultybraggan, a 96 acre former army camp on the outskirts of the village that has been the focus of efforts to create a sustainable resource. The transformation of the site has included the renovation of Nissen huts to provide a base for local businesses.¹⁹⁴ There has also been work aimed at developing sports facilities in Cultybraggan camp, which include two grass pitches, the conversion of a Nissen hut for indoor sports, the installation of temporary buildings to provide changing facilities, a curling pad and flood lighting.¹⁹⁵

Another focus of volunteers has been the development of a Community Orchard at Cultybraggan camp which has been partly financed by the Scottish Government and the LEADER programme for rural Tayside. The orchard will be the focus of community harvesting days along with the potential for the production of cider that could be sold to generate a sustainable income for the community.¹⁹⁶ Attention has also been paid by volunteers to the benefits of carbon reduction and this has led to the provision of free energy advice to households and the installation of renewable energy systems at Cultybraggan camp, to enable carbon savings, lower energy costs for businesses and secure a sustainable income for the development trust.

Volunteers from the development trust have also been working with local heritage groups to promote the value of local history which has led to plans for a Heritage Centre at

Cultybraggan camp which can connect the community’s past with the current and future work of the trust.

Outcomes:
The development trust has delivered a number of outcomes including: assisting with the reduction of the carbon footprint of the community, accommodation for nine businesses, thirty community allotments and a main street office which offers information on the trust’s activities.

Scottish Case Study 7: ReBOOT
Location: Forres, Moray

Needs being addressed:
ReBOOT, a social enterprise and registered charity based in Forres, focuses upon re-using and recycling information technology hardware and software in order to reduce waste and protect the environment. Alongside this objective is their commitment to support the local community by offering opportunities to volunteer, train and gain support in finding employment. Another dimension to ReBOOT is that they offer affordable access to IT and related services. The work of ReBOOT has also been guided by EU initiatives to reduce waste such as the Waste Electrical and Electronic Equipment (WEEE) directive in which the safe disposal of IT waste falls upon retailers and producers. In addition to this ReBOOT has been registered with the Scottish Environmental Protection Agency (SEPA) as an authorised treatment facility.

Actions to meet needs:
A key activity of ReBOOT is the sale of refurbished IT equipment, as well as the provision of IT support, IT repair, PAT testing and data sanitisation. The revenue generated from these activities have contributed to the self-sustainability of the organisation. Other key activities undertaken by ReBOOT includes:

Volunteering which has played a crucial role in the success of ReBOOT across all areas from the board of directors to the staff carrying out the refurbishment and recycling work. Volunteers have not only been given the opportunity to develop new skills and experience but have also gained industry qualifications and certification such as Comptia A+ and Portable Applicance Testing.

Household Recycling is a service offered free of charge to homes looking to dispose of their IT equipment in an environmentally friendly way.

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**Business Recycling** is a service provided by ReBOOT to enable the disposing of IT waste in a environmentally friendly and affordable manner as well as helping businesses meet obligations they may have under the Waste Electrical and Electronic Equipment (WEEE) directive.

**Outcomes:**
ReBOOT have offered members of their community opportunities to volunteer, develop new skills and a place to build friendships since their inception in 1997 by Moray Voluntary Service Organisation. ReBOOT has also provided employment opportunities through programmes such as the Future Jobs Fund.\(^ {202}\) The organisation are also currently involved in a partnership with Fujitsu Services to refurbish and distribute IT equipment from Highland Council to organisations throughout the Highland area.\(^ {203}\)

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**Scottish Case Study 8 : Community Energy Scotland**

**Location: Dingwall**

**Needs being addressed:**
The purpose of Community Energy Scotland, Scotland’s only national charity dedicated to the development of community energy, is to provide free advice and practical support to communities seeking to develop renewable energy projects. Community Energy Scotland offer support to community energy projects at various stages of development, from inception to the management of a completed project. Support is therefore offered to projects at a small scale as well as to larger initiatives designed to generate an income for a community.\(^ {204}\)

**Actions to meet needs:**
In addition to providing advice and support to community energy projects, the organisation engages in a number of other activities which includes the representation of the concerns and challenges communities pursuing renewable energy projects are experiencing, and articulating these to policy-makers.\(^ {205}\) Community Energy Scotland have also been responsible for the delivery of the Scottish Government’s **Community and Renewable Energy Scheme** (CARES) which offers financial support to those communities pursuing renewable energy projects.\(^ {206}\) The charity is also currently responsible for the delivery of the Highlands and Islands Enterprise initiative, **Community Renewables and Enterprise Support Programme** (CRESP) which offers support, advice and grant funding

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to community renewables projects in the region.\textsuperscript{207}

Another programme Community Energy Scotland help deliver is the **Growing Community Assets** initiative which is financed by the Big Lottery Fund and is designed to give greater control to communities through the ownership of assets, such as renewable energy projects.\textsuperscript{208}

The **Community Energy Efficiency Programme** (CEEP) is an initiative providing support to voluntary organisations who manage community buildings which require energy efficiency measures. The programme has been delivered by Community Energy Scotland in partnership with Shetlands Islands Council and was partially financed through the LEADER programme.\textsuperscript{209} LEADER funding has also been provided to the **Outer Hebrides Community Energy Fund** (OHCEF), an initiative managed by Community Energy Scotland which provides advice and finance to communities pursuing renewable energy and energy efficiency projects.\textsuperscript{210}

**Outcomes:**
In terms of outcomes, Community Energy Scotland have provided assistance to over 1400 projects, have distributed over £15 million in funding to community energy initiatives and are working with communities on projects of scale that could potentially generate over 180MW of renewable energy.\textsuperscript{211}

**Scottish Case Study 9 : Urban Roots**

**Location: Glasgow**

**Needs being addressed:**
The focus of urban roots, a community-led organisation in Glasgow, is to work with local people to develop sustainable solutions for issues affecting health and the environment through a range of activities which include community gardening, biodiversity and conservation.\textsuperscript{212} Formerly the Toryglen Gardening Club, the organisation has developed to encompass a range of community projects which emphasise sustainability and self-sufficiency. The success of these projects very much depends on the work of volunteers who have the opportunity to develop new skills and build new friendships in their community.\textsuperscript{213}

**Actions to meet needs:**
Urban Roots have engaged in a number of activities since their development from Toryglen

Gardening Club, however **community gardening** remains a key project. Community gardening is focused upon growing as much food locally as possible with the food being used by volunteers as well as the wider community. In order to share their experiences with other community based organisations, Urban Roots is also part of the Glasgow Local Food Network which brings together those aiming to ‘produce more of what we eat and eat more of what we produce’.

Volunteers from Urban Roots have also been engaged in the management and maintenance of a **community woodland**, ‘Malls Mire’ with the aim of improving the woodland for the benefit of the local community and the wildlife of the area. This has involved a range of activities from improving and maintaining paths to litter collection and tree felling.

Urban Roots have also been involved in developing **community allotments** and a **market garden** to enable members of the local community to grown their own food including produce that can be sold to local shops, as well as having opportunities to receive advice and training.

The organisation has also been working with schools signed up to the **Eco-schools** programme, helping to create gardens for growing food, planting hedgerows, composting as well as educating young people on the environment.

**Outcomes:**
Having begun from the actions of three people, Urban Roots have developed to enable local people to define and address the most pressing challenges in their area with sustainable solutions. The volunteering dimension of Urban Roots has also helped local people to address issues of social exclusion, ill health and learning difficulties.

**Scottish Case Study 10 : The Bike Station**
**Location: Edinburgh, Perth and Glasgow**

**Needs being addressed:**
The Bike Station, a charity and social enterprise, seeks to promote the health and environmental benefits of cycling and has recycled thousands of bicycles donated to them. The Bike Station offers services to improve bicycle maintenance skills, cycling training and have undertaken a number of initiatives to highlight cycling to individuals and organisations as a sustainable method of transport.

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Actions to meet needs:
The sale of refurbished bikes, bike parts and accessories funds the efforts made by The Bike Station to get more people cycling. Donated bikes are refurbished by a team of mechanics and then sold unless they are beyond repair in which case their working parts are removed and reused with the rest of the bikes sent for metal recycling.218 The Bike Station also provides advice on safety for cyclists, a bicycle maintenance service including advice and facilities for cyclists to repair their own bicycles (Fix Your Own Bike) and Dr. Bike, a mobile bicycle repair service.

A key initiative that The Bike Station has been engaged in is a better way to work, which is funded by the Climate Challenge Fund, is delivered in partnership across the private, public and third sectors and is designed to offer advice and practical support to commuters on more sustainable modes of transport such as walking, cycling, public transport and car sharing.219 220 The initiative has also included incentives to try public transport, free loan bikes and journey planning, cycling tuition as well as advice on fuel efficient driving and car sharing.221

The Bike Station have also been central in the development of the Innertube map, a tool which charts off-street paths in Edinburgh using the format of the map for the London Underground.222 The Bike Station have also been working in partnership with Edinburgh and Lothian Greenspace Trust to carry out conservation work, improve signs and create an interactive online map of the Innertube.223

Outcomes:
The Bike Station have calculated that they have received over 30,000 bicycles, enabling the efficient recycling of metals and resulting in a high percentage of people now cycling with a bike purchased from the organisation which they otherwise would not have even considered. Many cyclists have used the Dr Bike service and have taken up the opportunity to learn more about bicycle maintenance through the Fix Your Own Bike sessions. Tens of thousands of copies of the Innertube map has been distributed in Edinburgh and the 'better way to work' initiative has made a positive contribution to the easing of traffic congestion and road safety.224