

Asset Development Case Study

Amman Valley Enterprise www.ammanvalleyenterprise.co.uk



About Amman Valley Enterprise

AVE is a non-profit making community owned and community based organisation with charitable status, delivering services for the benefit of the community.

AVE was established in 1987 when a group of women from the village of Tairgwaith decided to try and tackle some of the problems facing people in the Amman and Upper Swansea Valleys. The area was suffering from high levels of unemployment. With poor local amenities and few education and training opportunities, there was a general lack of confidence and optimism among local residents.

AVE was therefore established with the vision of offering a place where people (especially women) could meet and take part in educational and training activities in order to attempt to combat these problems.

Today, AVE's primary areas of work are within the fields of community development and community enterprise, childcare and lifelong learning, as well as arts-related activities. AVE works with a wide range of local and national organisations in order to deliver its aims and objectives. AVE is currently able to contribute to the development of the local economy by the creation of social enterprises in areas of childcare, catering and the arts.

Asset Base Programme.

The Mountain Gate Ltd

The Mountain Gate Ltd is a company limited by guarantee with a social enterprise constitution. The company was launched in 1991 and originally had 2 distinct services – childcare and catering – which were combined for management and

financial purposes. Funding for the feasibility, development and management of this new initiative was secured via the WDA Community Enterprise Fund and was available until 1994.

From a marketing perspective, the services offered by AVE were given their own identity and Lots of Tots and Classic Catering were born, both operating from the Old NCB Offices in Tairgwaith. Over the next few years, growth for both was steady but it was quickly recognised that no further expansion was possible at their current location.

Lots of Tots

Following successful funding applications to both the Community Fund and the Coalfields Regeneration Trust, our centre in Tairgwaith was extended to provide Lots of Tots with a purpose built crèche, allowing them to provide a full wrap-around service to ensure that parents have access to quality, affordable childcare. This activity has since been incorporated into the charity.

Mountain Gate

Following a request from Carmarthenshire County Council in October 1993, AVE agreed to lease a building on purely commercial terms, which enabled them to provide functions for up to 160 people as well as a lounge bar for meals and snacks. The following 3 years proved a steep learning curve for the enterprise.

However, with perseverance and commitment (coupled with the determination to succeed) the business secured a very comfortable niche in the catering market. This success led to a decision to seek funding to assess the viability of expanding current services to include a restaurant, accommodation, conference and wedding facilities.

AVE was able to carry out a feasibility study on the development of the centre. This study demonstrated the need for these services, the findings of which were presented to the Board of Trustees, which led to a decision to invest in the purchase of this property which would be leased to the business on purely commercial terms.

The first of many hurdles was securing the mortgage. Following months of uncertainty AVE finally heard in December 2003 that their application to Lloyds TSB had been approved. Financial assistance was also provided by the WDA's Community Regeneration Toolkit, but this was just the beginning of extensive refurbishment required on the property.

Once the plans were completed by architects, AVE were astounded to hear that the total costs would be in excess of £700,000. AVCB quickly re-visited plans and decided to concentrate initially on only the ground floor, reducing the costs to £500,000. During this very unsettling period, after several peaks and even more troughs, AVE succeeded in securing a complicated cocktail of loans and grant funding. These included loan funding from the Charity Bank and Lloyds TSB extending their mortgage.

Grant funding was secured once again from the WDA and also the Welsh Assembly Government's Community Facility and Activities Programme. In addition to this, it has been necessary for AVE to contribute substantially to ensure completion of the

work by November 2006. AVE were determined to open for business in time for the Christmas trade, and weren't disappointed – figures for the first 6 months' trading exceeded all expectations. AVE are confident that this will be the success they have dreamed of for so many years.

Work is currently underway on the refurbishment of the first floor, which will provide 5 en-suite bedrooms. Again, securing the funding for this phase has been considerably stressful. As neither AVE nor the Mountain Gate Ltd has the capacity to invest further, they have had to borrow further in order to cover the costs of this work.

Benefits

Investment by AVE (both financial and in terms of staff time) has been immense, but what has been achieved is phenomenal. AVE have increased the charity's assets by £500,000, created 24 jobs, sustained 3 jobs and regenerated an almost derelict building. But most importantly, it has put processes in place to ensure that all the surpluses made by the business will be gift-aided to AVE.

Lessons Learned

Like any other business, a social enterprise aims to generate profits. It is what they do with this profit that's different.

AVE firmly believes that this is the way to break away from the tyranny of grant money and from the agendas of funders.

AVE wants the freedom which profitability can bring which will allow them to achieve more of their social purpose.

To run a profitable social enterprise you need to be clear about your purpose and values, business savvy, obsessively passionate, hard as nails, shameless and very, very lucky!

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