

JET Derby



Main theme: Sustainability

JET (Jobs, Education and Training) is a charity based in Derby located at the centre of four deprived inner city wards. JET is the largest community training centre in the area and works to reduce social deprivation. They provide a range of training and education opportunities to support people into work and adult education. The organisation was predominantly funded by grants but has developed a range of trading activities in recent years. Peter Bartlett, Marketing Manager at JET explains how the organisation has come to generate its own income:

“As JET grew larger we took on more staff and our governance requirements were increasing. It became clear that we had to find a way of managing our income that gave our trustees total confidence and provided our staff with security. We value our staff very highly for obvious reasons and we wanted to make sure they didn’t have to worry about the organisation going-under.

JET now has four sources of income. The first is local and regional grant funding and it is really important that we get repeat funding because that proves we have done the job well. It’s important to realise that we don’t just try to get money from where ever we can. We only pursue funding in areas where can exercise our core competencies and we manage the relationships carefully because we know those funders will come back for more.

Our second source of income is national funding from organisations like the Community Development Foundation and large charitable trusts. The reason I differentiate that from local and regional funding is because national channels are more opportunistic and don’t provide the same opportunities for long-term security.

The third source of income is trading, and I think there is a lot of misunderstanding in organisations about what is trading, which is equated with greater sustainability, and what is not trading. For example, in 2008 we delivered three projects for Job Centre Plus. Those were public sector contracts and many would consider that trading. However, the whole point of balancing grant income with trading is improving sustainability. So what we define as trading is rental income from hiring our conference hall to city institutions and some consultancy where we provide support for other organisations.

Our final source of income and growth, which we only have one example of so far. Is the integration of the interests of another charity into ours. We do a lot of capacity building work and at any given time we are working with 20 to 30 local voluntary organisations. There was a local educational trust. Which concluded they were unsustainable due to the withdrawal of funding. They had remaining assets of £30-40,000 and they sought to identify three organisations that they could pass their work onto. They selected us because our competencies were the best fit with their requirements. Although we weren’t able to carry on their projects we are working with many of their beneficiaries and it has been a very successful transition.”

Peter shares some of the lessons he had learned while working at JET...

We recognise that because JET is a charity can’t pay the same kind of salaries as private sector companies. If we lost two or three of our key staff it would be very difficult to attract replacements with the same skills and experience. This would cause serious problems for our projects

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and that would have a contingent effect on our funding.

We have also found that where possible it is better to work with a single funding source for a project. We are located in a huge community centre that was funded by about eight different organisations. It was very difficult to keep all those organisations happy with the progress of the project. At present we are building a new resource centre and it is going like clockwork because all the money is coming from Derby City Council and there have been no problems.”

Peter talks about the challenges of maintaining and developing their trading activities...

“JET is an educational institution and we have a reputation for providing all our services for free. At the moment none of our customers pay for anything but that is something we are reviewing. For example if they want to come here for yoga or healthy eating classes then we could charge them for that. However the opportunities to expand our trading in that way are still limited.

I have spoken to a number of organisations that have made their money out of room hire and their longevity has been limited. From a financial point of view it might be healthier for us to rent out let’s say eight of our rooms on a long-term basis to organisations like Business Link or Connexions. These service providers find it very hard to reach this community because they are not grassroots BME-led organisations. By locating in our community centre they can benefit from our close connection to the local people. However our guiding principle is that we will never pursue a financial opportunity that will put at risk our ability to give people greater opportunities in life.”

Key lessons:

- Short-term trading opportunities may provide some income but will not contribute to the term-sustainability of an organisation.
- When applying for funding to develop trading activities be wary of applying for money just because it is available. It is better to seek funding that relates to your core competencies.
- It can be difficult to develop trading activities where the end user pays if your customers usually consume your services for free. However there may be commercial opportunities to deliver services to end-users for free where another organisation pays (see Release Charitable Trust case study).

Legal structure: Charity and Company Limited by Guarantee
 Main activity: Room hire
 Number of employees: 8
 Turnover: £400,000
 Location: Derby
 Date formed: 2002
 Percentage of generated income: 15%
 Date written: June 2010
 Website:

www.jetderby.co.uk

This case study is one of a series produced by the Capacity Builders funded ‘Stepping Up To Enterprise’ project in the East Midlands.

The case studies tell the stories of voluntary or community organisations and how they moved to developing trading. The case studies are available on the website

www.oneeastmidlands.org.uk/sute