

# Social Enterprise

## A PROSPECTUS



SOUTH EAST  
LOCAL ENTERPRISE  
PARTNERSHIP

# Foreword

I am delighted to introduce this prospectus and accompanying case studies to illustrate the major contribution and impact of the work of the social enterprise sector in our region. With our collaboration, the priorities that have been identified seek to further strengthen this impact, through improved coordination and access to support, better engagement and promotion of the sector.

The South East LEP (SELEP) is committed to ensure that Social Enterprise is given due prominence in the development of the Local Industrial Strategy and Shared Prosperity Fund and by working collaboratively we can align our working to realise a greater social value whilst driving inclusive growth. I call on our partners to endorse this prospectus and support the priorities presented. **Chris Brodie, Chair, SELEP**

As SELEP Board Champion for Social Enterprise I very much welcome this prospectus. Social Enterprises must not be underestimated – they are a major provider of local employment for local people, a deliverer of key local and strategic services, and an important sector to leverage in additional external resources. We must recognise the huge scope they offer to support our aspirations for inclusive economic growth across our region and respond to the particular challenges this prospectus outlines in order to maximise our potential. **Penny Shimmin, SELEP Social Enterprise Board Champion & Sussex Community Development Association**

This is a pivotal time for the SELEP. We have recently launched our new Economic Strategy Statement which sets us on a pathway towards a robust Local Industrial Strategy for the south east. The contribution of this prospectus will assist us in further defining particular scope and opportunities of this important sector in defining our ambitions for an inclusive economy. **Adam Bryan, Chief Executive, SELEP**



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# Introduction

The South East of England is a thriving economic centre and its scale and economic output presents a significant contribution to the national economy. There is huge scope and opportunities for growing the economy of the South East and social enterprise has a role to play in blending innovation and business drive with social goals that benefit the local community and strengthen our social fabric.

Social Enterprise does not just present social value, it is a significant business sector in its own right, employing up to 62,000 people and contributing a minimum of £2.3 billion to the local economy. It has a substantial contribution to make in supporting the South East Local Enterprise Partnership's aspirations for a more productive and more prosperous economy and with the right support and opportunities there is potential for social enterprises to grow and achieve even greater impact.

It is our aspiration that the South East is recognised as the capital of social enterprise. This prospectus:

- Sets out the scope and opportunities of the sector in our area
- Presents case studies to illustrate its range and value
- Presents consultation findings and reviews provision to assess what is required to strengthen and support Social Enterprises to flourish. And based on this;
- Presents the following practical priorities for action that are required to build a stronger, more impactful social enterprise sector in the South East:

- Providing a wide range of business support
- Coordinating information on the sector
- Promoting networking opportunities
- Engaging the procurement and commissioning agendas
- Encouraging access to suitable finance
- Improving promotion of the sector
- Measuring social impact

# Our Call to Action

Social enterprises have a significant impact on the economy and in the wider community. Our ambition is for social enterprises to be able to do more by working with strategic partners to build a stronger and more impactful social enterprise sector in the South East.

## Our Calls to Action

### A wide range of Business Support

- Community-based pre-start support to high level strategic planning for growth.
- A fully integrated and consistent brokerage and referral system.
- Better understanding of the unique aspects of social enterprises amongst mainstream business support providers.
- Support social enterprises to access appropriate mainstream business support.

### Coordinated information of what is available

- Ensure this is relevant to all stakeholders including; social enterprises, customers, policy makers and strategic planners.
- More effectively quantify the sector based on in-depth knowledge of what social enterprises offer and are trading.
- Ensure wide knowledge of the business support offer and finance opportunities.

### Networking

- Communicate effectively to share information and good practice.
- Use networks to influence the sector and policy.

### Engagement with the procurement and commissioning agenda

- Engage both the public and private sector.
- Influence the procurement agenda, using the Social Value Act.

### Finance

- Improved information exchange about what forms of finance are available to help social enterprises.
- Understanding the value and impact of grant funding on commercial sustainability and trading income.
- Engage with developing methods on how grant funding can be accessed and distributed most effectively.

### Celebrating success

- Celebrate both the individual and collective successes of social enterprises.
- Ensure that there is comprehensive evidence and data to support success stories.

### Social impact

- Increased support to understand the social impacts that social enterprises deliver.
- Explore a bespoke programme or integrated offer with existing business support providers to better understand social value and impact measures.
- Evidence the social impacts that social enterprises provide and use this information to promote and support future delivery.

1

# What are Social Enterprises and what do they contribute to our area?

**Social Enterprises are businesses that trade for a social purpose.**

**There is no specific legal definition of a social enterprise but they have most of the following characteristics:**

- They earn a significant amount of their income through **trading**
- They have a **social purpose** which is written into their governing document
- Their **surpluses** are used to support their social purpose
- They frequently have an '**asset lock**' which means that the assets cannot be distributed for private gain

**In addition:**

- They are often owned by the **community** they are set up to support
- They frequently **provide employment** for people who could not work in the mainstream labour market
- They may be owned by or grown out of existing **charities**
- They can be commissioned to deliver **public services**

## Social Enterprises in the SELEP area

**It is calculated that:**

- There are between **4,500 and 6,300** social enterprises trading in the SELEP area
- They employ between **44,000–62,000** people

They contribute a minimum of **£2.3 billion** to the local economy.

Social enterprises are a significant business sector that have economic impact in the South East. With the right support and opportunities there is potential for social enterprises to grow and achieve greater impact.

### Social Enterprises in the SELEP area:



**Social Enterprises**

**4,500–6,300**



**Employing**

**44,000–62,000**



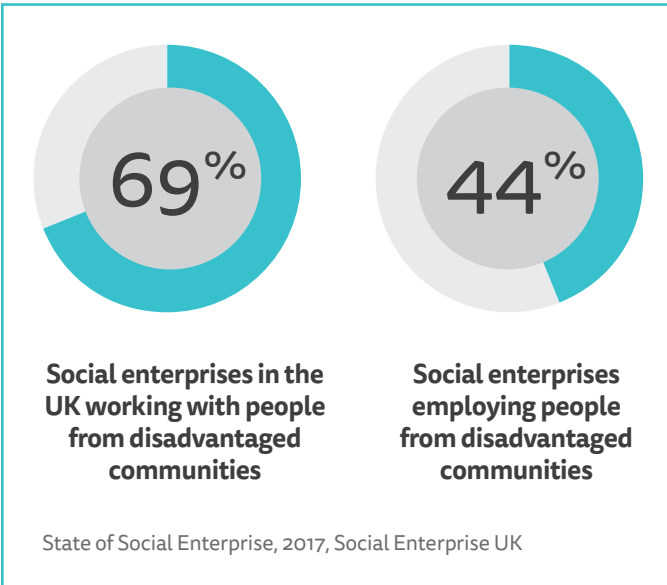
**Contributing to the economy**

**£2.3 billion**

Figures are extrapolated from Social Enterprise UK, 2018, The Hidden Revolution – size and scale of social enterprise in 2018, Social Enterprise UK

Social enterprises seek to create jobs and inclusive growth. They deliver social and public benefit.

They can be constituted in a number of ways; charities, co-operatives, community interest companies.



#### A range of business activities including:

- Create jobs for people with disabilities – including veterans
- Run apprenticeships for ex-offenders
- Run community shops and pubs
- Run community centres and support local regeneration
- Provide nursing and domiciliary care
- Organise community events and run leisure facilities
- Provide out of hours GP services and run practices in disadvantaged communities
- Provide school meals and educate children about healthy eating
- Enable people in receipt of care funding to manage their own care support
- Run local energy co-ops
- Provide housing and housing support
- Provide community transport

## Spectrum of social value



# Case study | Britain's Bravest Manufacturing Company

**Sector: Manufacturing**  
**Location: Kent**



The Royal British Legion was founded in 1919 after the end of the First World War, to support wounded ex-service personnel. In 1925 we set up our first factory to provide work for veterans and today we trade as Britain's Bravest Manufacturing Company, which comprises about a third of Royal British Legion Industries' (RBLI) work.

Today we employ 102 people in RBLI – of whom 73% are disabled. We make signs, make and repair wooden products such as pallets, assemble components from factories to sell in shops, such as plumbing parts and run a print and mailing business.

Our sign-making goes back to the 1950s when we started producing signs for British Rail. This continued under Network Rail and its sub-contractors until the contract was put out to tender in 2017 – which we won. It is a £3 million pound contract that lasts for 5 years. Although it was a fully competitive process Network Rail wrote into the specification that only sheltered factories were allowed to bid, which is allowed under EU commissioning rules. The tenders were assessed on the basis of price (60%) and technical capability and capacity (40% – of which 20% was based on social value)

Since 2012 we have also been making road traffic signs for Highways England and Local Authority contracts for the whole of the UK. In the Kent County Council tender for their Term Maintenance Contract, it was specified that there must be a social enterprise in the supply chain.

The product we make is the best in the market – that's why people buy from us. When people buy road signs to erect over a motorway they are buying a giant jigsaw puzzle that has to be assembled 20 feet in the air – it has to fit together perfectly. If there is a problem putting it together and the road has to be closed for a second night, it costs the

construction company a fortune. The veterans who work for us love this work, they love being the best, making the best signs. They like the challenge of getting it right. 90% of the staff working on the signs are ex-military.

We invest in specialist equipment and use technology to help us to create more jobs, rather than cut jobs like most businesses. The printer we use to make the signs enables us to make lots more and we have been able to recruit more people to assemble them. We don't buy in metal work, we buy in materials and make it all ourselves. The printer is the first of its kind in England, we had to have engineers come from the manufacturers in Japan to install it.

In recent years we have started to work with people who have disabilities who are not from the military. We believe we have something to offer them and it enables us to maintain the size of our workforce to deliver these contracts. We are working with the Social Enterprise Mark CIC and the DWP to develop a Social Enterprise Disability Employment Mark. This will help social enterprises evaluate how they work with disabled people.

Our staff are all on permanent contracts and many of them stay a long time. The veterans like working here because we maintain a military culture and they feel comfortable, the civilians like it because they feel valued and that they are making a difference.



**"RBLI is a living, breathing example of social enterprise"**

Leader of Kent County Council



## 2

## SELEP Social Enterprise Working Group

## Social Enterprise Working Group

## It will:

- Ensure **social enterprises have a voice** in strategic development and planning activities.
- Promote **LEP sponsored support** to social enterprises.
- **Identify opportunities for social enterprises to contribute to LEP activities.**
- **Work with the Growth Hubs** to influence the way business support is delivered to social enterprises
- **Maximise procurement opportunities** through social enterprise.

## Social Enterprise Working Group – five key themes

The following themes have been identified.

## 1 Championing Social Enterprise

- Elevate status of Social Enterprise in LEP strategies and action plans e.g. Local Industrial Strategy
- Influence and lobby Government bodies and national stakeholders
- SELEP Strategic Board Champion to promote and channel key messages

## 2 Finance

- Maximise accessibility of economic growth funding streams
- Maximise uptake of finance opportunities e.g. Access Foundation

## 3

## Capacity Building

- Influence mainstream support for Social Enterprise

## 4

## Market Building

- Replicate best practice in promoting social enterprise in the supply chain
- Mapping opportunities within supply chains
- Social Enterprise business to business events
- Convening consortia
- Influence procurement models to promote social value in purchasing goods and services
- Encourage people to become social enterprise entrepreneurs

## 5

## Impact

- Measuring the impact of the social value of social enterprises
- Establishing a baseline and mapping activity

“

**We need more of a structured framework for smaller and medium-sized organisations and help with business support such as finance and marketing.**

**Claudia Sykes, Social Enterprise Kent Medway and Working Group member**

“

**What does social enterprise mean to SELEP? If we're not mainstream with them, we're not mainstream with anyone.**

**Geoff Streetley, Britain's Bravest Manufacturing Company and Working Group member**

# Case study | Invicta Healthcare CIC

## Sector: Health & Care Location: Kent

“

We were set up by a group of GPs to help improve people's access to health services in East Kent. We support the whole community however we provide targeted support to specific patients where their health care needs are not being met. We are commissioned by Clinical Commissioning Groups (CCG), NHS England, other GP Federations and the Local Medical Committee (LMC) to provide services in East Kent / Kent and Medway. We also work with individual GP practices providing back office support as well as particular clinical programmes such as flu injections for homeless people.

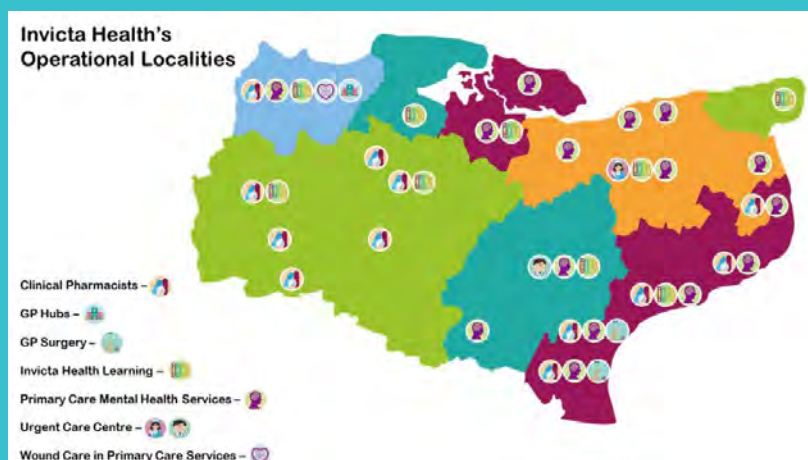
We have 96 salaried staff, including doctors, nurses and other healthcare professionals. We are able to invest in our staff and we believe it is important to develop people because of the shortages in the primary care workforce.

The GPs are our shareholders and have invested their money in the business – but the primary purpose when we were set up was to provide good patient care, not to maximise the profits. We reinvest our surpluses in providing healthcare in difficult areas. We turned around two failing practices in a rural area where the previous doctors had retired or left and it was costing the CCG a lot of money to keep the practices running using locum services.

We'd like to network with other health social enterprises so that we can enhance what we do and share our knowledge with others.

We hold the Social Enterprise Mark and this has helped us because people acknowledge that we are here for the greater good.

”



## 3

## Impact of Social Enterprise in our region

Social enterprises have a significant economic impact as trading businesses, creators of jobs, and through social benefits.

Number of social enterprises:

Area	Minimum	Maximum
East Sussex	643	836
Essex, Southend and Thurrock	1,798	2,756
Kent and Medway	2,135	2,774
<b>Total</b>	<b>4,567</b>	<b>6,366</b>

These figures have been calculated based on national social enterprise population data and local statistics to estimate the numbers of social enterprises in the SELEP area. In each instance we have shown higher and lower figures based on different calculations.

(This equates to between **2.64% and 3.70% of businesses** in the SELEP area<sup>1</sup>.)



Number of social enterprises:



**2.64–3.7%**

Of businesses in the SELEP area



**£2million**

Mean average turnover



**£2.25billion–  
£3.15 billion**

Annual total turnover in the SELEP area for social enterprises



**44,000–  
62,000**

Employed in social enterprises in the SELEP area

Figures are extrapolated from Social Enterprise UK, 2018, The Hidden Revolution – size and scale of social enterprise in 2018, Social Enterprise UK

This data illustrates that social enterprises are significant contributors to the economy of the south east. To maximise their impact more effectively, and to measure their social value, more funded support is needed.

“

**We've got fantastic managers and carers – that's what makes us different.**

**Amanda Cherry SPDNS**

1. Smarter, Faster, Together 2018, The South East LEP's Economic Strategy

# Case study | United Living

## Sector: Construction Location: UK-wide



United Living is a national contractor providing new build and planned maintenance services for a wide range of clients across the UK. They work primarily with social landlords, planning and managing contracts to build and maintain housing.

Providing added social value to their work is a key driver and 'a reputational part of our business.'

Their social value is defined by the client and depends on local needs and priorities. The most frequently requested action is to provide training and employment opportunities, but they also:

- Link with partners to provide a range of learning opportunities such as job search skills and CV writing
- Work with local schools to identify and deliver projects that benefit the community

- Provide work experience for pupils in schools
- Support local enterprise development
- Support community events

Although community and social benefit has always been important to the company, since the introduction of the Public Services (Social Value) Act in 2012, the wider benefits are vital to them winning contracts. Social value can have a weighting of up to 30% in how contracts are assessed so being able to demonstrate the added value United Living can offer is of real commercial worth to the business.

As part of their commitment to social value, all 200 staff on the southern area refurbishment team had to attend a workshop on social value, what it is and how it affects everyone in their various roles. "All staff left with understanding that the delivery of Social Value is embedded in all their roles and everyone has a part to play, as well as it being a contractual commitment and a business winning activity." (Jacquie Noon, Social Value Manager)



## 4

## Conditions required to nurture Social Enterprise

Social Enterprises have unique requirements related to the development of businesses as well as growth and sustainability:

### Key attributes to development of social enterprise

6

Active minority cultures 'expressing non-mainstream values and needs' (e.g. environmentalists, women's groups, ethnic minority interest groups, New Age groups, religious and other ethical organisations)

1

A local authority that supports social enterprises

2

Networking within a local community and extending outside to link with other areas

3

The level of socio-economic deprivation

4

A culture which is open to challenge and seeking to find new ways of doing things, sometimes reflecting the interests of minority groups

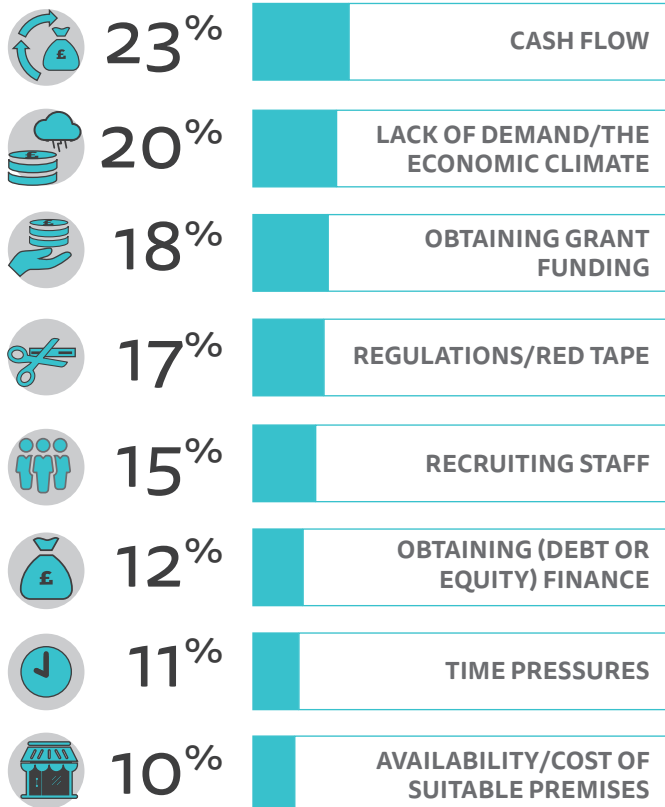
5

The presence of organisations and infrastructure bodies that lobby on behalf of local social enterprises

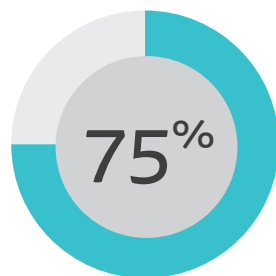
**The study lists six attributes of areas that contribute to the development of social enterprise:**



### The most significant barriers to social enterprise sustainability and/or growth were given as:



**Respondents who promoted their social enterprise status when marketing goods/services**



Data is from the State of Social Enterprise Report, 2017, produced by Social Enterprise UK

Social enterprises have a number of barriers to sustainability and growth. Many of these barriers will be similar to mainstream small and medium-sized businesses, but there are also some more pronounced challenges that social enterprises face.

For example, nearly a fifth of social enterprises stated that the difficulty of obtaining grant fund was the most significant barrier to sustainability and growth. This is likely a far more pronounced problem for social enterprises than other small and medium-sized businesses, as most businesses have little to no reliance on grant funding.

## Investment takeup

A study of social enterprises in Essex was published in 2017, commissioned by Essex Partnership and carried out by Social Enterprise East of England. This was focused on the uptake of social investment finance and included a questionnaire, to which 122 social enterprises responded and in depth telephone interviews with 20 social enterprises.

### The findings were:

- There is an appetite for growth but not always the available capacity to achieve this
- 27% of respondents had plans to expand their organisation
- A further 30% had ideas about expansion but little time to develop them
- Organisations identified a need for tailored support, including to develop trading activity
- More than half of respondents identified a need for funding support in the future
- Around a third identified a need for support with developing goods or services, marketing and measuring impact
- Organisations that had sought advice were using a range of sources; the qualitative research found the most positive feedback was for support from peers and networks
- Respondents thought it was beneficial if support organisations had specific expertise in social enterprise or supporting value-led organisations



**I used to run a [PLC], now I run a business employing 70% disabled people and it's a bigger challenge, but it's incredibly rewarding.**

**Geoff Streetley, Britain's Bravest Manufacturing Company**

# Case study | Trinity Fencing CIC

**Sector: Construction**

**Location: Kent**

“

We provide employment through apprenticeships to three young people at a time, who are ex-offenders or have been homeless. As well as work, we also help them with accommodation.

We offer commercial fencing services to businesses and domestic garden design to individual customers. We sub-contract from some of the biggest contractors in the country. They buy from us because we provide the right service at the right price. Our commercial success means that we can support the people we work with. Although some big building companies have Corporate Social Responsibility departments, they don't think about applying CSR principles in their supply chains. There are some good schemes, such as Wates and Timpsons, but it's patchy. We need a voice to make this case.

We use some of our profits to donate to other charities. We sponsor a child in Addis Ababa and we support Hope for Justice, an anti-slavery and justice charity. It helps motivate our lads – they know if they work hard it will help to make more profits to donate to our causes.

”



🌐 [www.trinityfencing.co.uk](http://www.trinityfencing.co.uk)

## 5

Social Enterprise  
success story

This section provides separate data for Essex and Kent & East Sussex as the information is unavailable on a LEP area basis.

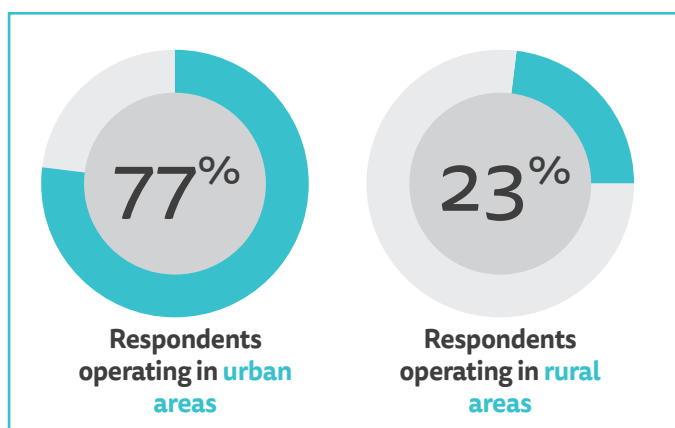
This further highlights the need for improved data and information on social enterprises, particularly in understanding social impact.

## Kent and East Sussex

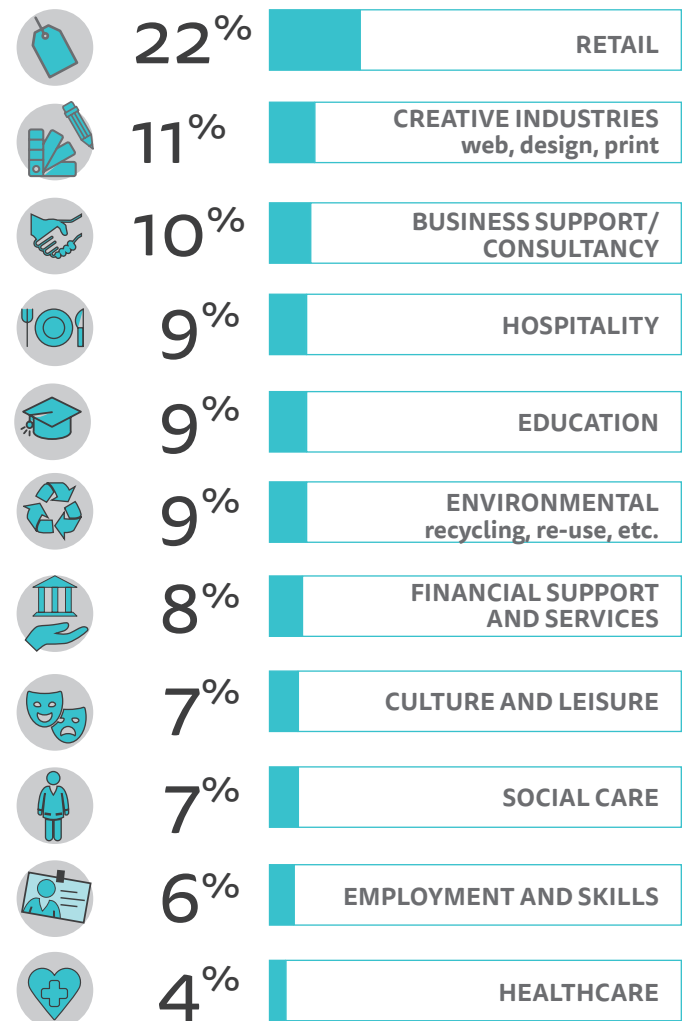
Social Enterprises are not new:



Social Enterprises are urban and rural:



Social Enterprise trading areas are:



Figures have been rounded up so do not add up to 100%

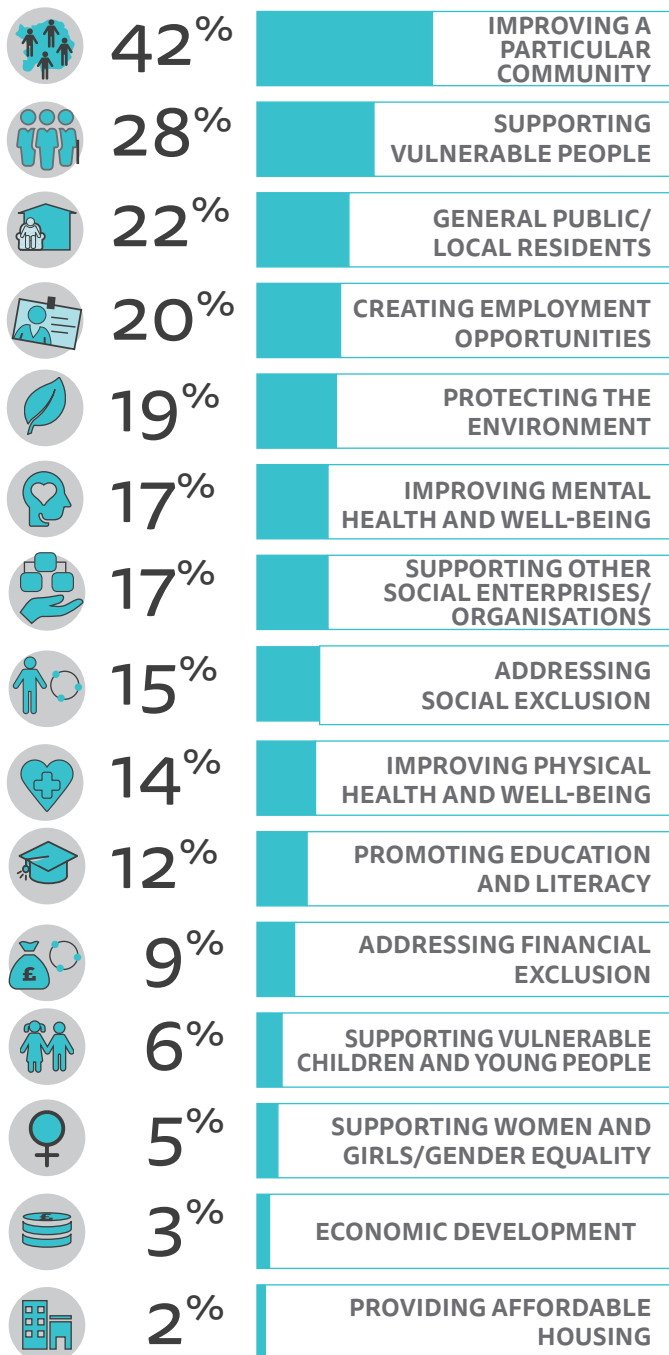
Data from State of Social Enterprise, 2017, Social Enterprise UK

The data relates to the counties of East Sussex and Kent.

(This data excludes Essex which is part of Social Enterprise UK Eastern Region).



## Main social and/or environmental objectives of Social Enterprises:



It is commonly thought that social enterprises mainly trade with the public sector but this evidence shows that is not the case.

However, the public sector remains an important market for many social enterprises and they still report difficulties with aspects of public procurement, even after the introduction of the Public Services (Social Value) Act in 2012, which outlined the ways in which public bodies can make purchasing decisions on the basis of value as well as price.

Influencing this policy remains a priority in the social enterprise sector and one in which the Social Enterprise Working Group and its partners may play a part.

Data from State of Social Enterprise, 2017, Social Enterprise UK (The data relates to the counties of East Sussex and Kent.

This data excludes Essex which is part of Social Enterprise UK Eastern Region.)



**We need to educate people about social enterprise needs – and what ‘not for profit’ means.**

**Social Enterprise**



## Essex

This data is from a study carried out by Social Enterprise East of England which focuses on social enterprises in Essex.

MAIN ACTIVITY PROVIDED	%	N
General support	25%	28
Care	19%	22
Education/training	15%	17
Community activity	11%	12
Agriculture/horticulture/ environment	11%	12
Arts	4%	5
Business	4%	4
IAG	3%	3
Housing	2%	2
Criminal justice	2%	2
Other	5%	6
Don't know	1%	1

PRIMARY BENEFICIARY GROUP	%	N
Children/young people	18%	20
Local people/community	15%	17
General disadvantaged	11%	13
Homeless/vulnerable people	10%	11
Families	9%	10
VCOs/businesses	9%	10
People with mental health problems/learning disability	5%	6
Older people	5%	6
People with disabilities/ sensory impairments	4%	5
Carers	3%	3
Other	4%	5
<b>All people (no one group)</b>	<b>7%</b>	<b>8</b>

Base: All respondents answering the question (114)  
Social Investment in Essex, 2017, SEEE

Respondents noted the need to get better at measuring the impact of their work.

In summary, this data demonstrates that social enterprises are delivering social value and impacts that benefit the wider community across the South East.

“**At a strategic level we need to know what is our social impact and at the operational level we need a gap analysis between where we are and where we need to be.**

### Social Enterprise

(Questionnaire to support organisations from SEEE as part of this commission)



# Case study | Thurrock Lifestyle Solutions CIC (TLS)

## Sector: Health & Care

## Location: Thurrock



Thurrock Lifestyle Solutions CIC (TLS) is a social enterprise that was established in 2007 to take control over former Council Social Care services and is led by disabled people. Run as an efficient business with innovative ideas, by 2019 we supported over 270 people, have saved the Council £400K per year and recently purchased another business – now turning over £3.5M per year and returning its profits to the community.

### Who are we?

TLS puts its users at the heart of its approach – it's that the company is run by the very community it serves.

We're unusual in that 100% of our Board are people who identify as Disabled. We are committed to helping disabled people to have the lifestyle they want and with the awareness of innovative social care commissioners giving individuals budget we can support them to do this.

We provide a range of interventions; from the provision of personal assistants, the use of day opportunities, internships into employment, school transition links and specific support for people with Autism; to name but a few.

### Empowerment

Our methods are working in Thurrock. The company is founded on the concept of 'Asset Based Community Development' (ABCD), which focuses on the strengths within a community and mobilising individuals, rather than identifying deficits and needs.

### But what does this actually mean for the way the organisation is run?

Like any good business, we have been able to diversify our income, taking opportunities where we saw them – but not led by merely seeking profit only.

TLS's success seems to be two pronged.

**(i) Leaving the local authority** to pursue our aspirations and run services how we believe they ought to be run has

given us the freedom to cut fat and red tape, act agilely and nurture entrepreneurial attitudes.

**(ii) being driven by the community** – in the way we deliver everything from personal assistants, interdependent living, learning tools, employment opportunities and other experiences – means we know exactly where to channel funds for the deepest impact. It absolutely makes sense we'd now be thriving and financially growing: empowered communities collectively are able achieve more, for themselves and each other.

### Turnover is Vanity, Social Impact is Sanity

Data from 2016-17 (NHS Digital) shows females with disabilities can expect, on average, to live a life 18 years shorter than those without a disability, and males, 16 years shorter.

We are trying to address this in Thurrock. We have supported many smaller community groups, run health days, paid for individual health checks, paid for gym membership, looked at the impact of hate crime and run specific training for people to keep safe as well as enabling communities to develop mentors in understanding finance and how to individually budget.

We saw immense untapped potential in our community and acted on it. There's a huge chasm for disabled people after school. For us, they're equal value partners, and we help them contribute meaningfully and we want them to have the choice to do what matters most to them.



🕒 Watch this film about Thurrock Lifestyle Solutions.  
<https://vimeo.com/223060525>

🕒 Visit their website at [www.choiceandcontrol.co.uk](http://www.choiceandcontrol.co.uk)



## 6

## Support for Social Enterprises in SELEP

### What support is available?

Social enterprises can access support from a range of organisations, including mainstream business advisers, voluntary sector support organisations and through peer to peer networks. However there are some limitations to most of these sources:

	Advantages	Challenges
<b>Mainstream business support</b>	A wide range of business support skills available that social enterprises can access	A perception that the unique aspect of the social enterprise business model is not as widely considered as it could be  A limited understanding of the wide range of social enterprise business models available and what makes them different
<b>Voluntary sector support organisations</b>	Available in every area  Used to supporting organisations with a social purpose  Good at generic areas such as policies and HR	Can lack understanding of entrepreneurial approaches and default to grant aid rather than trading, business advice
<b>Business support professionals (accountants, solicitors)</b>	Can provide pro bono or reduced fee support  Some have in depth expertise of social enterprise models	Start-up businesses often can't afford to pay for support  Some providers don't understand the range of social enterprise models and what makes them different
<b>Peer support</b>	Social enterprises are often willing to share their experience and knowledge  Value of real experience	Can be a drain on experienced social enterprises and a distraction from their business  Can be hard to find people with the right experience
<b>Trade sector support</b>	Established mainstream businesses can support social enterprises as part of their corporate social responsibility  Highly valued specific support	Can be difficult to find – often based on personal relationships and the mainstream business sector

**Support currently available in the South East:**

- **31** organisations are providing support to social enterprises
- **Half** of these are voluntary sector support organisations
- **13** collect data on how many social enterprises they support – for these, the average number of social enterprises supported is 27.
- **26/31** provide support to start up social enterprises; 3/31 provide support for people thinking of starting a social enterprise and 3/31 provide support for social enterprises wanting to grow
- **29** make referrals to other providers

## What are social enterprises in the South East saying about business support?

Social enterprises need good quality support to help them grow their businesses. They need to be made aware of external support that is available to them.

To improve the quality of the current external provision, current business support providers should be trained specifically to support social enterprises. Social enterprises value specialist support the most, working with organisations that have the knowledge and expertise in working with social enterprises.

Mainstream business support in the South East, which includes support for social enterprises, is provided through SELEP's South East Business Hub and its three Growth Hub providers – Business East Sussex, Kent & Medway, and Business Essex, Southend and Thurrock.

Half of the organisations we contacted told us that the type of social enterprise they support is voluntary organisations that want to become social enterprises.

43% of provider organisations have staff who are specialists in supporting social enterprises. 13 organisations record the number of social enterprises they work with, and local agencies are working with an average of 29 social enterprises a year<sup>2</sup>.

“ **Business advisors should understand the fundamental reason social enterprises exist and in turn how this impacts all aspects of our business activities.**

**David Hinton, The Work People**



2. Questionnaire to support organisations from SEEE as part of this commission

## What is different about support for social enterprises?

### Consultation with social enterprises in the SELEP area has identified that:

- Social enterprises are driven by their values and social goals – advice about maximising profits without taking this into consideration is of no use to them
- Social enterprises trade and compete for contracts in the market place – advice about getting grant funds can result in negative impact on their ability to generate income through trading

### The areas in which social enterprises are most likely to need specialist support are:

- Legal structures
- Governance
- Measuring and marketing social impact
- Managing an organisation that is owned by its users
- Public sector commissioning and procurement

### What support do social enterprises want?

- Expertise and experience with social enterprises
- Joined up and easy to access
- Consistent and long term sources of support
- From community based pre-start support, start-up, strategic planning for growth
- Less of a postcode lottery in terms of the quality and level of external support

## Social value

This is about measuring the collective benefit to a community that the work of a social enterprise delivers. Much of this activity is not reflected in market prices. Delivering social value is central to the work of any social enterprise.

### Three types of support were identified:

- 1 **Generic business support** – social enterprise friendly but similar to mainstream businesses
- 2 **Social enterprise specialist support** – from other social enterprises or specialist advisers
- 3 **Trade sector specific** – from other social enterprises or mainstream businesses in the same sector

Social enterprises have many requirements that differ from those of mainstream businesses, they need additional support to:

- assist them in establishing appropriate legal and governance structures
- create a solid and accessible social enterprise network
- measure social impact in a more consistent way
- position themselves more equitably with the wider base of SMEs in the economy

Some social enterprises are not aware of the support that is currently available and could be more successful if they had access to more good quality and appropriate advice. While social enterprises will be eligible for mainstream business support, providers do not currently have a specialist offer for social enterprises.



Many of the common areas in which businesses need support are different for social enterprises – here are some examples:

<b>Finances</b>	State aid rules when bidding for contracts Combining grants and trading income Restricted funds Costing social value Using social investment providers
<b>Marketing</b>	Having two sets of customers – those who use the service and those who pay for it Understanding the need to tell the world about the virtues of your business Marketing on a low budget and accessing pro bono support
<b>HR</b>	Evidencing and marketing social impact Working in a democratic structure – when end users are on the board Support and supervision for senior staff – when overseen by voluntary board members
<b>Market Research</b>	Understanding the public policy agenda Knowing who else is providing services

Social enterprises need a network that understands and responds to the unique aspect of the work that a social enterprise faces compared to mainstream SMEs.

Social enterprises have wider pressures beyond the financial bottom line, it is about delivering for the wider community and having a positive social impact.

To deliver a truly inclusive economy with prosperity for all our social enterprises need truly bespoke support.

“ In the beginning we had a mentor from PWC and had voluntary advice from local businesses ... We had Cabinet Office funding to bring in specialist advice on contracts, other social enterprises gave us advice and we learned as we went along.

**Social Enterprise**

“ We suffer from having no plan for social enterprise, only odd pockets of support for a few months ... we need to decide what we want to do for the next 3–5 years.

**Claudia Sykes, Social Enterprise Kent**

“ There’s a million things we’d like help with – people with specialist skills and time to do things. We know what we want but we often don’t have the skills, knowledge and time to make it happen

**David Hinton, The Work People**

“ The majority of the [social enterprise] County Networks, specialist support providers, and Business Link itself, believe that social enterprises are different and hence require both a different type of delivery and a different type of support.

(Mapping the regional social enterprise sector, Lyon, F. et al, 2008, SEEDA)

# Case study | Benenden Community Shop

**Sector: Retail**  
**Location: Kent**

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We took over the village shop in 2015 and now run a general store, post office and café that is the hub of our community, especially for the elderly and lonely. Our customer surveys tell us that we have had a big impact on the social cohesion of this community. We are a Community Benefit Society under the terms of the Co-operative and Community Benefit Societies Act 2014.

We were in danger of losing our shop and a group of residents decided to take it over. We were helped by the Plunkett Foundation, which has a lot of experience of setting up community shops. We are also supported by Benenden Girls School, which bought the building and leases the shop element to us. The flat above the shop is used by school staff and the girls volunteer in the shop – we also run a tuck shop in the school.

When we took over the shop it needed a complete refurbishment and we had to raise some money. We set up a community share issue and raised £86,000 from 350 investors. Shareholders are able to vote for, and stand for election to, a Management Committee that has overall responsibility for the enterprise.

It was very hard work and we had to meet about twice a week for about three months. We toured other community shops before we set up and had advice from them and from Plunkett. We were the first community shop to achieve the Community Shares standard for our share issue prospectus and process.

You need someone who can hold a team together and we have heard of several community ventures which have not got off the ground because of a lack of teamwork. In the end we held a big village meeting and there was such a sense of excitement as people came on board – they were queuing up to pledge that they would buy shares.

We're making a profit now and have six paid staff and about 60 volunteers working with us. We try to help others who are thinking about setting up a community shop.

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0 <http://benendens.co.uk>

## 7

# Social Enterprise Networking

Networks can range from the informal and broadly social to the formal business based organisation with a fixed membership and regular schedule of meetings. Until 2010 there were county networks throughout the South East Region, including Kent and East Sussex. These were linked to the Regional Social Enterprise network SE2 Partnership. Social Enterprises in Essex could join Social Enterprise East of England. In 2017 a new Essex social enterprise network was established and local networks were started in Southend-on-Sea and Thurrock. Some networking activities have been undertaken in Kent and East Sussex by Social Enterprise Kent and The Work People.

The only formal networking taking place amongst social enterprises is the SELEP Working Group and the embryonic networks in Essex, Southend and Thurrock. Local networking is otherwise ad hoc and inconsistent, reliant on small, one-off pockets of funding.

## Current membership of Social Enterprise UK in the area

Area	Number of SEUK members
Essex, Southend-on-Sea and Thurrock	29
Kent and Medway	40
East Sussex	11

Figures supplied by Social Enterprise UK

## Why do social enterprises want to network?

**Many business networks exist and they are used for:**

- Sharing ideas and information
- Identifying opportunities for business to business trading
- Providing mutual support
- The opportunity to hear from speakers – inspiration and practical help
- Raising the profile of the business
- Getting together to campaign about local issues

“

**There's a real need [for networking] – owners of social enterprises are working too many hours and feeling on their own.**

**Geoff Streetley, Britain's Bravest Manufacturing Company**

“

**I find it useful to collaborate with other social entrepreneurs, it helps me develop my own skills and knowledge. It is also a great reminder that there are others swimming upstream facing the challenges of running a business alongside the additional pressures of delivering for beneficiaries. Social entrepreneurs can often suffer, feeling alone and burdened with responsibility. I find spending time with peers can be a great inspiration and a boost for my own wellbeing.**

**David Hinton, The Work People**

“

**I want good quality networks and training opportunities, with training pitched at the right level.**

**Social Enterprise**

**Social enterprises value all these aspects of networking. In addition they use networks for:**

- Promoting a business model that is relatively new and not fully understood
- Developing consortia and supply chains
- Lobbying for support
- Taking control of the social enterprise agenda
- Mentoring and problem solving

**Middlesex University's research<sup>3</sup> concluded that the purpose of good regional social enterprise networks should be:**

- Generating support and development programmes that are responsive to the local needs of the county networks
- Providing training and development services
- Effectively representing the sector in the region and influencing strategy and policy
- Providing an effective brokerage role between local networks and specialist providers.
- Raise awareness of the sector and ensure that Local Authorities and other public sector bodies recognise the contributions of Social Enterprises
- Maintain an overview of and develop the intelligence base for the sector
- Establish and broker support for an agreed "core offer" for local networks and help them develop the capacity, where necessary, to deliver this offer

**Research for the Office of the Third Sector<sup>4</sup> also identified seven characteristics of a "good network, specifically:**

- **Track record** – ability to demonstrate appropriate level of development;
- **Membership** – large proportion of organisations that could be members are members;
- **Activity** – services are well used and sufficient to create momentum;
- **Connections** – directly between members;
- **Direction** – steering group provides direction, co-ordination and organisation;
- **Objectives** – works towards clear objectives; and
- **Resources** – appropriate to deliver level of service expected

**Consultation amongst social enterprises in the South East for this prospectus identified that:**

- Social enterprises are informally networking with other social enterprises where they can
- Networks are valued for information sharing and communication
- Social enterprises are participating in mainstream business networks, such as the Federation of Small Businesses, and voluntary and community sector networks
- Networks for social enterprise leaders are valued
- Social enterprises want networks to be practical, not talking shops
- Some social enterprises are unaware of networking opportunities but would value getting involved
- Networks can help promote what support is available to social enterprises

“

**I seem to be helping everyone else but not getting help myself.**

**Social Enterprise**

Local leaders and people within social enterprises are best placed to develop and facilitate networking to ensure that the needs of social enterprise practitioners are met and that networks add value to their businesses.

**The SELEP Social Enterprise Working Group will oversee the development of networks, building on the experiences in Essex, Southend and Thurrock.**

3. Mapping the regional social enterprise sector, Lyon, F. et al, 2008, SEEDA

4. 'Rocket Science', research for the Office of the Third Sector

# Case study | Whole School Meals CIC

**Sector: Food & Drink**

**Location: Kent**

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Our driving force is to feed our school children well using high-quality, local, fresh ingredients in ‘home-made’ food. We were set up twelve years ago by a parent governor of a local school who thought that school meals should be better. We are now owned by the schools who buy from us.

In 2006, Kent County Council wanted more small providers to be able to bid to deliver school meals so they set up small clusters of schools and you could tender for one or more of the clusters. We won a

tender and we now feed about 3,000 children per day. Our profits help fund our work to promote good nutrition and healthy eating in schools. We have developed a pack of characters called the Lunchkins that represent the food groups and we will sell them to schools to use in the science curriculum.

In the next tendering round Kent County Council decided to go back to big contracts so we couldn’t bid again. You had to have a turnover of £5 million to be able to bid. Fortunately, the 26 schools we work with decided to opt out of the council’s contract so that they could continue to buy from us.

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<http://wholeschoolmeals.co.uk>

## 8

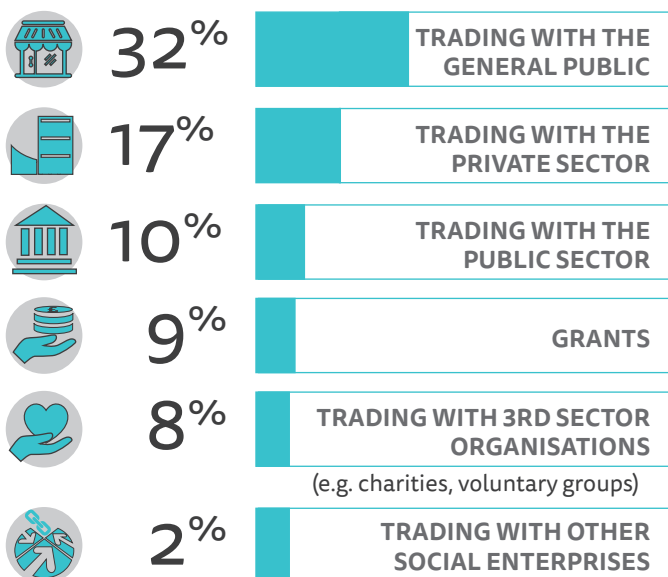
# Social Enterprise Finance

Social enterprises choose to trade in order to be categorised as social enterprises. There is no fixed and agreed percentage although the Social Enterprise Mark eligibility criteria stipulates that at least 50% of income must be earned and this is commonly recognised as an acceptable threshold.

Social enterprises also deliver social objectives and are frequently also in receipt of grant funding from public authorities or charitable trusts. Many social enterprises started life as traditional charities and have developed trading activities, either to free themselves from the constraints of public funding or because it is in increasingly short supply.

When social enterprises are contracted to deliver public services, particularly when they have been awarded contracts following a competitive tendering process, this is considered to be earned income.

## Sources of income:



Data for the South East (whole region), 2017, from Social Enterprise UK survey

% income earned through trading	Total (all UK)	South East
0 to 24%	0%	0%
25% to 49%	12%	12%
50% to 74%	13%	10%
75% to 100%	74%	78%
Don't know	0%	0%
Number of respondents	1,425	140

Extrapolated data for the South East (whole region), 2017, from the State of Social Enterprise survey

## The Social Investment research undertaken in Essex in 2017 showed the following proportion of earned income:

Proportion of income earned through trade					
Proportion of income earned through trade	0%	1-25%	26-50%	51-75%	76-100%
Proportion of respondents	28%	15%	9%	11%	36%

Base: All respondents answering the question (89)

This means that the vast majority of social enterprises, over 75% in both surveys, are earning some proportion of income through trade.

## Start-up finance

Social enterprises are eager to improve the access to start-up funding. Individuals setting up an organisation to address social problems in their community often think they will be able to access money to assist them, but there is limited public money available to support start-up social enterprises.

UnLtd runs a national programme to support individual social entrepreneurs (people who want to solve social problems using an entrepreneurial approach). Its flexibility and light touch approach was seen as very helpful by those who responded to the current consultation.

## Social investment

Social investment refers to finance that can be accessed when the investor is looking for social as well as financial returns on their money. A number of financial institutions such as Triodos Bank, Unity Trust Bank and Co-operative and Community Finance, have been in operation for many years, but the introduction of Community Interest Tax Incentives together with the launch of the Community Development Finance Institution model (now called Responsible Finance) in 2002, led to a range of new providers, including Charity Bank, Big Issue Invest and the Key Fund, which all lend money to social enterprises to develop their businesses.

### Other models being used are:

- **Community Share Issues** – where local people buy shares in a community asset
- **Social Impact Bonds** – where a third party investor pays up front for a social service to be delivered and if the activity achieves its social goals, the investor is repaid by the funder of that service
- **Crowd Funding** for social purpose

Government is keen to promote the use of social investment and is sponsoring a number of capacity building activities to help social enterprises take on loan finance.

Government has also set up Big Society Capital to receive income from dormant bank accounts. Big Society Capital acts as a wholesale social investor, supporting some of the agencies referred to above. It also runs awareness raising programmes and is a partner in the Good Finance online guide to social investment.

🔗 <https://www.goodfinance.org.uk>

There are many social investment providers offering finance to social enterprises but they are not widely known about or understood by social enterprises. The existing providers should be better promoted and, in particular, business advice organisations, including Growth Hubs should be aware of the support available and of the Good Finance website.



“

**People need start up finance, simple loans and grants. UnLtd are good – they provide small amounts which is useful.**

**Social Enterprise**

# Case study | Thanington Neighbourhood Resource Centre

**Sector: Charity**  
**Location: Kent**

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Thanington Neighbourhood Resource Centre is a resident-led registered charity, which was built in 2000 in the Wincheap ward of Canterbury. The area once known as ‘little Beirut’ is still in the 20% most deprived wards in the UK. Crime levels and anti-social behaviour were so high that the area was awarded European regeneration funding to get started and we now earn nearly 90% of our annual income without grants.

We run a very successful and extensive programme of youth activities and leisure facilities for everyone in the community. We also run a meeting room/conference centre which we hire out commercially and a wide range of organisations rent rooms and office space from us.

The turning point for us was when we invested in our building. Our trustees are all local residents and they recognised that to survive we had no choice but to shrink the service or to expand and if we expanded then we could make money. We needed to become more self-sufficient. Paula, our manager, is a trained social worker and she did all the work to develop the business model and find funders who would invest in us. Because our trustees are residents they knew what the problems

were and they took on the risk when we expanded – they were brave to do this because they were personally liable – although we have since set up a Charitable Incorporated Organisation (CIO). We didn’t think to ask anyone else for help because we didn’t know that there was anyone who could provide the support we needed.

If we hadn’t taken the decision to grow, we would have been forced to make cuts and make staff redundant. We didn’t want to do that because they were also residents and had previously been unemployed - they are now highly skilled. We took the risk and started earning most of our money so we are not dependent on grants.

We are starting to work with local businesses. One fast food provider had problems with kids, the retail staff didn’t know how to deal with them, so problems escalated. We made them an offer to train their staff to de-escalate situations and in return we’ve asked for vouchers to offer the young people who come to our youth centre. We’d like to offer similar services to other local businesses. We have skills and expertise we can offer the business sector regarding their customers such as for example; anti-social behaviour, disability awareness or dementia, - and we are dealing with many of the same issues, such as Auto-enrolment pension provision and GDPR. There is huge scope for joint working and learning from each other. Our footfall is about 48,000 year. When we opened, crime rates in the area went down by 50% in the first two years – and they’ve stayed down thanks to our youth work. Thanington is no longer a ‘crime hotspot’; it has actually become a desirable place to live.

In future Paula would like to be able to access independent help in developing Thanington Neighbourhood Resource Centre as a social enterprise. Although she is part of a local Third Sector Managers’ forum, which she finds helpful, she’d like some help in taking the guesswork out of business planning. But she still says “I’ve got the best job in the world”.

”



For more information visit:

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