



The State of Social Enterprise in Scotland 2014

1. The definition of social enterprise

“Social enterprises are innovative, independent businesses that exist to deliver a specific social and/or environmental mission.” (Social Enterprise Scotland 2014).

The voluntary code of practice for Social Enterprise in Scotland, “The Code”, is a set of criteria that was formed by social enterprise support bodies a couple of years ago and has popular support within the community. The Code is about mutual recognition i.e. to subscribe an organisation must have 2 current subscribers as sponsors. See the criteria here: www.se-code.net/the-code-2

For a fuller, more practical description of what social enterprise is, with case studies, see: www.socialenterprisescotland.org.uk/our-story/what-is-social-enterprise

It’s important to note that “social enterprise” does not have a legal definition. It’s also seen more as a diverse community or way of doing business rather than a “sector”. Whether a simple limited company, a registered charity, a co-op, a credit union, housing association, CIC or SCIO, all social enterprises are united in a single social purpose of improving lives.

There are different views about what a social enterprise is within the community itself, with some seeing social enterprise as part of the “third sector”, some seeing it as part of the mainstream private sector, somewhere in between or standalone. At a UK level the term VCSE, meaning “Voluntary, community and social enterprise” organisations is also used.

There are other definitions at both an EU and UK level. We believe that the definition in Scotland is simple, more robust and ensures authentic social enterprises are recognised, while being inclusive enough to cover different legal models.

It’s also worth noting that Scotland has a strong international reputation for social enterprise development and we receive many delegations from abroad, eager to learn. We have a long history, from the days of the early co-operatives and communities coming together for mutual support.

2. Research and mapping of social enterprise

The first and only exercise to map social enterprises on a national scale is the recent Big Lottery-commissioned study, delivered by EKOS. While Social Enterprise Scotland supported

this study and welcome the work that was undertaken, we believe that a more thorough study is needed. It was a good first step but we believe that there are more social enterprises than the 3,547 headline figure. Many will not self-identify as social enterprises and some will not be connected to support networks.

Access the research as a PDF file here:

www.biglotteryfund.org.uk/-/media/Files/Research%20Documents/er_eval_social_enterprise_mapping_study.pdf

A full social enterprise study of the city of Glasgow has been produced by Glasgow SEN and Social Value Lab “Scale as Well as Substance”. We aim to see this type of study replicated across Scotland.

Access the research as a PDF here:

www.gsen.org.uk/files/GSEN---Scale-as-well-as-Substance.pdf

A study was also produced by Highlands and Islands Enterprise for the region in 2012.

You can access the report here:

www.hie.co.uk/common/handlers/download-document.ashx?id=5a69e185-d807-4c1b-9900-d6ba5b54dafd

3. The policy climate for social enterprise

Social Enterprise Scotland recently conducted the first ever national survey of social enterprises, with a policy-related focus. The results of the survey will be analysed and shared with MSPs and other key stakeholders when completed.

We believe that social enterprises in Scotland are in a strong position in terms of political support. This has been built up over a number of years and there is regular engagement with MSPs, such as the annual parliament reception (incorporating the Social Enterprise Awards Scotland), the Social Enterprise CPG and monthly news updates from Social Enterprise Scotland. There is cross-party support and political parties can all find something of interest in social enterprise, whether it's doing business, charitable activity, co-op values, the public service ethos or the democratic empowerment of communities.

Our partnership with The Scottish Government is positive. We appreciate the practical commitments in terms of finance (e.g. the £6m Enterprise Ready Fund), as well as legislation for procurement reform and community empowerment, to support our social enterprise community. We hope that this activity and commitment will continue when other political parties are in government. There is perhaps a lack of awareness by social enterprises about what is happening in terms of policy, though Social Enterprise Scotland does provide weekly policy updates to members.

The public service reform agenda is important for many (though not all) social enterprises. As local authorities and other public bodies seek different ways to deliver public services,

the social enterprise community has been encouraging e.g. the use of Community Benefit Clauses, Public-Social Partnerships (PSPs) and asset transfer. We want to see this process continue and accelerated.

As a representative body for all types of social enterprises, Social Enterprise Scotland has to remain neutral regarding the independence referendum. As in the wider society, the views of our members are diverse. We have provided members with information from all sides of the debate so that they can make an informed choice and partnered with other organisations to hold an event to debate the issues.

We now have five local authorities as associate members: Edinburgh, Falkirk, Glasgow, North Lanarkshire and Renfrewshire. Relationships with local authorities are good in general, though in some areas of the country our members are still reporting barriers at one-to-one officer level and lack of awareness among some elected members.

4. Social investment and funding

The Scottish Government currently has the £6m Enterprise Ready Fund, this follows the previous £6m Enterprise Growth Fund and other previous funding streams. There are other current funding streams that are also open to social enterprises.

There are a number of organisations, such as CDFIs (Community Development Finance Institutions), like Social Investment Scotland, that operate within the social enterprise community in Scotland.

There are other organisations such as The Big Lottery, The Robertson Trust, Foundation Scotland, the Plunkett Foundation, Big Issue Invest, Triodos Bank, Unity Trust Bank and a range of similarly diverse vehicles for social investment and funding.

The Big Lottery Fund has recently produced a Directory of social investment for social enterprises in Scotland.

5. The local support infrastructure

There are currently 18 active local Social Enterprise Networks (SENs) across Scotland, operating similarly to local Chambers of Commerce, for social enterprises. They are about networking, learning, intra-trading and other activities, to help build social enterprise in local communities. See: www.se-networks.net/networks.php

Increasing numbers of local authorities are producing specific local strategies to support social enterprises and the voluntary sector, often with some funding attached. This has also helped some SENs to develop their work and influence. Many local authorities have a dedicated officer for social enterprise. Social Enterprise Scotland, in partnership with local authority members, founded *SELAG* a number of months ago, bringing together many of these officers for the first time to share work, learning and issues of common interest.

Public sector organisations like Jobs and Business Glasgow also support social enterprise development.

Local Business Gateways have a remit to serve social enterprises, as well as private sector businesses. Traditionally they have been very private sector focused but their social enterprise support has improved in some areas of the country and some, like Edinburgh, have dedicated social enterprise support officers.

Third Sector Interfaces (TSIs), supported nationally by Voluntary Action Scotland (VAS), operate across Scotland's local authority areas. They have a remit to support and include social enterprises. There have been issues in some parts of Scotland with regards to misunderstandings about what social enterprises are, with a feeling from some social enterprises that they have not been included. We believe that the situation is improving and indeed some SENs have become part, or substantially part, of their local TSI, such as in Dumfries and Galloway.

6. The national support infrastructure

There are many organisations that support the growth and development of social enterprises. It's important to note that while some organisations were specifically set up for social enterprises, many simply have social enterprise support within a wider remit and some are UK-wide.

There is also a distinction to be made between those that represent social enterprises and those that deliver direct business support. There are of course also distinct "sectors" within the very broad umbrella term of social enterprise e.g. co-ops and housing associations and what some term the "community sector" like development trusts. The list below also includes all those that are part of the national specialist business support consortium, *Just Enterprise*, many of these are members of Social Enterprise Scotland:

Social Enterprise Scotland, Social Enterprise Academy, Senscot and Networks 1st, School for Social Entrepreneurs (UK-wide), Social Firms Scotland, CEiS, HISEZ (Highlands and Islands), Firstport, Forth Sector Development, Community Enterprise Ltd, CEMVO Scotland, Lanarkshire Enterprise Services, Ready for Business, Inspiralba, SFHA, Co-operatives UK, CIC Association (UK), Scottish Community Alliance, Social Investment Scotland, Development Trusts Association Scotland (DTAS), Association of British Credit Unions Ltd (ABCUL), CBS Network, Scottish League of Credit Unions, CETS (Co-op Education Trust Scotland) and Community Resources Network Scotland.

There are a number of other organisations that operate within and around social enterprise, from support, to funding and finance, including overlap with traditional voluntary sector and private sector organisations.

7. What next for social enterprise in Scotland?

There are many ideas and policy suggestions regarding social enterprise that have come out in the national survey of Scottish social enterprises.

In general the policy emphasis has traditionally been on the “Enterprising Third Sector” i.e. encouraging charities and voluntary and community groups to become more enterprising to raise income. We believe that we should also be encouraging SMEs to consider becoming social enterprises, particularly private sector ethical businesses. Large corporations should also be improving their supply chains and we should engage in more cross-sector skills exchanges.

We perhaps need a review exercise of the social investment landscape to see what is working, what isn’t working and raise awareness of the variety of investment models, plus the implications of innovations like crowdfunding and community shares.

We could also greatly benefit from additional awareness raising of social enterprise through the media and to the public across Scotland. “Social Enterprise” needs to become a popular and well-known brand, like the *Fairtrade* brand.

In addition we need to continue to open up the public sector to social enterprise partnership working and the variety of social enterprise alternatives to public service delivery. This includes ensuring that social enterprises have the capacity to deliver.

These are just a few ideas for discussion about taking social enterprise to the next level. We look forward to working with our cross-sector partners to ensure we have a thriving social enterprise community in Scotland.

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