

## SUBMISSION FROM SCOTTISH SOCIAL ENTERPRISE COALITION

### Introduction

Social enterprises are businesses with social purposes. They trade goods and services in the market and reinvest their profits primarily into meeting social and environmental objectives. Through social ownership structures they are accountable to their communities, whether of place or of interest.

The Scottish Social Enterprise Coalition is a collective voice for social enterprise in Scotland. We are a membership-led organisation, representing the needs and views of a wide range of social enterprises, emerging social enterprises, their networks and trade bodies.

Research shows that at least 1,000 social enterprises contribute at least £1.2 billion to Scotland's economy, creating at least 30,000 jobs in the process. 35% of Scotland's social enterprises operate in rural areas<sup>1</sup>.

Social enterprise models operating in rural areas (both remote and accessible) include development trusts, community recycling organisations, community-owned renewable energy initiatives, community shops, community 'one stop shops', community transport initiatives, farmer co-operatives, community development finance initiatives, home care providers and housing associations.

Social enterprises address the needs of accessible rural areas by

- Halting and reversing economic decline by providing local employment opportunities and generating sustainable, local economic growth
- Providing innovative, enterprising solutions to the challenges of local service delivery
- Enabling community-led regeneration and renewal

### Examples of social enterprise in accessible rural areas

Development trusts are independent community-based organisations leading programmes of local regeneration and renewal, using an enterprise-oriented approach to developing their communities. This can involve developing services like business support and training, or very often acquiring and developing local assets like derelict or underused buildings within a community to become the focus for local enterprise activity. Successful examples of development trusts exist across Scotland. The model is becoming an increasingly popular way for rural communities to take control of meeting their own needs and to develop services in whichever way suits them<sup>2</sup>.

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<sup>1</sup>"A survey of social enterprises across the UK", DTI July 2005 [www.dti.gov.uk/socialenterprise](http://www.dti.gov.uk/socialenterprise)

<sup>2</sup> See response to this inquiry from the Development Trusts Association Scotland

Community-owned village shops, managed and staffed by local people, provide access to services which may otherwise be missing from local areas (e.g. post offices, food retailing). The Community Retailing Network has been formed to promote community-owned shops systematically and vigorously and community retailing will be a key theme at this year's Plunkett Foundation fifth conference on rural social enterprise.<sup>3</sup>

Community recycling businesses promote waste minimisation, develop and deliver local recycling initiatives to not only protect and enhance the local environment but to turn 'waste' into a resource for the community by re-investing the profits generated from their work into meeting the needs of their community.

Increasingly, community renewable energy initiatives are being seen as a way to harness the potential of natural assets in such a way that the economic benefits are ploughed back into local community development. The establishing of a Highlands & Islands Community Energy Company is an example of the importance attached to this area of development and is likely to lead to growth in social enterprise models like the Baywind Energy Co-operative<sup>4</sup> and the Isle of Gigha Heritage Trust<sup>5</sup>.

Community transport social enterprises provide transport services to groups of people without access to other means of transport including elderly people, disabled people and homebound people. Often combining volunteer effort with contracts to deliver transport services, community transport social enterprises tackle one of the major barriers to people in 'accessible' rural areas.

Social enterprises contribute to local economic development through their trading activities which create local jobs and generate local income. Crucially, social enterprises also tend to create a 'local multiplier' effect because of their own focus on local development. So, for example, a community-owned shop is likely to stock local produce and trade with local businesses itself. Similarly, a local development trust, rooted in the community, is likely to use local skills and trades to develop the community's assets rather than importing skills from elsewhere.

## **Policy and development needs**

Social enterprises in accessible rural areas share broadly the same needs as social enterprises everywhere. However, particular issues are relevant to the development of rural social enterprise.

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<sup>3</sup> See <http://www.plunkett.co.uk>

<sup>4</sup> <http://www.baywind.co.uk/>

<sup>5</sup> <http://www.gigha.org.uk/>

The importance and potential for growth of rural social enterprise needs to be recognised at a strategic level within government. The Environment and Rural Affairs Department should make a clear commitment to developing rural social enterprise and should work closely with the enterprise networks and Communities Scotland's Social Economy Unit on this. Work across the UK and Europe to map, understand and develop policy for rural social enterprise should be taken into account (e.g. DEFRA's policy statement on social enterprise<sup>6</sup>).

Appropriate and effective business support needs to be available to both existing and emerging social enterprises. Notwithstanding the basic mainstream services available via Business Gateway, there is a need for organisations to have consistent access to specialist advice. Innovative models of providing business support to social enterprise are being piloted, particularly in the Highlands & Islands area through the "Highlands & Islands Social Enterprise Zone"<sup>7</sup>. These should be supported where they prove to be successful.

Social enterprises need access to an appropriate range of financial products to fill the gap in investment between traditional grant support and commercial finance. New forms of finance including patient capital and equity-like investment for all forms of social enterprise including co-operatives and employee-owned businesses need to be developed and should build on the work of Community Development Finance Initiatives. Previous investment in particular business models has proved extremely successful – for example, Loch Fyne Oysters and Highland Home Carers have benefited from investment into employee buy-outs of their companies, putting ownership of the businesses in the hands of local employees and enabling social and environmental objectives to be put at the heart of their businesses. Similarly, the Isle of Gigha benefited from investments which enabled the community to buy the island and develop trading activities including developing and managing a community wind turbine farm. The island community has been revitalised as a result.

## **Conclusion**

Social enterprises combine economic, social and environmental objectives in such a way that they have the power to transform communities. However, their potential is currently under-exploited and a series of barriers to their development need to be tackled. Accessible rural areas could see their fortunes reversed if social enterprise models were fully promoted and supported with the right kind of policy and investment.

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<sup>6</sup> <http://www.defra.gov.uk/rural/social-enterprise/default.htm#0>

<sup>7</sup> [www.hisez.co.uk](http://www.hisez.co.uk)