

## Find out about social enterprise

### What do we mean by social enterprise?

The term 'Social enterprise' is used to describe a business model which works to meet primarily social objectives rather than being run principally to provide profit for the owner or shareholders. In 2002 the DTI defined social enterprise as:

*"businesses with primarily social objectives whose surpluses are principally invested for the purpose of the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners"*

All social enterprises have **social objectives which are set** towards achieving some change. They might be economic eg getting people into work, environmental eg reducing land fill or car miles, social eg tackling social isolation, providing support to people in need of support, or some or all of these.

In addition social enterprises **develops trading activities** selling services or products as a principle method of operation.

A social enterprise **reinvests its surpluses either in the business or the community**. This provision is usually set out in the governing document or articles and is a statutory requirement for some legal forms. This is called **an asset lock**.

### Why be a social enterprise?

Social enterprise involves pursuing social objectives as a principle way of bringing in income. As a business with social objectives this involves balancing commercial business and social objectives which distinguishes social enterprise both from private commercial business and from a purely voluntary or charitable endeavour.

**Example Phone service provider The Phone Co-op** [www.thephone.coop](http://www.thephone.coop) is a cooperative business offering phone, broadband and mobile services.

The Phone Co-op started out in 1998 as a way for non-profit organisations like charities and community groups to bulk-buy their telecommunications. The idea was that if these organisations came together as a buying club, they could make big savings. The idea took off and it wasn't long before regular customers started wanting to share in the savings sit expanded into residential phone services. As a cooperative it is run by a group of people united by shared values, shared ownership and democratically made decisions.

### *Phone Co-op says*

*The Phone Co-op has a different way of doing business. Social responsibility isn't a marketing gimmick; it underpins everything we do, from the way we treat our staff to where we invest our*

### Greenwich Leisure [www.gll.org](http://www.gll.org)

- GLL oversees the management of over 100 public leisure centres including swimming pools and gyms within London and South East England.
- **GLL says:** *We are committed to the provision of leisure and fitness facilities at affordable prices*

### What sectors does social enterprise operate in?

Social enterprise operates in every sector locally, nationally and globally. Some well-known examples include Big Issue, Fifteen, Fordhall Farm, Care and Share Associates, Sussex Orchards, Hackney Community Transport [HCL]. A social enterprise may be a community initiative, such as a community owned shop or pub, a social enterprise helping people in need of support, a childrens nursery, a growing or land social enterprise, a sports social enterprise running a leisure facility or sports team, a large health provider. Further afield there are many social enterprises, such as Traidcraft and Café Direct, many of which operate in the Fairtrade sector. Research has also shown that a significant number of people prefer to buy services from a social enterprise if available.

### When did social enterprise begin?

The idea of social enterprise goes back to the early 1800s when the first worker co-operative was established in Rochdale to provide quality food to workers in a local mill. Over time different social enterprises emerged across many sectors using a range of legal forms. More recently many charities have started to adopt the social enterprise business model, and as a result of a recent policy change, public bodies are being encouraged to spin out or externalise public sector services into an independent social enterprise business structure. The Canal and River Trust [www.canalriver.org.uk](http://www.canalriver.org.uk) is a recent example of a spin out.

### Community farming in Shropshire - Fordhall Organic Farm [www.fordhallfarm.com](http://www.fordhallfarm.com)

The Fordhall Community Land Initiative is an industrial and Provident Society with charitable status owned by over 8000 shareholders which aims to ensure access to the farm for farmers and the community and advance educational needs. It promotes organic farming and traditional farming methods.

*Fordhall Organic Farm says "The Fordhall Community Land Initiative reaffirms the relationship between the landscape and the way it shapes the prosperity of rural communities. It seeks to demonstrate that small-scale farming connected to the local community offers a viable way of life for generations to come."*

**In the UK** Social enterprise employs significant numbers of people and skills up and helps to support many more through its work. Research undertaken found that Almost 1.3M people consider themselves to be social entrepreneurs.

- More than 60% of the British public would prefer their local services to be run by a social enterprise [YouGov poll 2007]
- 7 out of 10 people say that they would prefer to buy from firms who put their profits back into the community rather into to shareholders
- Over 8 out of 10 public sector commissioners of services asked would prefer to buy from a bidder with a public service ethos [assuming other contract requirements were met] [Gov data 2008]

## What does a social enterprise look like?

Social enterprises can take many different forms, large or small and there are a number of different legal and organisational structures which can be used as well as different ways of working. Examples include companies limited by shares or by guarantee, Industrial and Provident Societies, Community Interest Companies limited either by shares or by guarantee.

## Across the UK

**Hill Holt Wood** <http://hillholtwood.com/> Hill Holt Wood is an environmental social enterprise and registered charity. It owns a small (34 acre) woodland which is run as a centre for learning for a diverse range of learners of all ages and abilities.

***Hill Holt Wood says:** At Hill Holt Wood we approach the management of the woodland in a traditional sense, as a habitat to be conserved but we also look to the future and utilise the natural resources to achieve employment, education and training goals. Hill Holt Wood is a centre for learning for a diverse range of learners of all ages and abilities. Hill Holt Wood – “Proving the value of ancient woodland in the 21st century.”*

## Want more help?

**KaMSEN [Kent & Medway social enterprise network]** is the official support organisation for new and existing social enterprises in Kent Medway and the surrounding LEP area. Established in 2005, KaMSEN CIC works alongside other networks in the region supporting and promoting social enterprise across all sectors including spin outs of public sector services. See our website [www.KaMSEN.org.uk](http://www.KaMSEN.org.uk) for more information or to contact KaMSEN to be put in touch with a social enterprise adviser or find out more information including workshops and networking events.

## Disclaimer

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