



Information Sheet

Foundation for Community Dance • January 2011

Social Enterprise

The term 'social enterprise' may be relatively new, but the ethos behind it – people working for the good of their community – has been happening for years. This briefing gives a basic introduction to the concept of social enterprise, offers examples of how it can work for you in an arts environment, and lists key considerations if you are thinking of starting your own.

A. What is a social enterprise?

A social enterprise is a business with a social and/or environmental purpose. Like any other business, it aims to generate income through the sale of goods or services. However, any profits made will be re-invested into the business or the community. To ensure this happens, social enterprises normally have what is known as an 'asset lock,' which prevents any surpluses going to shareholders and, in the event of the organisation going under, all assets have to be transferred to a similar organisation.

Social enterprises can serve a variety of purposes and, if successful, can have a significant impact on a wide range of social and economic problems within a community. They can provide meaningful employment, support vulnerable people, strengthen rural communities, promote social inclusion and much more.

In the past, social enterprises found themselves 'between a rock and a hard place.' The business sector couldn't understand them – nor could the charity sector. Over the past few years, however, this way of doing business has become increasingly recognised.

Networks across the UK now provide help and support to those wishing to do more with their business acumen than just make money.

Some social enterprises have become household names, such as Jamie Oliver's Fifteen restaurant, The Big Issue, the Eden Project in Cornwall and Fairtrade coffee company Café Direct. However, there are many more unsung heroes working away for social good – an estimated 55,000 of them in fact – with a combined annual turnover of £27 billion.

B. The social entrepreneur

Many social enterprises come to fruition due to the efforts of one individual committed to social change. The term 'social entrepreneur' first appeared in the UK press in 1995, in reference to Andrew Mawson – a man whose inability to take 'no' for an answer helped transform one of London's most deprived boroughs (see Further Resources for details of his inspirational book, *The Social Entrepreneur*).

According to Mawson, 'Social entrepreneurs are fundamentally optimistic about the world – where many people see only problems, they see opportunities for change, even in the most challenging of situations.'

He also claims that 'social entrepreneurs worth their salt do not follow conventional ways of working,' which often means finding creative solutions to everyday problems.

C. Types of social enterprise

There is no 'one size fits all' approach to social enterprise, and people generally take on the legal format which best suits their venture. Many, but by no means all, social enterprises are charities. Some are companies limited by guarantee, companies limited by share, development trusts, or industrial and provident societies. The term social enterprise can also cover credit unions, housing associations, co-operatives and social firms (commercial businesses which provide employment for disadvantaged people).

In 2005, the Community Interest Company (CIC) came into being in the UK. These are bespoke businesses designed specifically for social enterprise. They are 'asset capped,' which provides opportunities for investors whilst ensuring the majority of the company's assets and profits are maintained for community benefit. VAN Briefing 106: Community Interest Companies explains this in more detail and is available to download from www.voluntaryarts.org/briefings.

If you are trying to decide which form to go for, you are strongly advised to seek legal advice. The Social Enterprise Coalition publication Keeping It Legal is a good place to start, and many of the organisations listed in the Further Resources section have a great deal of experience in helping new businesses choose the appropriate legal structure.

D. Social enterprise and the arts

As Andrew Mawson says in The Social Entrepreneur, 'Arts and artists can open up whole new horizons for people...art projects can break the patterns of failure by raising expectations and encouraging people to look at their situation with fresh eyes.'

We all know that the arts can have a profound effect on people's lives, and that the 'added value' of social enterprise is easily found in a cultural environment. Making money through artistic ventures isn't always easy, however, but there are many good examples of organisations who have benefited their community whilst generating an income.

Success Stories

Three arts organisations that have taken the social enterprise route:

Impact Arts, Glasgow

Started in 1994 by a then adult literacy manager and language teacher, Susan Aktemel, Impact Arts set out to 'use the arts to make a difference to people's lives, either directly or indirectly.' From humble beginnings, Impact Arts now employs 29 full-time and 70 part-time staff, and has an annual turnover of £1.5 million. It delivers large and small multi-arts projects across Scotland, including a creatively recycled furniture business and a interior design project for homeless young people, and is the Scottish arm of youth arts programme, Gallery 37. In 2008, Impact Arts plans to start work in the rest of the UK. According to Susan, running a successful social enterprise is as much about mind-set as anything – particularly when it comes to funding. 'It never entered my head that I would be dependent on anybody,' she says. 'I knew the market was there for us, and I just figured that if we ran good quality arts projects and behaved in a business-like way, then we'd get more work.' Which is exactly what happened. To find out more about Impact Arts go to www.impactarts.co.uk

Belfast Community Circus

For the past 23 years, Belfast Community Circus has been 'developing circus arts to as high a standard as possible, whilst making participation and viewing as accessible as possible.' The Circus teaches children and young people in some of the most deprived communities in Northern Ireland, and is also a training school for professionals. Its Youth Circus has given children aged eight to 18 training and performance opportunities, crossing the religious divide in their purpose-built premises in the heart of Belfast. To find out more go to www.belfastcircus.org

Acme Studios, London

Since 1972, this charity has been providing artists with affordable studio and living space, and has helped over 5,000 people to date. Their mission is to 'increase the supply of affordable, accessible, permanent and high quality space for artists,' by designing, converting, building and running studios and living quarters. For the past 36 years, they have consistently shared their experience

with others, and offer free advice on all aspects of providing affordable accommodation for artists. To learn more about Acme go to www.acme.org.uk

E. Things to think about

Starting your own social enterprise can be a rewarding, challenging, exciting and scary experience. If you are thinking of setting one up, or turning your existing organisation into a social enterprise, here are some things you may want to think about:

- 🌀 **Is there a market for you?** – ensure there is a market for the goods or services you wish to sell. If you have a great idea for helping the community, but one which is never going to be able to develop itself as a business, you may be better off setting up a charity;
- 🌀 **Networking** – peer networking can be critical to reducing the amount of time it takes you to get where you want to go. There are a number of networks set up to facilitate this kind of support – the Social Enterprise Coalition can put you in touch with your nearest one (see Further Resources);
- 🌀 **Does your legal structure suit you?** – some people dislike having to answer to a board of directors; others thrive on it. Make sure you are comfortable with the legal form your social enterprise takes, and that the people you share control with also share your passion;
- 🌀 **What's your motive?** – if you have a great business idea, why do you want to set up a social enterprise? You have to be really clear that you're passionate about social change, rather than just making money;
- 🌀 **Who are your stakeholders?** – these could be staff, customers, services users, community, investors. Consider how their influence will potentially affect your plans.

If your organisation is currently part of the voluntary or community sector, business terminology may feel alien at first. Publications such as **A Business Planning Guide to Developing a Social Enterprise** can help you find your way through the jargon jungle (see Further Resources).

F. Monitoring your impact

Anecdotal evidence is often the main way people communicate the added value brought about by social enterprise. This is fine within the sector, but trying to win a contract or secure a loan with a nice story about happy children may not get you very far with the number crunchers. Finding a way to measure community wellbeing is seen as the next big challenge for social enterprise.

In his 1997 study, *Use or Ornament*, François Matarasso listed 50 social impacts of participation in the arts. These included 'contribute to people's employability,' 'help offenders and victims address issues of crime' and 'help improve the quality of life of people with poor health.' Along with the 47 other well-researched impacts, these clearly help improve communities for all who live in them. Proving those impacts, however, isn't easy. For social enterprises that are spending public money (either derived from funders or people commissioning work) being accountable is not only morally right, but a great way to prove your worth – and, in turn, attract more funding/investment.

The Social Return on Investment (SROI) is a relatively new, but extremely robust, method of measuring an organisation's added value. By calculating the social, environmental and economic benefits of your enterprise, you can attribute a financial value to it. For example, if a visit to the GP costs a local health board £100 and, after taking part in your project for 12 months, a participant has visited their doctor less frequently due to increased wellbeing, you can calculate how much money your project has saved the NHS.

Impact Arts has recently carried out a SROI with amazing results. For every £1 invested in their Fab Pad project in North Ayrshire, a social return of £8.38 was realised. What better way to show funders your organisation provides good value for money? And remember, you don't need to be a social enterprise to carry out an exercise such as this, to determine your organisation's social return on investment!

G. Financing your enterprise

If you don't have start-up capital, there is a range of development funding available, from grants to loans. The Social Enterprise Coalition publication *Unlocking the Potential: A Guide to Finance for Social Enterprises* is a great place to start (see Further Resources). Some banks, such as Triodos – www.triodos.co.uk and Unity Trust – www.unity.uk.com are devoted solely to helping social economy organisations and charities. Increasingly, mainstream financial organisations are turning their attention to this important new sector, and have entire teams dedicated to social economy and community banking. The Royal Bank of Scotland/Natwest is being very proactive in this area (and helped produce the Business Planning Guide listed in Further Resources), but it is worth shopping around to see which bank best suits your organisation.

Further Resources

Organisations

- ☞ The Social Enterprise Coalition – the SEC is the UK's national body for social enterprise. Southbank House, Black Prince Road, London SE1 7SJ. T: 020 7793 2324 E: info@socialenterprise.org.uk www.socialenterprise.org.uk
- ☞ UnLtd – charitable organisation set up by seven leading organisations that promote social entrepreneurship, with six offices in the UK. 123 Whitecross Street, Islington, London EC1Y 8JJ. T: 0207 566 1100 E: info@unltd.org.uk www.unltd.org.uk
- ☞ Scottish Social Enterprise Coalition – the national collective lobbying and campaigns voice for social enterprise in Scotland. Thorn House, 5 Rose Street, Edinburgh EH2 2PR. T: 0131 243 2650 E: admin@ssec.org.uk www.ssec.org.uk
- ☞ Social Economy Network – the SEN was set up to develop the social economy sector in Northern Ireland, increase its business strength and create a supportive and enabling environment for growth. 171 York Road, Belfast BT15 3HB T: 028 9077 0502 E: info@socialeconomynetwork.org www.socialeconomynetwork.org
- ☞ Social Entrepreneurs Ireland – encourages and supports the development of social entrepreneurship in Ireland. 14/15 St. Stephens Green, Dublin 2, Ireland. T: +353 1 661 8935 E: info@socialentrepreneurs.ie www.socialentrepreneurs.ie
- ☞ Wales Co-operative Centre – the Centre supports the development of co-operatives and social enterprises in Wales and tackles social exclusion. Llandaff Court, Fairwater Road, Cardiff CF5 2XP T: 029 2055 4955 E: walescoop@walescoop.com www.walescoop.com
- ☞ CAN (formerly Community Action Network) – co-founded by Andrew Mawson, CAN is one of the UK's leading organisations for the development, promotion and support of social entrepreneurs and social enterprises. www.can-online.org.uk
- ☞ FirstPort – provides support for new and emerging social entrepreneurs and social enterprises throughout Scotland, and works with UnLtd to distribute funds. 54 Manor Place, Edinburgh EH3 7EH T: 0845 478 6336 www.firstport.org.uk
- ☞ Senscot (Social Entrepreneurs Network Scotland) – this independent network is aimed at individuals working in front-line social enterprises in Scotland, and sends out a useful weekly e-bulletin. 54 Manor Place, Edinburgh EH3 7EH T: 0131 220 4104 E: mail@senscot.net www.senscot.net
- ☞ The Social Enterprise Academy – delivers courses in entrepreneurial leadership to the public, private, and social economy sector. Although based in Scotland, they also run classes in London. www.theacademy-ssea.org
- ☞ The School for Social Entrepreneurs – runs practical learning programmes aimed at helping develop the individual entrepreneur and their organisation simultaneously. It has centres in England, Scotland and Northern Ireland. www.sse.org.uk
- ☞ The Skoll Foundation – invests in, connects and celebrates social entrepreneurs. It runs the Centre for Social Entrepreneurship at Oxford University and offers three year funding through the Skoll Award for Social Entrepreneurship. www.skollfoundation.org
- ☞ The Wheel – support and representative body connecting community and voluntary organisations and charities across Ireland. Irish Social Finance Centre, 10 Grattan Crescent, Inchicore, Dublin 8, Ireland. T: +353 1 454 8727 E: info@wheel.ie www.wheel.ie

Useful websites

- Association For Cultural Enterprises – www.acenterprises.org
- Community Interest Company Regulator – www.cicregulator.gov.uk
- Cabinet Office of the Third Sector – www.cabinetoffice.gov.uk/third_sector/social_enterprise.aspx
- Cultural Enterprise Office – www.culturalenterpriseoffice.co.uk
- Development Trusts Association – www.dta.org.uk
- Institute for Social Entrepreneurs – www.i-se.co.uk
- Social Firms UK – www.socialfirms.co.uk
- Social Firms Scotland – www.socialfirms.org.uk
- Social Firms Wales – www.socialfirmswales.co.uk
- Social Investment Scotland – www.socialinvestmentscotland.com
- The UK Social Investment Forum – www.uksif.org

Publications

- A Business Planning Guide to Developing a Social Enterprise – published by Forth Sector, this downloadable guide talks you through the entire process of starting a social

enterprise, from exploring your initial idea to writing a business plan – www.forthsector.org.uk

- Keeping It Legal – by Bates, Wells and Braithwaite. Choosing the legal form that is right for you is an important part of establishing a social enterprise. This easy to understand guide takes you through the rules and regulations you need to govern your business. To order a copy (£10) email publications@socialenterprise.org.uk or phone 020 7793 2323.
- Social Enterprise Magazine – monthly magazine providing accessible, comprehensive news and practical help for anyone interested in social enterprise – www.socialenterprisemag.co.uk
- The Social Entrepreneur: Making Communities Work – Andrew Mawson's inspirational account of how he transformed the Bromley-by-Bow centre in London's East End. Published by Atlantic Books.
- Unlocking the Potential: A Guide to Finance for Social Enterprise – this guide focuses on the different forms of non-grant finance available for social enterprises. To order a copy (£10) email publications@socialenterprise.org.uk or phone 020 7793 2323.

Published by Foundation for Community Dance, January 2011

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This information sheet was first produced and published by Voluntary Arts: www.voluntaryarts.org/briefings



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Registered charity no. 328392

Company Limited by Guarantee, registered in England and Wales no. 2415458

Registered office: LCB Depot, 31 Rutland Street, Leicester LE1 1RE



Supported by
**ARTS COUNCIL
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