

Social Enterprise –

How is it relevant to the current and future work of two Manukau organisations?

A Report on a Study Leave Visit to Scotland and England in May, 2011.

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Greetings.

It gives us a great sense of achievement to present this report, firstly, to our own Boards and Organisations – Friendship House, and Mangere East Family Service Centre; and then to the wider sectors interested in the potential and opportunity of Social Enterprise.

Both Boards have accepted the report and we are working on processes to implement the learnings. In the case of both Boards this has been an affirmation that we have been working as Social Enterprises. This report has challenged us to focus and refine both our strategic and our operational directions. It's primarily not that we change what we are doing, but we do it better and we do it more effectively.

The next challenge is as we engage with our communities, our sectors – the community and business sectors, and the local and central Government bodies.

Our hope is that this report will add to the discussion around and for Social Enterprise being an innovative and sustainable response to the world we are a part of.

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Finally we invite any thoughts or reflections or insights which may help our journey and implementation.

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Table of Contents

| | |
|---|----|
| Greetings..... | 1 |
| Creative Commons license:..... | 1 |
| Executive Summary..... | 3 |
| Context..... | 3 |
| Definitions..... | 3 |
| Benefits..... | 3 |
| Our findings on Social Enterprise:..... | 3 |
| A Report on a Study Leave Visit to Scotland and England..... | 6 |
| Introduction..... | 6 |
| Acknowledgement and Thanks..... | 6 |
| Context..... | 6 |
| Definitions..... | 7 |
| Benefits..... | 9 |
| Our findings on Social Enterprise:..... | 10 |
| As a Sector..... | 10 |
| As a Business..... | 11 |
| Embracing Diversity..... | 12 |
| Local Community..... | 13 |
| Central and Local Government..... | 14 |
| Empowering People..... | 15 |
| Investment of Resources..... | 16 |
| Conclusion..... | 17 |
| Appendices..... | 18 |
| Methodology..... | 18 |
| Sykes' Visits in the UK – May 2011..... | 20 |
| Notes from the visits..... | 23 |
| Edinburgh..... | 23 |
| Glasgow..... | 29 |
| London..... | 36 |
| Other Contacts..... | 44 |
| Generic Comments/Questions that grew from the interaction..... | 45 |
| Notes on the UK Context ... some notes and reflections..... | 46 |
| Notes on Types of Social Enterprise and Legal Structures..... | 47 |
| Some other definitions of ideas that link with social enterprise..... | 50 |

Executive Summary

This report will confirm what we had hoped at the outset – that Social Enterprise is an effective way to achieve multiple outcomes. Social Enterprise brings together the Enterprise learned in the Private Enterprise sector, and the Social impact sought by the Public sector, and historically located within the Charity and Not For Profit sector. Social Enterprise is a growing field worldwide and is seen and experienced by those involved in it as a way to address complex issues that other approaches are making limited headway with. Social Enterprise has proved effective at moving community from a model of deficit and dependency to engagement and interdependence. There is an increasing body of external evidence to substantiate this.

Context

There are a range of factors at local, regional, national and international levels that are leading people to consider Social Enterprise as a way forward. At the core of each of these is the recognition that there is dissatisfaction with the way things are currently done to achieve economic, social and environmental outcomes, a hope that there are more effective ways to proceed, and a desire for change. Social Enterprise is a proven way to achieve that change.

Definitions

Social Enterprises:

1. *“have social and/or environmental objectives.*
2. *are trading businesses aspiring to financial independence.*
3. *have an ‘asset lock’ on both trading surplus and residual assets.*
4. *cannot be the subsidiary of a public sector body.*
5. *are driven by values – both in their mission and business practices.”*

Senscot (Social Enterprise Scotland)

In the various example definitions of Social Enterprise there are threads that are common to all. The notion of ‘doing business’ and ‘doing good’ occurs regularly, together with reinvesting profits to achieve social outcomes, and ensuring that there is an “asset lock” i.e. all assets of the Social Enterprise can only be used for social purposes. Using these definitions it is clear that many existing organisations in New Zealand [NZ], including the ones we work for, already meet the criteria to be called Social Enterprises even if they are not yet using the terminology.

Benefits

Social Enterprise provides a mechanism to conduct business effectively and profitably, and to bring about effective social change. It has the ability to engage a diverse range of people, particularly those who are most vulnerable or who have been marginalised in some way. It inspires and gives people ways to be more connected in their communities. And it creates successful, sustainable businesses.

Our findings on Social Enterprise:

As a Sector

There is considerable discussion internationally about which “sector” or part of society Social Enterprise fits best in. Some are clear it is part of the business, private or first sector; others see it as part of the community or third sector; and yet others see it as overlapping both or its own unique sector. Very few would see it as being part of the public or state sector. However the majority of people see Social Enterprise as part of the community or third sector, with a clear focus on business for social good, rather than either solely for charity or for private gain.

What seems of most importance for NZ at this time is:

- that the unique features, needs and contribution of Social Enterprise are recognised within the community sector, and
- that the efforts made to organise and resource Social Enterprise within and across the country, model the values inherent in Social Enterprise i.e. sustainable, inclusive, empowering, and providing positive solutions.

As a Business

Often in the past the community sector in NZ has been distrustful of “business” and seen it as the cause of many social problems. It can take a shift in thinking for some to see the value in and the need to operate businesses for social good, and to see that running businesses does not solely belong to the private sector. We found that this shift has largely been achieved in the places we visited and there is considerably more movement between sectors there than we currently see in NZ. The language we use for the sector can contribute to this problem e.g. Not For Profit. To then say we want to create profit can cause a crisis of identity for some groups. Some are now using the term “More Than Profit” to support the shift in thinking needed to see that making a profit and running our organisations in a business like way is essential if we want to bring about sustainable change.

Embracing Diversity

We were constantly reminded of the components of diversity that exist in relation to Social Enterprise – diversity at multiple levels:

- Models
- Structures
- Locations
- Types of businesses
- Governance
- Range of community involvement
- Scale
- Human need

Social Enterprise is clearly not a one size fits all way of doing things. It provides a way to create a customised response to a local or specific context. Specific examples of Social Enterprise are also not likely to be immediately transferable as they are themselves local responses to specific factors. Social Enterprise encourages, supports and values diversity.

Local Community

The term community is used in so many different ways that it is important to recognise the range of meanings and contexts, and to be clear how we are using it. Ultimately though community is about people, and the way groups of people organise themselves and relate to each other. Social Enterprises need to be clear and specific about which community they are intending to engage with, how they will do this to benefit that community, and how they will do this in ways that are valuable and meaningful for that community.

Central and Local Government

The relationship between central and local government, and Social Enterprise, at its best is vital, interdependent and synergistic. In the UK many Social Enterprises derive a significant proportion of their income from contracts with central and local government. Social Enterprises are an effective model for the delivery of a wide range of public services. In order to maximise the win/win nature of this relationship there are a range of supports, policies, strategies, funding and legislation that central and local government can put in place. At present in NZ there is somewhat of a vacuum in the

recognition and support provided to Social Enterprises. This provides an opportunity to create a positive environment for the development of a strong and effective Social Enterprise sector.

Empowering people

One of the key components of Social Enterprise is to engage people, both individuals and groups, and especially the most vulnerable. It is important that people are supported to have the self belief and skills to help themselves make best use of the resources and opportunities available to them to improve their social outcomes. This means creating learning models which utilise technology, customised learning, and practical engagement (e.g. apprenticeships). The outcome of this is to create a normality of experience and a sense of being valued and respected i.e. people become agents in their own lives and destiny rather than passive recipients of charity. A further outcome of this is to enable people to participate in the workforce, or to participate in creating new enterprises or ways of generating income and livelihood for themselves.

Investment of resources

Social Enterprise requires an investment of capital and time. It is not a quick fix, simple solution or alternative. It requires building a strategic business plan with rigour and focus. It also requires a change of attitude to raising funds for strategic and capital development. Historically the Community Sector is focussed on operational funding, and budgeting is about cash flow in the here and now. Funding applications are generally about meeting a projected deficit. Social Enterprise challenges us to build the future through planning, testing and laying a strong foundation. It requires the investment of capital, people and time to create a frame on which growth and change can take place.

Conclusion

“The future is not a result of choices among alternative paths offered by the present, but a place that is created - created first in the mind and will, created next in activity. The future is not some place we are going to, but one we are creating. The paths are not to be found, but made, and the activity of making them, changes both the maker and the destination.”

(John Schaar on change, quoted by Colin Campbell from Assist Social Capital)

Social Enterprise has been demonstrated in a huge variety of contexts worldwide to be a successful response to empowering communities and really making a difference at local and national levels. However it doesn't happen by accident. It requires the intentional combination of passion, values, skills, resources and action to create unique and customised responses to each context. Social Enterprise tackles core issues of empowerment, and economic and social inclusion. And it does this more effectively than many other existing strategies.

Doing business for social good holds great appeal for many people who are disillusioned with the current economic system and its outcomes. It provides a way of combining the very best of the business world with the very best of the community sector. It values people and communities in a way that aims to create value for everyone, leaving no one behind or excluded.

The future for Social Enterprise is exciting. It is up to us to use our inherent imagination and creativity to think outside the square, to be both compassionate and courageous, and to be willing to do things differently.

A Report on a Study Leave Visit to Scotland and England.

'Here is Edward Bear, coming downstairs, now, bump, bump, bump, on the back of his head behind Christopher Robin. It is as far as he knows the only way of coming downstairs, but somewhere he feels there is another way, if only he could stop for a moment and think of it.' A A Milne

(Borrowed from Kibble's account of its journey into Social Enterprise "A model for the future, an enterprise from the past" found at <http://www.kibble.org/documents/AMFTF%20full.pdf> and obviously borrowed in turn from A A Milne.)

Introduction

From April 21 – June 10, 2011 Vicki Sykes and Peter Sykes spent time in the UK visiting a range of organisations to explore the theory and application of Social Enterprise (SE) in the UK, and the relevance of this to the organisations we work for. As well as being a married couple, we are the CEO's of two Manukau based community organisations: Peter is the CEO of the Mangere East Family Service Centre (MEFSC) and Vicki is the Director of Friendship House. This report is jointly written and further details on the methodology behind this can be found in the appendices.

While the primary audience for this report is the two organisations we work for, many others have expressed an interest in our study and the outcomes from it. We have taken this into consideration in the writing of this report and hope that it will include insights of relevance beyond Friendship House, the MEFSC, and ourselves.

Acknowledgement and Thanks

We would like to acknowledge and thank those whose support made this trip and the report possible:

- Our respective Boards who grasped and supported the need to explore Social Enterprise further and were willing to provide a financial contribution and study leave to make this possible.
- The great teams we each work with who were willing and able to keep the work going at home so we could undertake this study.
- *Te Kotahitanga* who also provided financial assistance towards this study.
- The groups and individuals involved in Social Enterprise in Scotland and England who generously welcomed us and shared willingly of their time and expertise. We would particularly like to thank Aidan Pia of Senscot in Scotland, and Glenn Arradon of Locality in London.
- And our daughter Joanna, who kept things ticking over at home, fed the pets, dealt with mail and email, and kept us in touch.

Context

There are a range of factors at local, regional, national and international levels that are leading people to consider Social Enterprise as a way forward. At the core of each of these is the recognition that there is dissatisfaction with the way things are currently done, a hope that there are more effective ways to proceed, and a desire for change. Social Enterprise is a proven way to achieve that change.

A number of contextual factors have informed the timing and nature of this study. New Zealand, like much of the world has been in the grip of a financial recession over the last few years. In addition the city of Christchurch has suffered multiple earthquakes in the last few months. The emotional, financial, structural and economic damage from this will take much time to recover from and there will be significant funding cutbacks for other parts of the country in the near future. Local government in the Auckland region in 2010 amalgamated 7 city councils into one “Super City”. This is still settling in and it is unclear yet how it will affect community services. The current government has developed a policy and spending focus on identifying value for money and knowing what works. This has resulted in some cutbacks and redistribution of community funding with more possible. There will be a general election in Nov 2011. And the philanthropic sector has not only had less funds to distribute it has also altered much of the traditional criteria for grants and donations. These factors combine to create a time of huge change and uncertainty, as well as significant opportunities.

The Boards of both Friendship House and the MEFSC have been engaged in their respective strategic planning processes to help identify the most creative and useful future directions for each organisation, and the networks and communities they are embedded in. While often both organisations have been identified as social service providers, there have been ongoing conversations about adding value to and moving beyond just the provision of social services. The concept of Social Enterprise has been experienced by each organisation differently and each Board has identified additional questions to explore and information to find. Both Friendship House and the MEFSC currently engage in Social Enterprise type activities which until recently have not been described as such.

In 2010 and 2011 there have been Community Economic Development (CED) Conferences in Auckland that have initiated, focussed and progressed a range of discussions on Social Enterprise. At each conference there have been a number of overseas speakers particularly from Scotland, England and Australia who have shared their expertise and experience. It was clear to us that while NZ has many examples of Social Enterprise there is not yet an identifiable sector, there is limited language to describe what is happening, and little legislative and funding framework yet to support what is happening.

Both of us have been in our roles for a number of years (Peter for 17 and Vicki for 13) and it is important in a long tenure of a role to take time to periodically reflect and if necessary refocus.

The combination of the above contextual factors led us to undertake this study trip to explore social enterprise in more depth.

Definitions

In the various example definitions of Social Enterprise that we provide there are threads that are common to all. The notion of ‘doing business’ and ‘doing good’ occurs regularly, together with reinvesting profits to achieve social outcomes, and ensuring that there is an “asset lock” i.e. all assets of the Social Enterprise can only be used for social purposes. Using these definitions it is clear that many existing organisations in NZ, including the ones we work for, already meet the criteria to be called Social Enterprises even if they are not yet using the terminology.

We have found there are multiple definitions of Social Enterprises. We have included several here to give a flavour. However many people we spoke with cautioned against trying to be too precise with definitions. While they are useful to give some guidelines and a context, often it is the intent that is important, and whether that intent is being achieved.

The Social Enterprise Coalition in the UK (SEC) produces excellent resources. They have recently published (May 2011) a guide called Social Enterprise Explained.

It provides this definition:

“Social enterprise: a growing, worldwide movement of businesses that exist to change the world for the better. A social enterprise is a business that trades to tackle social problems, improve communities, people’s life chances, or the environment. This might sound like charity work, but social enterprises are businesses. They make and do things that earn money and make profits like any business. It is how they work and what they do with their profits that are different: working to make a bigger difference, reinvesting the profits they make to do more good. They do this in lots of different ways: creating jobs for people who would otherwise be left out; reinvesting profits in community projects; protecting the environment, providing vital services for people who might not get them otherwise. It’s this combination of doing business and doing good that makes social enterprise one of the most exciting and fast-growing movements in this country and across the world.”

http://www.socialenterprise.org.uk/data/files/publications/Social_Enterprise_Explained_-_May_2011.pdf

Senscot (Social Enterprise Scotland) say that Social Enterprises:

1. *“have social and/or environmental objectives.*
2. *are trading businesses aspiring to financial independence.*
3. *have an ‘asset lock’ on both trading surplus and residual assets.*
4. *cannot be the subsidiary of a public sector body.*
5. *are driven by values – both in their mission and business practices.”*

The UK government uses the definition of Social Enterprise as "businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners."

Often people ask ‘what is the difference between a social enterprise and ethical, or socially responsible, business?’ The SEC website uses this distinction:

“The two are distinct business models. A social enterprise's main purpose is to fulfill its social and/or environmental goals. This is achieved by reinvesting the majority of the profits back into the business. An ethical business tries to achieve its financial goals while minimising any negative impact on society or the environment.”

The Social Enterprise Mark has been developed in the UK to provide an agreed standard for businesses that meet certain criteria. In summary these are:

- Have social and/or environmental objectives.
- Are an independent business.
- Earn 50% or more of their income from trading (NB this includes contracts for services.)
- Distribute 50%+ of any profit to social/environmental purposes.
- If the business is dissolved all the assets must be distributed for social/environmental purposes (sometimes called an “asset lock”)
- Can demonstrate that social/environmental objectives are being achieved.

It is worth noting that there are also a range of other terms used, sometimes in conjunction with Social Enterprise e.g.

- Community Enterprise
- Social Firms

- Social Traders
- Fourth Sector
- More than profit
- Social Entrepreneurs
- Community Economic Development
- Development Trusts
- Community Development
- Social Capital

At times some of the above terms are used synonymously with Social Enterprise and at other times they have quite separate meanings. For the purposes of this report we've chosen to focus on Social Enterprise and will identify if we are making reference to any of these other terms.

In addition to creating an understanding of Social Enterprise, we also find it important to review some other common ideas associated with the sector. We need to do this to begin the process of differentiating social enterprise from different models. This includes further exploration of the ideas of charity, charitable activities, charitable entities, private enterprise, and philanthropy.

Using any of the above definitions for Social Enterprise it is possible to see that there are already many Social Enterprises in existence in NZ even if they might not currently use this description for themselves e.g. opportunity shops, elder care facilities run by community groups, and many iwi based businesses. There are also many people involved in enterprising activity aimed at contributing to the common good. And there are many ethical businesses aiming to conduct their business in ways that have minimal negative impact. We believe the 2 organisations that we work for – Friendship House and the MEFSC – are already Social Enterprises. While there are many ways each organisation can develop in its understanding and delivery of Social Enterprise, it is clear each is already on a Social Enterprise path.

Benefits

Social Enterprise provides a mechanism to conduct business effectively and profitably, and to bring about effective social change. It has the ability to engage a diverse range of people, particularly those who are most vulnerable or who have been marginalised in some way. It inspires and gives people ways to be more connected in their communities. And it creates successful, sustainable businesses.

Again, the SEC has produced some helpful material outlining why Social Enterprise needs to play a central role in society. In Feb 2011 they published a report called "Time for Social Enterprise".

http://www.socialenterprise.org.uk/data/files/Research/Time_for_Social_Enterprise.pdf

In the report they explain and promote the value of Social Enterprise as a way of achieving social and economic change that will benefit all. They cite research that shows a high proportion of British society want to be involved in doing good as part of their work and daily life, and integrating their values into their work.

In this time of economic recession people are questioning how we got to this place and how we can do things differently. Our current economic system is built on a range of beliefs and assumptions such as competition for scarce resources. One outcome of this system is that we end up with "haves" and "have nots" and we accept that some people miss out on the basics of life as "collateral damage" for the success of others. While not promoting a swing to a version of socialism, what would happen if we looked at the world in terms of other values such as abundance, cooperation, sharing, empowering and access?

Social Enterprise provides a different way of doing business that enables people to be involved in productive, useful activity that is underpinned by working for the common good. Rather than seeing people as recipients of charity, it seeks to address the blocks to their involvement in society through providing meaningful work that has wider social benefits.

Inherent in the development and delivery of Social Enterprise are key community development principles such as the centrality of people, community and the environment, the desire for justice and inclusion, an equitable sharing of resources, and attention to the ongoing question about who benefits from any given action or agenda. Social Enterprise is designed to deliver on these principles and to ensure the outcomes of business benefit the community.

Our findings on Social Enterprise:

As a Sector

There is considerable discussion internationally about which “sector” or part of society Social Enterprise fits best in. Some are clear it is part of the business, private or first sector; others see it as part of the community or third sector; and yet others see it as overlapping both or its own unique sector. Very few would see it as being part of the public or state sector. However the majority of people see Social Enterprise as part of the community or third sector, with a clear focus on business for social good, rather than either solely for charity or for private gain.

What seems of most importance for NZ at this time is:

- that the unique features, needs and contribution of Social Enterprise are recognised within the community sector, and
- that the efforts made to organise and resource Social Enterprise within and across the country, model the values inherent in Social Enterprise i.e. sustainable, inclusive, empowering, and providing positive solutions.

Without even adding Social Enterprise into the mix there is a confusing array of terms for the sector of society that is seen to work with people e.g.

- Community
- Not for profit (NFP)
- Non government (NGO)
- Charitable
- Voluntary
- Third Sector

In the UK, Social Enterprise is in most cases a recognised and promoted part of the Third Sector. In NZ, Social Enterprise is still in a developmental phase. Many people we spoke with encouraged us in NZ to make full use of the international resources available as this would help us develop at a faster pace and learn from their experience. While NZ has historically gone through a phase of distrusting overseas “experts”, it makes sense to make use of the knowledge and experience freely available in a global context. It is interesting that countries such as India and Korea that do not have a history of social services are looking at Social Enterprise as a way to avoid the pitfalls of unsustainable Western models of welfare. They are hoping that Social Enterprise will provide a way to meet increasing social need, in a sustainable way that achieves broad economic and social outcomes.

It is important to note that:

- While many Social Enterprises may have charitable status they do not follow a traditional charity model.

- Social Enterprises will be identifiable as being sustainable businesses with clear values, and measurable impact.
- Social Enterprises seek to create wealth and interdependence for community.
- A commitment to being environmentally sustainable is key to Social Enterprise. NZ lags well behind the UK in achieving this.
- There is a need to build supportive alliances with local and central government, the business sector, and the community sector.
- There will be multiple ways that people can contribute to the development of a Social Enterprise voice and structure.
- There are a variety of models for organising a sector/sub sector e.g. membership, conferences, websites, alliances, coalitions, etc. All have their pros and cons. It will be helpful for those keen to organise the connections between Social Enterprises, and to promote and resource Social Enterprises, to choose appropriate models to do this.
- There are multiple international and national bodies organising or facilitating Social Enterprises. Many make their resources and learnings freely available. We don't need to reinvent the wheel.

What value do you place on the need for an organised voice or body for Social Enterprise?

How will you and your organisation contribute to that?

As a Business

Often in the past the community sector in NZ has been distrustful of business and seen it as the cause of many social problems. It can take a shift in thinking for some to see the value in and the need to operate businesses for social good, and to see that running businesses does not solely belong to the private sector. We found that this shift has largely been achieved in the places we visited and there is considerably more movement between sectors there than we currently see in NZ. The language we use for the sector can contribute to this problem e.g. Not For Profit. To then say we want to create profit can cause a crisis of identity for some groups. Some are now using the term “More Than Profit” to support the shift in thinking needed to see that making a profit and running our organisations in a business like way is essential if we want to bring about sustainable change.

The name Social Enterprise defines its core components: “enterprise” in that it involves being a business, conducting our work in a profitable, sustainable way, and being enterprising and creative in seeking to solve problems or needs; and “social” in that its primary goal is to meet social and environmental outcomes.

Social Enterprise can include a variety of approaches:

- refocusing existing community organisations
- creating new businesses as trading arms within or alongside existing organisations
- purchasing (acquiring) existing businesses as trading arms within or alongside existing organisations
- establish a new organisation from scratch as a Social Enterprise

Whichever approach is involved in setting up a Social Enterprise, by definition it will need to have certain key characteristics:

- It will aim to be a sustainable, profit making enterprise, with an asset lock, and a core value of creating social and environmental benefit.

- A majority % of profit will be reinvested in the business, which has at its core the goal of social benefit. (NB There is debate in the UK over the threshold for this. The Social Enterprise Mark says 50%+; in Scotland it is 100%. NZ has yet to set a standard.)
- A majority % of income is derived from trading. Trading can include sales which may be of products or services. The sale of services includes contracts for the delivery of services.
- Aims to find ways to measure the benefits it creates. There are a variety of tools for this e.g. SROI (Social Return on Investment) and Social Audit. Both of these are effective but costly and can be cumbersome. New tools are being developed all the time.

It is important to note that there are a number of positive legislative, funding and policy supports for Social Enterprise in England and Scotland which don't yet have an equivalent in NZ. These provide a wider range of options for establishing and running Social Enterprises. It is hoped that these will be developed in time here in NZ.

We repeatedly encountered the issue of scale on our visits i.e. How big is too big? How small is not profitable? In many ways these issues are no different from those that For Profit businesses face. It is one example of how tapping into the skills and knowledge of the business sector is critical to up skill the community sector to run sustainable More than Profit businesses.

We also often heard the comment that it is easier to bring a business person who has social values on board to help run a Social Enterprise, than to try and teach a community worker business skills. While this is counter to the approach many have taken until now, there are growing signs that organisations recognise the sense of this. And UK research provide ample evidence that there are many people working in the private sector who want to make the move to a more values driven way of working.

How can business practice be applied to a context of social benefit?

Where can you access business skills and models for your organisation?

What outcomes and measures will be helpful and relevant for your group?

Embracing Diversity

We were constantly reminded of the components of diversity that exist in relation to Social Enterprise – diversity at multiple levels:

- Models
- Structures
- Locations
- Types of businesses
- Governance
- Range of community involvement
- Scale
- Human need

Social Enterprise is clearly not a one size fits all way of doing things. It provides a way to create a customised response to a local or specific context. Specific examples of Social Enterprise are also not likely to be immediately transferable as they are themselves local responses to specific factors. Social Enterprise encourages, supports and values diversity.

Each of the above aspects of diversity are expanded here:

- Models – almost every group we saw was unique in some way.
- Structures - there are a range of legal structures available in the UK not yet available in NZ (see appendix).
- Locations – some Social Enterprises are based around a geographic community, some around a thematic community or need, some around a demographic group.
- Types of businesses – although there are some common fields that Social Enterprise is often found in the UK, there is little to limit the imagination on kinds of businesses provided they align with the organisations values.
- Governance/ management – again we saw a range of ways that groups organised themselves. It was common to see key people who were drivers and motivators of change, and for staff to have a long tenure in an organisation.
- Range of community involvement –Social Enterprise is usually aimed at addressing the concerns and needs of those most marginalised or vulnerable; therefore a much more diverse cross section of people are often involved in Social Enterprises at all levels and in all roles.
- Scale – we saw a wide range of scale. One key issue comes back to sustainability. Very small groups often struggled to keep afloat and suffered if key people left. Very large groups were vulnerable to shifts in policy and funding, and often had to lay off staff if contracts ceased.
- Human need –Social Enterprise provides a mechanism to engage at all levels of human need from very basic daily needs through to more complex self development (ref. Maslow’s model.)

In the midst of the diversity in your context, how will you decide on those issues and people you will engage with, and those you won’t?

What structures do you need to enable the best outcomes in your context?

Local Community

The term community is used in so many different ways that it is important to recognise the range of meanings and contexts, and to be clear how we are using it. Ultimately though community is about people, and the way groups of people organise themselves and relate to each other. Social Enterprises need to be clear and specific about which community they are intending to engage with, how they will do this to benefit that community, and how they will do this in ways that are valuable and meaningful for that community.

At the Community Economic Development Conference held in Waitakere in April, 2011 Vivian Hutchinson presented a paper called “Its going to take community ... some thoughts on economics as if people and the earth mattered.” He has refined those into a paper found at http://www.scribd.com/full/54240668?access_key=key-h78sdiz9cg7mnkwq8j7 In this paper he speaks of the need to define what we mean by “community”. He suggests community as the places where we raise children, foster friendship, lead a satisfying life, and look after each other and the earth. And so Community Economic Development (SE) is about how we foster the skills of enterprise, create livelihoods and organise assets to make these things happen.

Other key points:

- UK experience suggests that nearly half of Social Enterprises work just in their own local authority area. About 10% work nationally. At whatever end of the scale groups work, they are always working with one level of community or another.

- A key asset of community, apart from its people, is its stories, symbols and heritage. These need to be recognised, shared, celebrated and developed.
- Key to community is the development of local leadership and infrastructure. This includes individual and organisational capacity, and the availability and where possible ownership of facilities.
- A significant challenge for community is the culture change needed to accept and embrace the ideas of profit, business, success, wealth, abundance within a context of social benefit.

Who are your community? How are you engaged with them and vice versa?

How does your community know they are benefiting from your efforts?

How does your community share in the ownership and actions of your organisation?

Central and Local Government

The relationship between central and local government, and Social Enterprise, at its best is vital, interdependent and synergistic. In the UK many Social Enterprises derive a significant proportion of their income from contracts with central and local government. Social Enterprises are an effective model for the delivery of a wide range of public services. In order to maximise the win/win nature of this relationship there are a range of supports, policies, strategies, funding and legislation that central and local government can put in place. At present in NZ there is somewhat of a vacuum in the recognition and support provided to Social Enterprises. This provides an opportunity to create a positive environment for the development of a strong and effective Social Enterprise sector.

It has been clearly demonstrated in many countries that Social Enterprises are often able to deliver better social outcomes on public contracts than the private or public sector. However initially anyway there is sometimes a gap between the willingness and intention to do this on the part of a Social Enterprise, and the capacity to be able to do so. A positive and supportive environment will recognise that in order to develop the capacity of Social Enterprises to deliver on larger contracts for social good, there are a range of mechanisms that will help:

- Providing for a variety of appropriate legal, organisational and tax structures to allow for a diverse range of practice by businesses working for social good.
- Making available a range of seed funding for various levels of development and enterprise.
- Developing the understanding and mechanisms within central and local government to allow for community ownership or long term affordable leasing of public assets and facilities.
- Inserting in public procurement documents a requirement not only to deliver on and demonstrate social and local benefit, but also a minimum % of each contract that must be allocated to Social Enterprises.
- Developing cross party/whole of government commitment for Social Enterprise so that long term strategies can be put in place e.g. In 2000 the UK government identified a range of marginalised communities and committed to a 10 year funding plan with each community to improve outcomes.

It needs to be pointed out that Social Enterprises are not a quick or a cheap fix. They are not a way for government to primarily save money, although they can deliver excellent multiple bottom line outcomes effectively and efficiently. They take time to develop, just like any other business, and they need a range of ongoing resources to maintain them.

There is a current push in NZ policy towards encouraging or requiring collaboration and consortia to deliver outcomes. It is important that this is not solely a mechanism to save money; rather it is a factor to consider if it will bring about better outcomes for the community. One potential risk is that it can create monopolies of large organisations that swallow up smaller ones. While these may achieve economies of scale, they are likely to get really out of touch with local communities.

As well as Social Enterprise being a way for central and local government to contract out an even wider range of services than is currently the case, Social Enterprises also cover a wide spectrum of other business types. The supports mentioned above are equally necessary whether a Social Enterprise is delivering home help support or training people in job skills or providing a high end IT service staffed by previously unemployed people. In other words, whether a Social Enterprise contracts with government or not, they will by definition be delivering on social outcomes. For this reason alone they qualify for central and local government support as they are helping to build the social capital of society which in turn lessens the load the state has to carry.

How do you see Social Enterprise, and Local and Central Government, creating win/win outcomes for positive social impact?

What constraints (e.g. legal, policy, practice, funding) can you identify which could be changed to enhance better social outcomes and impact?

Empowering People

One of the key components of Social Enterprise is to engage people, both individuals and groups, and especially the most vulnerable. It is important that people are supported to have the self belief and skills to help themselves make best use of the resources and opportunities available to them to improve their social outcomes. This means creating learning models which utilise visual and kinaesthetic opportunity, technology, customised learning, and practical engagement (e.g. apprenticeships). The outcome of this is to create a normality of experience and a sense of being valued and respected i.e. people become agents in their own lives and destiny rather than passive recipients of charity. A further outcome of this is to enable people to participate in the workforce, or to participate in creating new enterprises or ways of generating income and livelihood for themselves.

In conversation with Social Enterprises we identified the following components and strategies for empowering people towards employment or community involvement:

- Most marginalised, excluded or vulnerable people will need a range of support mechanisms to bring about change. In providing training for employment several Social Enterprises have found that including up to 25% of trainees in a regular type workplace brings about maximum support and learning. Any more and the focus is drawn away from the nature of the work.
- Trainees need to be treated the same as regular employees although they may need additional support and training initially. While workplaces provide a safe, supportive environment for staff and trainees they do not need to provide holistic support any more than any other workplace would. This can be contracted in or referred out if needed.
- People generally learn best by doing, in real life contexts, on the job. Practical, context based, action reflection models maximise learning.
- The core asset is always peoples' stories, lives, experience, skills and hopes – start with what you've got.
- People need individualised learning and training plans, and generally they learn best in small groups with peer to peer support.

- Encourage peoples' self responsibility. One group asks people to identify what level of commitment for their own learning they bring to the table, with 51% being the minimum acceptable starting point.
- An acknowledgment that Social Enterprise cannot and will not be a cure all for everyone. Some people are too damaged, unable or unwilling to engage in change. In some cases a modified role may be possible; in others not.

What strategies and tools do you have to inspire and engage vulnerable members of your community in a process of learning to engage in a Social Enterprise?

How do you engage vulnerable members of your community in your workplace?

Investment of Resources

Social Enterprise requires an investment of capital and time. It is not a quick fix, simple solution or alternative. It requires building a strategic business plan with rigour and focus. It also requires a change of attitude to raising funds for strategic and capital development. Historically the Community Sector is focussed on operational funding, and budgeting is about cash flow in the here and now. Funding applications are generally about meeting a projected deficit. Social Enterprise challenges us to build the future through planning, testing and laying a strong foundation. It requires the investment of capital, people and time to create a frame on which growth and change can take place.

In particular investment involves:

- Planning for significant infrastructure such as facilities, technology, environmental efficiency etc.
- Investment in incubating and testing ideas and structures.
- Creating an asset base and an investment plan.
- Being strategic about the purpose and scale required to be sustainable and effective.
- Understanding foresight and the need for vision, while recognising the timeframe for building a Social Enterprise may be 5-7 years.
- Ensuring the key skills and key people are present at each stage of the journey. Sometimes you need an entrepreneur, sometimes a manager. Not everyone is both. NB Many Social Enterprises in hindsight recognise the drive of a charismatic person was key in the establishment phase; however they are sometimes chaotic in their style and need help operationalising their ideas.
- Learning from others' mistakes.
- The willingness to fail.

How would you go about developing a business plan and identifying the finance required for this?

What types of finance and funding are available to your organisation?

What assets do you have that would enable you to seek finance for future development?

Conclusion

“The future is not a result of choices among alternative paths offered by the present, but a place that is created - created first in the mind and will, created next in activity. The future is not some place we are going to, but one we are creating. The paths are not to be found, but made, and the activity of making them, changes both the maker and the destination.”

(John Schaar on change, quoted by Colin Campbell from Assist Social Capital)

Social Enterprise has been demonstrated in a huge variety of contexts worldwide to be a successful response to empowering communities and really making a difference at local and national levels. However it doesn't happen by accident. It requires the intentional combination of passion, values, skills, resources and action to create unique and customised responses to each context. Social Enterprise tackles core issues of empowerment, and economic and social inclusion. And it does this more effectively than many other existing strategies.

Doing business for social good holds great appeal for many people who are disillusioned with the current economic system and its outcomes. It provides a way of combining the very best of the business world with the very best of the community sector. It values people and communities in a way that aims to create value for everyone, leaving no one behind or excluded.

In particular Social Enterprise involves:

- Building a strong framework for the future based on capital, people, and time.
- Creating the environment where people can engage and change.
- Establishing significant partnerships across the whole of local and central government.
- Being a community who are actively creating a different future.
- Celebrating the diversity and innovation of people, places and organisations.
- Learning from the acumen of private enterprise and allowing it to enrich and strengthen the Social Enterprises.
- Claiming Social Enterprise as being a different way of empowering people and community.

The future for Social Enterprise is exciting. It is up to us to use our inherent imagination and creativity to think outside the square, to be both compassionate and courageous, and to be willing to do things differently.

Appendices

Methodology

Approximately 12 months before the trip we each broached the prospect with our respective Boards of a period of leave to explore Social Enterprise in more depth. Both Boards were willing to approve 8 weeks in total, half of which would be study and half holiday.

We had considered which countries to visit and the UK, the US, India, Canada and Australia were likely options. Time, cost and logistics played a part, and together with our reading, conversations and listening this helped us narrow down our focus to Scotland and England. We began with the hypothesis that these two countries, Scotland in particular, were several years down the track from NZ while sharing many common factors in terms of land, migration, size, social issues, and national psyche.

Our goals were to:

- see and experience firsthand the Social Enterprise sector there ... a sector that is acknowledged and recognised within the wider UK context, and also located within a range of demographics and scales applicable to our experience in Auckland
- visit a wide variety of organisations
- hear firsthand what has worked and what hasn't
- identify principles that may be transferable
- take strategic thinking time out of our everyday busy schedules
- formulate some recommendations for next steps for our respective organisations in terms of development, future direction and the role that Social Enterprise might play in that.

In our planning we discussed the type of groups we each thought would be useful to visit and the issues involved in who would visit which groups. We recognised that some groups might have more relevance for one of us than the other. We also acknowledged that it would be a commitment of time and energy for groups to agree to host us so it was important how we approached them and framed our requests. While we have worked together in the past we know that we currently have quite separate employers, who although they have some issues and values in common, also need different outcomes from this study.

In weighing up these factors we decided to go together to visit all the groups. We believed that having two different perspectives would help both in the dialogue with groups, as well as in the recall, reflection and writing up of what we found. We also decided to write one joint report with customised recommendations for our separate organisations. We hope that “two heads are better than one” and that both organisations will benefit from the joint reflections and process.

Although Social Enterprise is often associated with rural or small communities we made a conscious choice to identify communities to visit that had what we thought were more factors in common with Manukau and Mangere [http://www.parliament.nz/NR/rdonlyres/FAAE4E89-14AC-4745-87FF-B4BEEB384E16/112031/Mangere_profile_3.pdf], the primary communities our own organisations relate to e.g. demographics, community size, migration, socio economic factors etc. We then settled on Edinburgh, Glasgow and London as the cities to visit although we recognise that there are many other areas in the UK that would equally have fitted our criteria. While this proved to be useful, we also observed as we travelled around the UK many Social Enterprises in smaller communities e.g. community cafes, recycling centres, wind turbines, community owned shops, gardens etc. From a quick glance these groups have many issues in common with urban communities even though the contexts are different.

Our next step was to identify the types of groups we wanted to visit. We identified three main types that we thought might give us a range of perspectives:

- locally based organisations working in one main community, and usually from one site
- organisations which work across a range of communities sometimes from more than one base
- networks or coordinating (peak) bodies that link the sector together and resource it.

We then used a range of personal and internet contacts to identify a wide spread of groups we could potentially visit. We also formulated a set of starting questions which we emailed out as part of making contact with groups. In some cases we followed this up with more detail when asked. We primarily were seeking to speak to the CEO if possible, and in many cases this happened. Where it couldn't, usually for logistical reasons, we were often able to talk with someone else with strategic oversight or insight.

We asked for no more than two hours with each group/person on the basis that we could read some background material on their website before we went, we know that CEO's are busy people and we didn't want to take up too much of their time, and we believed that this amount of time was sufficient to ask key questions and explore some of the specifics of their context. Most visits averaged 1 ½ - 2 hours, although some were shorter.

During our visits we quickly found it was important to ensure we introduced ourselves early on in the conversation and gave some context for our organisations as this helped the people we talked with to distil what they could share in the time available. One of us usually took notes, and straight after each visit we used a colour coding system to identify:

- information and facts about the group
- questions/issues raised in conversation or as a result of the conversation
- application to NZ/our contexts
- resources for future reference

This proved invaluable as once we'd seen several groups it would have been difficult to keep track of details otherwise. In many cases we were given or were able to collect some printed material on the group, and in a few cases people later emailed us reports or resources.

Although the questions we'd developed helped us to formulate our needs and expectations, in reality we never worked systematically through them in any visit; however they did tend to get covered. As time went on common threads and narratives began to emerge and we also developed subsequent questions, particularly to check out ideas and theories we were developing.

By the midway mark a shape began to emerge for this report and we fortunately had allowed ourselves time in our schedule to reflect and write so that we could have it largely finished before we arrived home. There was a temptation to write too much and to attempt to reach multiple audiences as the material we gathered could have wide relevance. However we decided we would keep our key stakeholders foremost in mind – our respective organisations – and hope that the appendices provide enough links and leads for anyone who wishes to follow a trail further.

Sykes' Visits in the UK – May 2011

| No | Date | Organ'tn | Person | Contact details | Notes |
|-----------------------------|------------|---|-----------------------------------|--|---|
| Edinburgh & Fife | | | | | |
| 1. | Tues 3, am | DTA Scotland, 10-12 | Ian Cooke | www.dtascot.org.uk 54 Manor Place, Edinburgh EH3 7EH, 0131 220 3777 | Support for Development Trusts |
| 2. | Tues 3, pm | Out of the Blue | Rob Hoon | www.2outoftheblue.org.uk 36 Dalmeny Street, Edinburgh EH6 8RG, 0131 555 7100 | Culture and arts space |
| 3. | Wed 4, am | Senscot, 10am + | Aidan Pia | www.senscot.net 54 Manor Place, Edinburgh EH3 7EH, 0131 539 9999 | Social Enterprise Scotland |
| 4. | | Social Firms + | Pauline Graham | www.socialfirms.org.uk 54 Manor Place, Edinburgh, EH3 7EH, 0131 225 4178 | Employment for disadvantaged people |
| 5. | | Assist Social Capital | Colin Campbell | www.social-capital.net 54 Manor Place. | Support for social capital in communities |
| 6. | Wed 4, pm | The Melting Pot 2.30pm | Claire Carpenter | www.themeltingpotedinburgh.org.uk 5 Rose St, EH2 2PR, 0131 243 2626 | Events and meeting space |
| 7. | Thur 5, am | Recycle Fife 9.30am | Jackie Dunsmuir and Frankie Hodge | www.recyclefife.org.uk Cartmore Industrial Estate, Lochgelly, Fife KY5 8LL, 01592 781984 | Waste management |
| 8. | | Ecology Centre 11.30am | | www.theecologycentre.org Craigencalt Farm Kinghorn, Burntisland, Fife KY3 9YG, 01592 891 567 | Experience of the environment |
| 9. | Thur 5, pm | Brag Enterprises 1.30pm | John Oates | www.motivatetoinovate.org.uk Main St Lochgelly KY5 8BJ, 01592 860 296 | Training in entrepreneurship |
| 10. | Fri 6, am | Streetwork 10am and Captain Taylor's Coffee House | Gordon Watson and Claire Gibson | www.streetwork.org.uk New St, Edinburgh | Work with the marginalised |
| 11. | Fri 6, pm | The Engine Shed (& Café) 1.30pm | Marian McDonald | www.theengineshed.org 19 St Leonard's Lane, Edinburgh, EH8 9SD 0131 662 0040 | Training for youth with disabilities |

| No | Date | Organ'tn | Person | Contact details | Notes |
|----------------|-------------|-------------------------------|--|--|--|
| Glasgow | | | | | |
| 12. | Mon 9, am | The Pearce Institute, 10am | Norie Mackie | The Pearce Institute, www.pearceinstitute.org.uk 840-860 Govan Road, Govan, Glasgow, G51 3UU, 0141 445 6007 | The PI, venue & Community Centre in Govan |
| 13. | Mon 9, pm | Kibbleworks | Jim Mullan, Enterprise Manager 1.30pm | www.kibble.org/kibbleworks/ Abercorn House, 79 Renfrew Road, Paisley PA3 4DA, 0141 8890044 | Training and work for young adults |
| 14. | Tues 10, am | GalGael * 10.30am | Tam McGarvey or Gehan McLeod | GalGael Trust www.galgael.org 15 Fairley Street, Govan, G51 2SN, 0131 427 3070 | Community development and youth employment through traditional boat building |
| 15. | Wed 11, pm | Community Central Hall, 2-4pm | Gary Gentles, Development Services Manager | Community Central Hall www.centralhall.org 304 Maryhill Rd, Glasgow, 0141 331 7676 | Community Centre, café, space to rent, services |
| 16. | Wed 18, am | Fablevision, 10-11.30am | Liz Gardiner | Fablevision, www.fablevision.org 0141 425 2020, Level 3, 7 Water Row, Govan, G51 3UW | Cultural social enterprise |
| 17. | Wed 18, pm | LUV Project and Café * | Lunch | Luv Café www.luvcafe.co.uk and Linthouse Urban Village www.linthouseurbanvillage.com | Urban regeneration. |
| 18. | Thur 19, am | CEiS, 9am | Gerry Higgins | CEiS/DSL, www.ceis.org.uk Moorpark Court, 5 Dava Street, Govan, Glasgow, G51 2JA, 0141 425 2900 | Business and financial support of community businesses/enterprises. |
| 19. | Thur 19, am | Spruce Carpets, 11am | Izzie Johnston | Spruce Carpets, www.sprucecarpets.org.uk 308 Broomloan Road, Govan, Glasgow, G51 2JQ, 0141 425 1555, mob 07817 674 251. | Recycled carpet. |
| | | | | | |

| No | Date | Organ'tn | Person | Contact details | Notes |
|---------------|----------------|---|---|---|---|
| London | | | | | |
| 20. | Mon 23, am | Locality (DTA & BASSAC) 9.30am | Glenn Arradon and Stephen Rolph | www.locality.org.uk 33 Corsham St, London, N1 6DR, 0845 458 8336 | Peak orgtn for community led orgtns |
| 21. | Mon 23, pm | SEC, 2-4pm | Peter Holbrook | www.socialenterprise.org.uk CAN Mezzanine, 49-51 East Road, Old Street, N1 6AH, 020 7793 2323 | Peak orgtn for Social Enterprises |
| 22. | | CAN Mezzanine* | (Andrew Croft, CEO) | www.can-online.org.uk | Business support & serviced offices |
| 23. | Tues 24, am | CDF, 9-12 [Community Development Foundation] | Alison Seabrooke | www.cdf.org.uk Unit 5, Angel Gate, 320-326 City Rd, EC1V 2PT, 020 7833 1772 | Community Based strategies |
| 24. | Tues 24, pm | Shoreditch Trust and Waterhouse Café 1pm | (Michael Pyner - CEO) Jacqui Roberts – Director of P'ships and C"ation | www.shoreditchtrust.org.uk Units 1–2 Waterhouse, 8 Orsman Road, N1 5QJ, 0844 225 2051 | Regeneration and community development |
| 25. | Wed 25, am | Oxford House 9am | John Ryan | www.oxfordhouse.org.uk Derbyshire Street, Bethnal Green, E2 6HG, 020 7739 9001 | Community and arts space |
| 26. | Wed 25, pm | CHC 1pm [Cricklewood Homeless Concern] | Danny Maher | www.chc.org.uk 60 Ashford Street, Cricklewood, NW2 6TU, 0208 208 8591 | Support for homelessness & related concerns |
| 27. | Thur26, am | Selby Trust 10.30am | Sona Mahtini | www.selbytrust.co.uk Selby Rd, Tottenham N17 8JL, 0208 885 5499 | Community and Social Enterprise centre |
| 28. | | HCT * | | www.hctgroup.org | Community Transport |
| 29. | Thur 26, pm | Cambridge House 3pm | Claire Gilhooly | www.ch1889.org 131 Camberwell Rd, Southwark SE5 0HF, 020 7358 7000 | Social Justice and change |

Notes from the visits

Disclaimer – While we have done our best to accurately reflect what we heard and saw, this has obviously been filtered through our own lenses and interpretations. We take responsibility for any inaccuracies and we are happy to correct any errors that are brought to our attention. The detail here only represents a small snapshot of each group, which in turn is a small snapshot of the UK overall. Some visits were longer and provided more detail than others. Where possible we have used an organisation's own words for the description of what they do.

After the summary from each group we've added another section of Generic Comments. These tend to be comments we heard more than once or that are not specific to any one group.

NB * Denotes groups we observed or visited where no organised meeting took place with the leadership.

Edinburgh

1. DTA Scotland (Development Trusts Association) www.dtascot.org.uk

“The Development Trusts Association Scotland is the national body for development trusts in Scotland, supporting you to unlock the potential within your community.”

Key information on Organisation

- Development Trusts are an approach rather than a legal structure.
- Sit within the Social Enterprise sector.
- Common threads are:
 - community led
 - partnership model
 - multi-issue/holistic, rather than single issue
 - committed to enterprise, and independent trading income
- Main focus is community ownership of assets e.g. land, buildings, renewable energy, harbours, halls, sports facilities etc. May come originally from private, public or local authority ownership.
- Many groups start as single issue groups; once they learn about the DT approach they tend to diversify into a multi issue focus and look closely at financial sustainability.
- Also exploring business acquisition model i.e. purchasing a going concern; often vital services in rural communities e.g. petrol station, bakery, etc.
- Aim to:
 - support new groups exploring DT's.
 - enhance and strengthen members, manage the network for members
 - represent DTA in wider contexts, influence policy
- Facing grant cutbacks; needing to explore alternative business models as a network.

Questions/issues raised

- Is this primarily a rural phenomenon?
- Takes time to develop a mature relationship with local authorities so that they see the benefit of community ownership of assets.
- Also takes time for communities to develop the skills to manage assets effectively.
- Many opportunities in Scotland for renewable energy to be run by Social Enterprise.

- Leadership? Often one or two people are key; maybe an activist, entrepreneur or manager.
- Can be a tension between enterprise and democratic processes, and also between consolidation and expansion phases.
- Different skill sets often needed at different stages.
- Need a balance amongst staff and volunteers between those who are low need and those who are high need.

Application in NZ

- Once communities own assets they can leverage loan finance to purchase or create further income generating assets. Can take several years to organise.
- Increased business acumen needed for Social Enterprises.
- Need to look closely at the financial viability of new assets or businesses.
- Also match suitability to the context and organisation.
- Be clear about what we're trying to do e.g. generate income, create employment, increase opportunities. Can be hard to do more than one at once or with the same project.
- Importance of succession plans for different stages and roles.
- Need to identify useful tools to measure outcomes in different contexts. Some outcomes measuring tools are expensive and cumbersome.

2. Out of the Blue (OOTB) www2.outoftheblue.org.uk

“Out of the Blue provide studio and production space for Edinburgh's cultural community. We generate opportunities for everyone to participate in the arts by fostering innovative and accessible projects.”

It has been based in the Drill Hall in Leith since 2004, with a few outposts. Currently it houses 73 artists and creative industries in 53 purpose built studios. It also hosts hundreds of classes, workshops, conferences, performances etc each year. OOTB runs a café from the site which also provides training and experience to local young people.

Key information on Organisation

- Changed location several years ago – changed the constituency and community.
- Different levels of engagement e.g. tenancies as well as episodic or regular use of spaces for programmes and activities.
- Same Board for OOTB and the subsidiaries of the Café and the Bongo Club. Rotate the focus of meetings.

Questions/issues raised

- Projects, facilities and community development take time, yet funders usually expect rapid responses.
- Has taken more systems and infrastructure than anticipated – breaking even at present but not enough admin staff.
- Not all users of the facilities share the commitment of OOTB to community engagement.
- Difficult to get community based cafes to make money.

Application in NZ

- Often a lack of project management experience in the sector especially in relation to refurbishment and capital works.

3. Sencot www.sencot.net

“Our particular role is to recognise the contribution of individual leaders in tackling injustice and to support them and their endeavours ... Sencot believes that social entrepreneurs and their enterprises have the potential to transform society for the better.”

Key information on Organisation

- Supports new Social Enterprises, Social Enterprise networks, and promotes Social Enterprise.
- Historically the cooperative movement has influenced the development of Social Enterprises and community businesses.
- Social Enterprises fits government priorities of being local and cost effective.
- Social Enterprise is a well recognised brand.

Questions/issues raised

- Important to have Community Benefit clauses written into tender documents and contracts so they are not focussed only on the financial bottom line.
- Issues of scale – as Social Enterprises get larger this can affect community perception of how closely services are delivered in consultation with community and for community benefit.

Application in NZ

- The role of key sector advocates in providing support, policy, training and resources.

4. Assist Social Capital www.social-capital.net

“Assist Social Capital works with individuals and organisations anywhere to develop resilient communities, using 'social capital' as a critical resource.”

Key information on Organisation

- Promotional organisation.
- Have developed tools to benchmark Social Capital.
- Starts with an infrastructure of connections; moves away from “professionalism” to valuing the contribution of all; builds on local creativity.

Questions/issues raised

- What is needed in “threadbare communities”.
- Important to have Social Enterprise written into public procurement processes; helps create manageable size contracts for Social Enterprises.

Application in NZ

- Intellectual Property – one way of dealing with it is to provide a level of licensing and training which then comes with accreditation and a cost, as well as releasing it to the public domain for general use which does not bring any endorsement of its use.

5. Social Firms Scotland www.socialfirms.org.uk

“Our purpose is to grow the Social Firm sector in Scotland in order to increase employment opportunities for severely disadvantaged people.” Social Firms Scotland works to reduce the barriers to employment faced by people with disabilities and/or serious disadvantage in the labour market. They provide multi level support to Social Firms as well as advocate at the policy level for the benefit of Social Firms.

Key information on Organisation

- Social Firms are a particular kind of Social Enterprise, committed to generating over 50% of their income from sales of goods and/or services.
- The term disadvantage can include those with disabilities as well as those with addictions, mental health concerns, convictions and prison sentences etc.
- Focus on ability rather than disability.
- SFS provides business support to Social Firms, advice, information, facilitation of networking, annual conference for managers.
- Some Social Firms were traditional community groups that have re-branded as a Social Firm.

Questions/issues raised

- Social Firms have to be well run businesses to be sustainable.
- Some Social Firms are looking at the acquisition model to grow their work.

Application in NZ

- Importance of using private and public sector partners to provide expertise not available in the sector.
- Information on possible acquisitions can come from a variety of sources e.g. lawyers, accountants, advertised sales, word of mouth etc.
- Social Firms experience has shown that 25-30% of staff should be from the disability sector.

6. The Melting Pot www.themeltingpotedinburgh.org.uk

“Inspiration at work! Providing high quality work, meeting and event space to the third sector ... Bringing together interesting people doing amazing things.” The Melting Pot is a venue in Central Edinburgh.

Key information on Organisation

- Aiming to be a business with social aims.
- Does not have charitable status. Pays commercial rent. Operating 3 ½ years. Open 60 hrs/wk, Mon to Fri.
- Several membership levels determine costs paid by tenants.
- Facilitate a membership network and members events.

Questions/issues raised

- The need to establish systems and become more professional has reduced the focus on activism and advocacy.
- Can you focus broadly and deeply at the same time?

Application in NZ

- How do you reward those who pay their bills on time and/or chase overdue accounts from those who supposedly share the same values system as you?
- If starting again, would aim for more start up capital, clarify the transition from volunteers to paid staff, and invest more into the operating systems up front.
- Size matters – need a critical mass of space and staff to pay the bills and justify the systems.

7. Recycle Fife www.recyclefife.org.uk

“Providing a brighter future for generations to come ... As one of Fife’s leading waste management and recycling companies, we offer an extensive range of environmental solutions to commercial customers, local authorities, public bodies and domestic customers.”

Key information on Organisation

- Run by a couple – Jackie Dunsmuir – Chief Executive, Director of Operations, and Frankie Hodge, Executive Director (Ideas person)
- Frankie went to Brag Enterprises School for Social Entrepreneurs to learn business skills and went on to be a tutor there.
- Both Jackie and Frankie are on their Board and have voting rights except in relation to their own employment.
- Lost a large contract last year and had to lay off 28 staff.
- Community of Fife has inter generational unemployment. In top 5 areas for deprivation in Scotland. Mines and dockyards were major employers in the past.
- Current requirement to keep a benefit is a 13 week course – don’t feel its enough to change ingrained patterns. Organisation grew slowly; Directors took no wages for first few years.

- Key values of giving everyone a chance, and zero waste to landfill.

Questions/issues raised

- Favour a “local contract” clause in procurement documents rather than a “social benefit” clause. Would require all tenders to include a local component in their contracting.
- Loss of contracts in hindsight have provided impetus for new innovative ideas and contracts e.g. development of the skip business.

Application in NZ

- Combination of incentives/funding to invest in recycling, plus penalties and costs to use landfills have provided opportunities for Social Enterprises to get involved in recycling and waste management. Companies will pay Recycle Fife to take their waste as it would cost them more to dump it. The legal and regulatory framework can make or break the viability of recycling.

8. The Ecology Centre www.theecologycentre.org

“We offer direct experience of the natural environment to improve peoples’ quality of life and encourage responsible citizenship.” Established in 1998 The Ecology Centre provides hands on experience of the environment through education and volunteer programmes.

Key information on Organisation

- Operate a working farm and gardens, plus a range of Social Enterprises providing training for teachers, educational visits, school grounds development, and wooden products for school grounds.
- Have both a practical and a mystical/spiritual connection with the land.
- Leasing land and buildings.

Questions/issues raised

- Needing to relocate to nearby site – costs and logistics are significant. Applying for grants.

Application in NZ

- NZ volunteer environment is different – affects transferability of models.

9. Brag Enterprises (Bernaty Regeneration Action Group – Bernaty is a local hill.)

www.motivatetoinnovate.org.uk

BRAG was set up in 1988 after the closure of industry in Fife to support the regeneration of communities through the creation and support of sustainable employment. It is now offering the 3 year programme Motivate to Innovate.

“Covering the geographical areas of Fife, Clackmannan, East Ayrshire and West Lothian, Motivate to Innovate will support both aspiring social entrepreneurs as well as existing voluntary organisations who wish to increase their trading activities in these former coalfield communities.”

Key information on Organisation

- Located in a refurbished primary school which now contain 40 workspaces for businesses.
- Also provide business support, retraining, recruitment, and entrepreneurship development.
- Initially funded by local council.
- Lost a large contract and had to rethink, refocus and restructure including making staff redundant.
- Based next steps around the skill sets of the remaining staff. Looked at the opportunity their skills provided and their willingness to diversify their skills and their tasks. Packaged skills into mini training packages.
- Wanted accreditation for their courses; long process; instead bought an existing company that had accreditation.

- Broadened focus to Scotland wide. Bought the franchise for the School for Social Entrepreneurs.
- Initially focussed on individuals; more recently have focussed on support for organisations.
- Also looking at generating ideas for potential Social Enterprises and training people for those. Use action learning methods.
- Will only work with groups when there has been a unanimous decision of senior staff and Board to proceed. Like to find 2 key individuals to work with to implement strategies.

Questions/issues raised

- Key individuals can change an organisation's direction; there have been a series of managers who were entrepreneurial.
- Surpluses from operational income were reinvested.
- Found business people have been very supportive, more so sometimes than local authorities or social services.
- Some charities are reluctant to take any risks.
- Had to refocus their recruitment service to look at what aspect of recruitment they are good at i.e. finding employment for long term unemployed, and also coaching long term employed in interview skills when they change jobs.
- Manager often says yes to opportunities and then figures out how to make them happen.

Application in NZ

- Think laterally when roadblocks arise.
- Access support where it exists even if it's from unexpected quarters.
- Recognise the value of good leaders and current staff.

10. Streetwork (incl Captain Taylor's Coffee Shop) www.streetwork.org.uk

“Streetwork's mission is about enabling a life off the streets and we focus on where people are most at need and at risk – on the streets ... We are out on the streets of Edinburgh offering support to the most vulnerable people, giving immediate crisis support, encouraging them to use our range of services and starting the process of enabling a life off the streets.”

Key information on Organisation

- Streetwork has existed for 18yrs and is a traditional social service provider that is exploring Social Enterprise.
- They have established Captain Taylor's Coffee House as a Social Enterprise. It has significant potential as a venue as well as a coffee house, and staff are working on how to maximise this so that it will create a surplus in the future.
- Core services include a 24 hour crisis service, and support for youth, runaways, older people, prostitutes, victims of domestic violence and others in need. Services work cooperatively with each other, and are both centre based as well as outreach based.
- Bulk of current funding comes from local government.
- Earliest services were addressed at youth street gangs and diversified as further funds became available.
- Over time have changed from a soup kitchen/tea and sympathy model to one of engaging with clients to address long term needs. This has necessitated a focus on a higher level of staff training and skill levels.
- Use a range of professional skills in staff.

Questions/issues raised

- Difficult to access funding to work with prostitutes. Many have grown up in care, and have additions and mental health issues. Have set up a project to work with young people coming out of care to try and halt the cycle into prostitution.

- With Captain Taylor's they are aiming to be able to employ clients, provide training and make a profit. May be mixing too many objectives and could cancel each other out.

Application in NZ

- When Captain Taylor's was originally branded as part of Streetwork service users expected free coffee. Have had to remove this. Constant tension of cost/price vs profit vs social goals.

11. The Engine Shed www.theengineshed.org

The Engine Shed is run by Garvald Community Enterprises which "was established in 1989 as an innovative training project for young people with learning disabilities to help them improve their confidence, learn transferable skills in a real work environment, and move into paid employment within mainstream workplaces."

Key information on Organisation

- The Engine Shed operates a vegetarian café, an organic bakery, organic tofu production and conference /catering facilities.
- They follow Steiner principles.
- Strong focus on core personal and practical skills to help young people become work ready. Learnt in practice, similar to apprenticeship process, with lots of mentoring and support and limited paperwork.
- Not a social work model and don't employ social workers. Refer out if needed.
- Staff are experienced in relevant businesses.
- Employers value the work of The Engine Shed as they iron out the wrinkles for young people and prepare them well for mainstream employment.
- Ratio of tutors to trainees can be up to 1:6, with up to 30 trainees across their businesses at any one time.
- Stage intake and outgoing so all not coming or going at once.
- Core business is training people; food and conference businesses are a means to an end.
- Initial interview for prospective trainees followed by 4 weeks trial where they need to demonstrate an ability to follow instructions, to understand the context, keep to time, and maintain attendance. If standards are met they begin training process which can be up to 3 years long.

Questions/issues raised

- The Manager has been involved for 21 years – provides continuity, institutional memory. Has also weathered various "fashions" of theory and intervention, and proved that their basic model works of providing learning in situ with peer support.
- Look at disability work differently from traditional social work i.e. focus on ability.
- Had always made 50% from trading. When grant money dried up used a business consultant to improve profitability.

Application in NZ

- Tried and tested models. Staircase and tailor support for each individual.
- Focus on core business.

Glasgow

12. The Pearce Institute www.pearceinstitute.org.uk

"The Pearce Institute, affectionately known as the PI, has been at the heart of the Govan community since 1906. The PI is home to a wide range of community groups and social economy organisations sharing the common aim of meeting the needs of the people of Govan. With a wide range of

accommodation the PI can offer organisations an ideal venue for meetings, conferences, social functions, recreational pursuits and leisure activities.”

Key information on Organisation

- Building set up and endowed by Lady Pearce in 1906. Has major ongoing maintenance costs. Grade A listed building.
- Strong connections with and governed by the Church next door for many years. Now independent.
- Six staff, primarily administration and facilities. Company limited by guarantee with charitable status.
- Generate £90-100,000 p.a. rent from tenants (NB at the time of this report the exchange rate was approx UK£1 = NZ\$2)
- Also have rooms available for meetings, conferences, training.
- Tenants are mostly all Third Sector and share the same ethos of benefiting the people of Govan.
- Sometimes provide incubation support for community groups.
- Significant regeneration happening in Govan with new hospital and reinstated ferry crossing. Replacing jobs lost years ago with loss of dockyards. Population was as high as 90,000 in the past. Dropped as low as 26,000. Now a heritage area and strong efforts to increase population again.
- Although funding has reduced from Council for staff wages, they have helped with funding for major capital works which will help generate income.
- Aiming to improve self generated income over 5 years from 65% to 95%. However will need some more bridging finance to achieve this.
- Currently involved in community consultation to position PI to best meet community needs going forward.

Questions/issues raised

- Sometimes have a tension between commercial and community aims. Need to pay the bills.
- Looking to tap into more Private and Public Sector groups to rent space for meetings and training.
- Take some placements for community service (i.e. alternative to jail sentences). Government saves huge sums and there are good outcomes, but financial savings, even in part, are not passed onto to PI. Need to quantify cost to PI to take placements and ensure this is paid.
- Have recently restructured the governance; aim for partnership with input from stakeholders. Need to clarify who will lead the strategic direction?

Application in NZ

- Have begun to include in their annual accounts the “income foregone” by not charging commercial rent for all tenants.

13. Kibble Works www.kibble.org/kibbleworks/

“Kibbleworks is our enterprise and employment hub. Located in commercial business areas close to our main campus it offers a spectrum of training and employment opportunities for young people who have been in care or are preparing to leave care.”

Key information on Organisation

- Kibble itself (the parent organisation) was set up in Paisley, Glasgow, from the will of Miss Elizabeth Kibble, daughter of a wealthy textile family, in 1857, for “reclaiming youthful offenders against the Laws.” Education and work were the 2 main interventions used.
- Kibble has changed multiple times over the years in response to changing flavours of social practice and funding.

- A major funding crisis in 1995 led to a reinvention of Kibble as a Social Enterprise. Only had 3 months funds in reserves.
- The trustees “have a strong commitment to maintaining high standards of business practice and ethics, blended with meeting the charitable aims and purposes of the organisation.” Recognise the importance on the Board of both technical skills as well as “soft skills and emotional intelligence.”
- A company limited by guarantee with charitable status.
- “Jobs change lives.” The thinking behind Kibbleworks strategy is “our aim of developing a cluster of social enterprises that have a sustainable business model, with young people working alongside staff who are running a business. These usually need to be semi-skilled and labour intensive, as most of the young people we work with are initially limited in their ability and/or application and/or social skills. Experience shows that young people can 'mature through' to more skilled work and consistent application. Our plan is to steadily develop a range of these small social enterprises that are both financially sustainable and offer young people real-life work experience.”
- Kibbleworks runs multiple businesses as social enterprises e.g. construction, car repairs, furniture recycling, painting, catering etc. Each business runs separately but all under Kibbleworks umbrella.
- Currently carrying 3 small businesses that don't cover their costs. Use cross subsidisation. Still requires a small top up each year overall to break even.
- Kibble clients are at the most acute end of the spectrum. Research on key needs before setting up Social Enterprises showed only 20% of 16-19 year olds were work ready. Of the rest, 80% could be prepared for employment – became the target market. Kibbleworks has a 90% retention rate.
- Clients need to get 5 things right to start with: work 9-4, work Mon – Fri, observe health and safety for self, for others, and follow instructions. Then create an individualised training programme for each young person.
- Never burn the bridges with any young person. Door is always open; important to demonstrate a corporate parenting responsibility by adults who stay constant. Still set firm boundaries.
- Job training process aims to normalise things for kids – has its own therapeutic effect. No social workers on staff. Clients are referred out if specialist care needed, or if they are residential clients already with Kibble they will get other wrap around services out of work hours.
- Have been working with girls in last 2 years. Previously only boys.
- Putting together a consortium to run the local St Mirren's Football Club.

Questions/issues raised

- May be easier to add community sector understanding to staff with previous business skills, than to add business skills to social practitioners.
- However the more acute the client group the more specialised the support needed.
- Working with at risk kids (and adults?) is not in itself ever going to be profitable.
- Initially required all staff to go through a series of core qualifications in “Social Care” especially as many came from private sector. Would now be more selective who did the training and ensure there were consultants on staff to supervise the support/care components.
- Success happens in particular contexts with particular variables – can't always replicate or scale up.
- Critical to recruit staff from client group to maintain credibility; otherwise why should anyone else employ our clients?

Application in NZ

- When they were shifting to Social Enterprise model, began by advertising for people who had business ideas that could employ young people.

- Followed a “Dragon’s Den” type selection process. Focussed on businesses they could afford to start up from reserve capital.
- Recruitment of staff based on core HR processes and then intuition.
- All staff must be involved in ongoing education as a function of their employment. Kibbleworks covers some costs and time off. Staff also meet some costs.
- Important to have a range of staff, including some dissenters.
- Acquisitions model of purchasing a “going concern” – need to ensure due diligence is done, that it doesn’t become a project attached to just one person, and that you keep the existing owner involved long enough to learn everything needed to keep it successful.

14. GalGael * www.galgael.org

“At GalGael, we have created a cultural anchor point around which local people are re-kindling skills, community and a sense of purpose ... GalGael are perhaps best known for engaging the community in building and sailing traditional boats in celebration of Scotland’s heritage. Convinced well-being will only return to urban Scotland when the population is reconnected with the mountains, moors and waterways on which its ancestral heritage was built, GalGael has spent years trying to restore that link within the city by building boats modeled on a 1000-year-old Scottish prototype.”

NB The leadership were unavailable the day we’d arranged to visit; we were shown around by a volunteer.

Key information on Organisation

- Founded by the charismatic late Colin McLeod in the mid 1990’s.
- Use boat building, and more recently other skills, to connect people with their history, identity and spirituality, provides tools for work and life, tell stories, develop community, and generate income.

Questions/issues raised

- How does the early and unexpected death of a founder impact on an organisation? We observed his legacy to be very present, and also people were getting on with life.

Application in NZ

- Very similar parallels with the recovery and development of traditional and indigenous art and cultural practices for social and economic transformation in many communities worldwide.

15. Community Centre Hall www.centralhall.org

“Community Central Hall strives to be at the heart of the community by delivering diverse services to enrich people’s lives ... Community Central Hall was established in 1976 following a local community campaign to secure the continued use of the Methodist Central Hall (built in the 1920’s). Over the past 30 years CCH has evolved from providing community space for local organisations to in addition providing a range of diverse vital community services. This includes pre-school nursery provision; after and out of school care; youth work; café and catering; day care and homecare for older people.”

Key information on Organisation

- Community venue, providing space to rent, tenancies, and a range of services.
- Focussed on community development and enterprise.
- Increasingly finding ways to make the building pay for itself e.g. recent rental of large hall for a legal enquiry has resulted in not only rent but also infrastructure improvements needed for the inquiry which will remain once it’s over. Currently generating 53% of income from services.
- Company limited by guarantee with charitable status.

- Council purchased the building from the Methodist Church and it is held in Trust. CCH is working towards owning the building.
- As well as providing a physical hub in the community, CCH also seeks to enable routes out of poverty and towards social inclusion through the services it provides.

Questions/issues raised

- How to become more business like, and generate more income, while still retaining its values and sense of community engagement.

Application in NZ

- Very few NZ community facilities are as large and multi faceted as this and many others like it. Allows economies of scale impossible for us to replicate in small facilities.

16. Fablevision www.fablevision.org

“A cultural social enterprise with charitable status, Fablevision is a “group” of social enterprise companies whose members (individually and collectively) share values and working practices. The Fablevision Group can supply everything you need by way of community cultural development: from cultural planning consultancy to project development and delivery; from supporting emerging cultural social entrepreneurs/enterprises to training and learning in applying the methodology in your own community.”

Key information on Organisation

- Lease privately owned space; would like to own their own space.
- All floors in the building are leased to cultural space organisations. Considering how they could purchase the building together.
- Fablevision began in the 1970’s with people with disabilities; helping them to tell their stories.
- No core funding; go from project to project. One full time and one part time employee. Volunteers also help with projects, as well as using contractors and artists for specific work.
- See space in their office for “hot desking”. Also have a trading arm – Fablevision Studios.
- Using a creative, cultural approach allows a tailored response to empower local people. Cultural Planning is a process/methodology with a transferable toolkit.
- Approach began in Australia. Uses a cultural mapping process to identify resources and build on those. Find the narrative and help people tell/reflect their stories.
- Involved locally in Govan in a range of regeneration projects e.g. The “Show People” (those who run the fairgrounds) who have traditionally occupied waste land in the old docklands area – helping them to tell their stories and to dream their future. Council is trying to evict them; instead trying to weave their future into the regeneration of the area. Using storytelling to involve the wider community.
- Fablevision is a company limited by guarantee with charitable status, and the trading arm is a company limited by shares, with Fablevision as the sole shareholder.
- Belong to many local, national and international networks. Find them invaluable for debate, dialogue, comparison, peer support.

Questions/issues raised

- Some variation between Scotland and England in definitions of Social Enterprise. In Scotland they would like to see no profits distributed as bonuses or dividends; the Social Enterprise Mark (branding) requires only 60% of profits to be reinvested.
- May create a risk that Private Sector businesses could co-opt the Social Enterprise model for their own ends.
- What are the issues associated with scale? If we get too big do we risk losing our core values or definition?

- Some groups deliver projects in a range of communities but don't necessarily use a community development or ownership model.
- Looking for a regular seam of business for the trading arm to also help keep the charity going.
- Senscot is supporting the establishment of a Cultural Enterprise sector to provide support for each other.
- Current moves in the UK to amalgamate all kinds of public services e.g. police, housing etc as a way of reducing costs. Fails to take into account the value of neighbourhoods and local communities.

Application in NZ

- Strong parallels with this approach, and Narrative Therapy, and Strengths Based work.

17. LUV Project and Café (Linthouse Urban Village) *

www.linthouseurbanvillage.com and www.luvcafe.co.uk

“The Linthouse Urban Village (LUV) Project is an urban regeneration scheme based in Linthouse, Govan. The project aims to bring the area back to its former glory by restoring community spirit, raising aspirations of local people and improving the physical look of the area using innovative approaches.”

“The LUV Café is a much needed social amenity in Govan - an eatery with a difference. It is a community based café providing wholesome, nutritious food at affordable prices.”

The LUV Project and the LUV Café were warmly spoken of by several groups; however the Project was closed when we called by. We did eat on two separate days at the LUV Café and enjoyed both the meals and the atmosphere.

18. CEiS (Community Enterprise in Scotland) www.ceis.org.uk

“Developing an inclusive economy through social enterprise ... Established in 1984, CEiS was created to provide a one-stop service for the training, development and financial needs of community businesses in Strathclyde.”

Key information on Organisation

- During the last major recession in the 1980's CEiS was established as a response to increasing centralisation of services; it was aimed at supporting local communities.
- Initially it was fully grant dependant. Changed its focus every 5-6years as funding “winds” shifted. Infrastructure developed each time.
- Five years ago when Gerry began as CEO the organisation was grant dependant, and provided cut and paste business solutions.
- Now more generated income, and customised solutions. Use community engagement teams.
- Have a number of subsidiary companies.
- Develop local, regional and international alliances to share tools, learning, models and strategies.
- Business advisors are specialists in their area; pick up Social Enterprise language and culture quickly.
- Have a mortgage on current property; will be paid off in 5 years. Looking to acquire more assets e.g. an investment in a wind farm with excellent returns.
- Latest video conferencing resources on site enable more efficient use of time and money for communicating over distance for training and communication.

Questions/issues raised

- Prefers the term Community Enterprise – more descriptive for what is intended.
- The current government may not associate Social Enterprises with the capacity to run large scale businesses, even though they are using Social Enterprise language.

- SE currently has a visible, positive image in Scotland. It is the best country in the world to run Social Enterprise right now as there are lots of supportive policies and mechanisms in place. Provides a window of opportunity to upscale. However don't want to get so big that we can't support local communities. Need to be ambitious rather than competitive.
- Important to continue integrating business people into the sector to run social businesses.
- Reliance on grants can be emotional; need to shift to more rational, business approach.
- Use specialist SE/CE advisors. Avoid using only generic tools from business sector.
- Part of several networks – want to know they are adding value for members. Need to keep asking what makes it relevant apart from a common structure.
- Over time networks may need to merge, disband, or gather around more thematic approaches.
- Community Asset Transfer is critical for the development and sustainability of the sector. Need to look at the bottom line and use business tools to identify if an asset is viable.
- Social Services organisations which have explored Social Enterprise strategies haven't always done well. Needs a significant culture shift from grant dependency to a business model. Unless outcomes and employability improve for the community then the only people who benefit can be new staff who get paid to organise and manage. Better for SS's to commission rather than try and run Social Enterprises themselves (i.e. use business staff to run Social Enterprises not SS staff.)

Application in NZ

- Any country can get to where Scotland is without taking as long.
- Identify champions in government who believe in SE, and who recognise the benefits it brings.
- Develop and coordinate a sector response; can be dispersed leadership; doesn't need paid officers.
- Challenges posed when setting up consortia to tender for contracts (as per government contract requirements). Can be hard for groups to work together who may not have much in common other than the contract; challenging for all parties to work within parameters of one agency being the lead or contract holder. Power and change dynamics need managing.

19. Spruce Carpets www.sprucecarpets.org.uk

“Quality carpets at affordable prices ... Spruce Carpets started trading in March 2005 from a small industrial unit in Govan, Glasgow. The company's main aim was to provide affordable flooring for low income households through the recycling of domestic carpets. In doing this we also provide employment opportunities to individuals that have found themselves excluded from the job market by giving them work experience and in some cases help them access training that will make them more employable in the future.”

Key information on Organisation

- Focussing on building credibility and reliability of services.
- Initial problems with low quality carpet. Now able to salvage “unused” carpet instead (e.g. with small manufacturing faults) which has been donated, often by businesses as part of their Corporate Social Responsibility.
- Aim to sell products at affordable prices for low income households. Have a fitting and delivery service.
- New focus also on carpet tiles. Easy to source and people can lay their own. Also cheaper for people to buy.
- Able to re-use 70% of carpet tiles. Working towards zero waste for the other 30% - recycling the components.
- The carpet tile opportunity may require a big leap of infrastructure soon.
- Current income is 70% trading and 30% grants.
- Interim Manager was CEO, then took maternity leave. Now back relieving while recruitment process is underway for new CEO.

- Have tried various models of employing and training staff, and using volunteers. Now have a volunteer coordinator.
- Legislative/policy environment means most volunteers are “mandated” to voluntary work as part of some kind of community sentence or to keep their benefit. Often have convictions, A&D or mental health issues so are not always easily employable. Sometimes need to create restrictions on what some high risk volunteers can do.
- Staff need to understand the “greater good” and not just be in it for themselves. Huge peer to peer support value.

Questions/issues raised

- Strategically, what opportunities are available, and where can they take them?
- Need larger premises to store additional stock and meet demand.

Application in NZ

- Economically viable business at present due to being able to provide support and training for volunteer staff in exchange for work. Creates a win/win for the business and the volunteer staff, who may go on to other paid work, or if not, are able to do productive work and continue to receive their benefit.

London

20. Locality (formerly DTA) www.locality.org.uk

“Communities ambitious for change ... Locality is the leading nationwide network of settlements, development trusts, social action centres and community enterprises.”

Locality was formed in April 2011 by the merger of Bassac and the Development Trusts Association, two leading networks of community owned and led organisations.

Key information on Organisation

- Legal structures are only a means to an end. 80% of members are charities, and most are companies limited by guarantee. Some are using the new CIC model (Community Interest Company) with an asset lock built in to prevent assets being distributed for private gain.
- Key issue in governance is how to demonstrate community led and owned e.g. a % of the Board may need to be local residents.
- Assets are often the key driver for long term success.
- First Development Trusts were in the 1970's – began from campaigns to preserve local areas for local development.
- Government funded regeneration in designated areas e.g. Shoreditch. Good governance and having assets have been the keys to the areas that have been successful.
- Locality is funded to provide capacity building. Provide headline advice and guidance to help groups create their own plans.
- No money available for feasibility studies. Often need to call in favours and rely on pro bono services, Corporate Social Responsibility, or fund out of reserves.
- A few social lenders will package up front end funding to include feasibility work.

Questions/issues raised

- Current policy environment means local authorities are putting out requests for tenders and Social Enterprises need to compete with public and private sector. Authorities are required to disclose what it currently costs them to run services.
- Encouraging providers to consider mutuals as a structure to deliver services particularly in health areas.

- Beginning to write social benefit clauses into tenders.
- Need to promote the benefits of Asset Transfer to Local Authorities. Work with them to explore how to create win/win scenarios e.g. how to address fears of misuse of money or assets.
- Current Asset transfers tend to be more long term leases at low rent rather than transfer of ownership. Group takes a proportionate share of responsibility for building costs depending on the nature and length of the lease.
- Beware of “free” assets.
- A few groups are beginning to look at new builds rather than taking over existing assets. Cost effective when groups have their own land to begin with e.g. Housing Associations.

Application in NZ

- Key factors in success in negotiating asset transfers: track record of individuals and groups involved, viable business plan, professional, transparent, competent.
- Community Shares is a model that has allowed funds to be raised to build/buy assets.

21. SEC (Social Enterprise Coalition) www.socialenterprise.org.uk

“The Social Enterprise Coalition is the UK's national body for social enterprise. Established in 2002, the Coalition represents a wide range of social enterprises, umbrella bodies and networks, with a combined membership reaching more than 10,000 social enterprises. As the voice for the movement, the Coalition provides a powerful platform for showcasing the benefits of social enterprise while supporting and representing the work of its varied members, influencing national policy and promoting best practice.”

Key information on Organisation

- Significant amount of recent change with new CEO e.g. increased membership, new brand and identity, new web platform, more work with corporates promoting CSR.
- SEC has elected Council of 46 from membership who meet every 6 months. They then elect the Board of 12. Six of these need to be Social Enterprise leaders.
- SEC is now a Social Enterprise itself; was 65-70% grant funded until recently.
- SE Mark created to provide certification for Social Enterprises
<http://www.socialenterprisemark.org.uk>
- Opportunities to support people to set up SME’s (small to medium sized businesses) which are Social Enterprises.
- Research amongst members of the benefit of SEC membership shows they value leadership for the sector, and the ability to influence policy so Social Enterprises can thrive. They also want to feel they belong to a wider group. However they have indicated they don’t necessarily want membership benefits and toolkits.
- Survey on Social Enterprises to be released shortly will show:
 - 70% of Social Enterprises recruit staff otherwise marginalised from the workforce.
 - are 3x more likely to work in areas of deprivation.
 - are 2x more likely to continue trading in a recession – more resilient.
 - have a more diverse workforce than the norm.
 - are more diverse and inclusive in governance.
 - are 2x more likely to grow in a recession.

Questions/issues raised

- Social Enterprises need to be locked to mission/purpose or the drive for profit can take over.
- Traditional charity sector organisations tend to be risk averse and wary of “business” skills.
- Sometimes need to increase the scale of services to make them profitable.
- SE enables people to go from being service users to being employees.
- Community shareholding can be a way to raise large sums of capital e.g. AFC Wimbledon, which set up its own club as a Social Enterprise after the original one was bought out and

shifted north. Club has achieved Div 2 status and has a completely different culture to most football clubs.

- HCT (Hackney Community Transport) now has a waiting list for people to go and work there – demonstrates that Social Enterprise is a commercially effective way to do business – a way to create thriving businesses to tackle social problems.
- Sometimes it can be hard to visually see the “profits” groups make as they are continually reinvested in new services. Can use some kind of social impact reporting to convey the way profits are utilised.
- Remuneration – some groups promote a relativity scale between staff roles. Key issue is transparency about the model used.
- Continuing to build the Social Enterprise brand. Aim for inclusion and dialogue but don't aim for consensus as impossible.
- Rather than monitoring members, can ask groups to demonstrate how they create benefit socially, environmentally and financially.
- Impossible (i.e. illegal) to insert local benefit clauses in contracts (i.e. to contract to local providers) as EU policies require a level playing field. However can use social benefit clauses and ask how groups will benefit the local community.

Application in NZ

- Challenge public sector to open up their supply chain to Social Enterprises.
- Need to lobby traditional business support services to provide tailored support to Social Enterprises and/or to create specialist support services for Social Enterprises.
- New UK brand for SEC may be SEUK. Other countries talking about similar brands for their national networks for Social Enterprises. Would suggest NZ considers using the name SENZ to align with existing international networks and resources.
- Important to promote the competitive edge that Social Enterprises can provide, and that it is critical in providing innovation to address long term social problems.

22. CAN Mezzanine * www.can-online.org.uk

“CAN supports social enterprises and charities to scale up their businesses and maximise their social impact. We provide business support and capital as well as running CAN Mezzanine ... which offers high-quality, affordable community office space exclusively to social enterprises and charities. Our serviced office space brings together social organisations from different sizes and with different ambitions under one roof where they can collaborate and network with each other.”

NB The CEO of CAN was unable to meet with us. He suggested we talk to the CEO of SEC who are tenants at CAN Mezzanine Old Street, and the following information is from that quick chat and also from the CAN website.

Key information on Organisation

- CAN Mezzanine - created a business plan and sought a commercial loan to purchase and refit buildings. Provide spaces in 3 central London locations and looking to expand in other cities.
- CEO brought huge business experience to the task.
- Aprox 40 organisations are tenants in Old Street premises.
- Create opportunities for networking, socialising and meeting around key issues.
- Building is nearly zero carbon.
- Set up is high quality. Values are visible through the external presentation. Need top quality premises to bring in sufficient rent.
- CAN provides other services to improve capacity in the sector.

Questions/issues raised

- Important to create business case and costings to determine profitability level i.e. what size does a facility need to be to pay for itself?

Application in NZ

- Need to leverage wide support to be able to develop premises for community groups/Social Enterprises.

23. CDF (Community Development Foundation) www.cdf.org.uk

“Giving strength to local voices ... CDF is a charity and a social enterprise that is passionate about helping communities. We lead community based strategies which empower people to influence the decisions that affect their lives. We are experts in developing and delivering projects and programmes that create lasting change in communities. We research what works and use that to improve local solutions. We strengthen local voices, help shape communities and change lives.”

Key information on Organisation

- Unusual origins as both a Public Sector body and also a Charity. Got core government funding but also saw themselves as voluntary sector. Created confusion for some.
- Refocused to align themselves as clearly a public body. Distributed significant government grants on behalf of government.
- See Community Development as across sectors not only Third Sector.
- Very recently things have changed again and government has announced that from 31/3/11 CDF will no longer be a public body and they will be supported to become a Social Enterprise.
- Major changes have resulted. Needed to alter the legal structure, close some branches, and lay off staff.
- Trustees are needing to become more business focussed. Are now a charitable company limited by guarantee.
- In the middle of a major redevelopment of the organisation.
- Not a membership based organisation; work with a wide range of networks and partners.
- Due to size, experience and reputation, CDF are well placed to bid for contracts as well as to broker consortia to do this.
- Were able to use reserves in the past to purchase their building.

Questions/issues raised

- Recognising transferable skills e.g. have huge experience with grant distribution; how to apply this experience in other ways. Being the manager of the process rather than the distributor of the funds.

Application in NZ

- Grant distribution processes need to be robust, transparent and include people with credibility. Can use community development principles to develop community based processes for grant distribution.

24. Shoreditch Trust (and Waterhouse Café) www.shoreditchtrust.org.uk

“Shoreditch Trust was established in 2000 under the New Deal for Communities initiative. This was a new way of looking at regeneration that encouraged an approach that really paid heed to how people lived their lives in their communities ... We remain committed to inspiring long term transformational change in Shoreditch ... The need for social inclusion often means correcting market failure or providing services in a way that reacts to gaps in statutory service provision. Such projects are not expected to become self-sufficient or transform into social enterprise, however this does not mean that the outcomes they deliver are any less worthwhile. These projects represent valuable community investment and in doing so seek to influence the reshaping of approaches to service delivery in the future.”

Key information on Organisation

- Shoreditch provides a range of services, facilities and programmes.
- The building is owned jointly in conjunction with the City of London. Also own properties in Hackney.
- Opened Waterhouse (cafe) 3 years ago. Have trialled various options of food and opening hours. Just breaking even. Premises are licensed.
- Currently offering a reasonably priced lunch aimed at the businesses around. Will add a dinner service when summer starts.
- Undertake training programme in café. Most trainees are care leavers or ex offenders. Assist with gaining permanent work. Often need to provide other wrap around services.
- Same CEO as when original 10 year funding given in 2000. Has provided continuity, vision and stability.
- Staff are trained in the story of Shoreditch and Waterhouse – don't have pamphlets.

Questions/issues raised

- Believe it's important to raise the standard of "consultation" undertaken – don't pester communities for our own ends.

Application in NZ

- Takes time to keep adjusting focus of café/restaurant to meet objectives and costs.

25. Oxford House www.oxfordhouse.org.nz

"Oxford House (OH) in Bethnal Green is the community and arts space in East London ... OH was originally established in 1884 by Keble College and the University of Oxford to provide a centre of religious, social and educational work among the poor of East London ... it provides a place where community & voluntary sector groups, arts organisations, and social businesses come together to work, learn, explore, create and celebrate."

Key information on Organisation

- Migration and immigration have always been a key issue in this community.
- OH has reinvented itself several times over the years.
- Was the first house in the Settlement Movement where middle class young men would come to live and work in poor communities.
- Settlement Houses established in the UK, US and Canada until the 1930's.
- OH began with a spirituality component – ref. the chapel on the top floor. However this is not central at present. Need to revisit how it's honoured in their work.
- Until WW2 OH was an actual residence for young men with 20-30 small living quarters.
- More recently has converted spaces for groups to rent as offices.
- Provision of services for youth has always been a key focus.
- Now define OH as a neighbourhood hub providing space and support for other third sector groups.
- Financial crisis management for many years. Building is owned but difficult to access mortgage finance unless there is a business case to prove further income will be generated. Some funds are needed just to keep the building repaired.
- Generating 95% of income now. Most tenants pay close to commercial rent. Some arts tenants receive discounted rent in exchange for providing performances or exhibitions.

Questions/issues raised

- Is there a coherent thread between the services that OH provides, and those that are provided by others in and from OH?
- Major renovation a few years ago had good intentions but isn't user friendly now or a good use of space. Do they renovate again?

- When do you use consultants to advise and when is their input not helpful or liable to take you off course?
- Is the “arts” nature of the building space maximised as much as it could be?

Application in NZ

- Take good stock of obvious and not so obvious assets and resources, and weave them into a plan.

26. CHC (Cricklewood Homeless Concern) www.chc.org.uk (website not currently operational)
 “Cricklewood Homeless Concern (CHC) comprises a Day-Centre and Primary Treatment centre located in the Borough of Brent in North West London ... The organisation provides services which aim to support people who are either homeless or are in inadequate housing as they attempt to establish themselves as valued members of the community. Whilst housing problems are the primary problem, a large majority of service users also experience a wide range of related problems such as mental and physical ill health, unemployment, discrimination and social exclusion.” (from the Irish Network Britain website)

Key information on Organisation

- Looking to re-brand soon as “homelessness” does not convey the extent of their work.
- A few years ago they demolished the old building and re-built on the same site, largely funded by Irish support. Community was traditionally an Irish migrant community, many single, male labourers disconnected from their homeland, with serious alcohol problems.
- Old building had contributed to their organisational culture. Very much a charity, rescuing model. Created significant issues in terms of drunken fights and conflict on the premises with clients demanding help, and few long term change results for clients.
- All staff except CEO made redundant when old building demolished, and new team recruited.
- Building designed on Maslow’s Hierarchy of Needs (for definition see http://en.wikipedia.org/wiki/Maslow's_hierarchy_of_needs) Ground floor and basement are for basic and immediate needs. Next floor for treatment, and top floor for training and employment readiness.
- New design, and new staff, created new organisational culture. Few disruption issues now with clients – who are now called customers, and results are excellent.
- Customer group historically men, mainly Irish immigrants, with housing and alcohol issues. More recently both men and women, from many ethnicities and a wide range of issues including housing.
- Some customers are severely damaged socially and psychologically and unable to make long term changes. Can provide them support to maintain quality of life.
- Run a café for customers and staff – low cost nutritious midday dinner available.
- Work with both “rough sleepers” and also those with no fixed, safe housing. Definition of “rough sleeping” in terms of statistics is anyone who is lying flat on the ground at the time of being surveyed, with some form of covering or material used for bedding.
- Provide a range of other support services including medical, drug and alcohol programmes, employment support as well as housing advocacy.

Questions/issues raised

- The role of physical space in creating work culture.
- The role of approach and methodology in affecting outcomes.
- Looking to become more enterprising and develop ways to generate income beyond grants and contracts.

Application in NZ

- Starting point in working with customers, in initial engagement, is to ask the “51%” question
 - the customer is asked what % of responsibility they are willing and able to take for their

plan to change, starting at 51% i.e. they are responsible for themselves and in control of their process.

- Also asked what they want and what they will do to achieve this. If the customer doesn't engage with the process they decide on, CHC concludes its work with them (there is some leniency in certain situations.)

27. Selby Trust www.selbytrust.co.uk

“Many Cultures, One Community ... The Selby Trust was set up as a charity in 1992 by local people who recognised the need for a multi-purpose centre led by the community and third sector organisations ... It operates from the Selby Centre in Tottenham, in former school premises, which the Trust manages as a multi-purpose community and social enterprise centre, with a 25 year lease from LB Haringey. The site is 150,000 square feet, with offices, meeting rooms, training facilities, sports and events halls and a large car park ... It brings together a rich mix of individuals and organisations, primarily from BME, refugee and other historically excluded communities in Tottenham, Haringey, North London and beyond.”

Key information on Organisation

- Generates 70% of own income from office rental to 100+ groups.
- Have created a one stop shop with large range of organisations providing complementary services. Strong focus on groups working with marginalised communities.
- Site previously a school – wonderful resource but huge maintenance and operational costs.
- Green project focussing on creating energy efficiency, global garden, plus generating social enterprises like the wood recycling.
- Have 11 employees, many from the local community – primarily focussed on facility management – learning to see this as a speciality and value and take pride in the value added from doing this well.
- Act as both a Community Anchor and as an Incubator – supporting other groups to grow and develop.
- Also have volunteers, some from “Community Payback” scheme.
- Café and Restaurant on site – contracted out for others to run.
- Large hall used for community functions - great income generator.

Questions/issues raised

- Lease of 25 years has 11 years to run. Great uncertainty on what will happen as local authority likely to want site back. Needing to look at creative options.
- How to move out of crisis management and survival mode into forward planning? Difficult when resources hard to find and the local body is not sympathetic to supporting their long term planning.
- How to move to being more enterprising themselves as well as supporting tenants to do the same.

Application in NZ

- Possibilities for accessing unused public facilities for community use, as well as tendering to run existing community facilities.

28. HCT (Hackney Community Transport) * www.hctgroup.org

“HCT was established in 1982 ... Our vision is to be a leading provider of public transport and related training services in the UK whilst promoting the concepts of social justice and equality for all.”

NB We were able to spend a few minutes with staff of one branch of HCT who are based at the Selby Trust. Most of this information is from their website. Several groups referred to HCT as an inspiring success story of Social Enterprise.

Key information on Organisation

- Hackney Community Transport was founded in 1982 by a number of local community groups in the London Borough of Hackney with the aim of providing affordable community transport services for the use of local voluntary organisations, charities and community groups.
- They deliver a series of innovative public and community transport and training services. They have retained their original mission while successfully developing the business.
- Their aim is to continue to apply their successful business model to expand service provision and progress their goal of providing public transport for all. In doing so they intend to promote and support the social enterprise business model.
- They work closely with partners such as local authorities, community groups and members to identify need and ensure that they are meeting their requirements.

Questions/issues raised

- Social enterprises are increasingly recognised as being particularly suited to the production and delivery of certain goods and services. This is because they are often able to apply their own strong in house business acumen with a particular understanding of the needs and requirements of local communities and an inherent desire to contribute positively to society.
- Increasingly this business model has been recognised by many public authorities in the UK as the most suitable one for the delivery of services that are often delivered by the private sector for the public sector.

Application in NZ

- In what ways could community transport be developed and enhanced in Manukau?

29. Cambridge House www.ch1889.org

“Realising Potential Together ... Cambridge House is a charitable organisation in Southwark offering a number of services to alleviate the local effects of poverty and support social change ... We also act as a local neighbourhood resource centre providing support to local community groups, voluntary organisations and community initiatives.”

Key information on Organisation

- A “Settlement House” established in 1889 as part of the Settlement Movement. University graduates came to live in the local area of Southwark and provide voluntary services to combat the effects of poverty and deprivation.
- Currently provide a range of direct services themselves e.g. advocacy, legal services, advice, youth support, disability services, children and parents centre.
- Also operate as a community resource centre and facility.
- And provide community development support to other organisations.
- Employed a business development manager who is driving the building programme.
- Undergoing a multi million pound refurbishment of their buildings which will enable expanded service delivery and functional use of space.
- Have moved to open plan work spaces for all including management, and also with those from other agencies. Use meeting rooms as needed.
- Redundancies occurred earlier this year after funding and contract cuts.
- Financial management is outsourced to a specialist company called Charity Business. May also outsource HR.

Questions/issues raised

- Possibly groups who inherit their assets/buildings can take that advantage for granted, whereas those who have had to work hard to lease or buy theirs are more inclined to maximise their asset.

- Will need to ensure maximum occupancy of new work spaces created in order to pay the mortgage for the renovations. Charge per desk space for all desks including those they use – 220 desks max.
- Reduction in operational funding and staffing may mean changing management structure – have agreement from Board to maintain current structure for 1 year to try and make up new funding.
- Looking to become more enterprising in their approach in order to self generate some income.

Application in NZ

- Funding and contracting climate has previously pushed collaboration and setting up of consortia of organisations to tender for contracts. Climate may be moving towards more sympathy to organisations merging and/or acquiring other groups.
- Employment of business development manager was challenging initially as his ideas were radically different from their previous mindset. Had to come to terms with this if they wanted change.

Other Contacts

There are another group of people and places which have impacted on our reflections and analysis. We stumbled on or intentionally visited these in the course of the holiday part of our journey. We would like to include them here:

The Western Isles/Outer Hebrides

- Uig Community Shop
- The islands of Uist and Harris
- Local community centres and their wind turbines

Cornwall

- Harbours e.g. Polperro
- Villages e.g. Polruan
- Eden Project
- The Lost Gardens of Heligan

Local heritage centres

Local churches – cafes, environmental gardens, heritage

AFC Wimbledon

Commons and allotments

The Monkey Sanctuary

Richard Brown, Street Outreach project, Lostwithiel, Cornwall

Risborough Area Community Bus

Generic Comments/Questions that grew from the interaction

- In England the poorest communities are often urban and so are close to markets, whereas in Scotland the poorest communities are often rural and a long way from markets.
- Historically the majority of social housing has been provided by local authorities and up to 70% of overall housing in Scotland has been social housing in the past. Down to approx 30% now.
- SE makes sense to the Scottish psyche – self determination, local control, community based etc.
- There are some key people who've been in the Social Enterprise sector for a long time who provide continuity, memory, leadership and a voice.
- Common for Social Enterprise leadership to be in the sector/organisation long term.
- Fine line sometimes between an anarchist and an entrepreneur.
- In a shared facility it's important to address the question of shared ethos, values and practice – when is it important or required?
- Some perceive there to be a “cluttered landscape” as far as network and peak organisations go – government may try to rationalise funding to those groups – important to demonstrate key niches and value added.
- Different perspectives and contexts in Scotland and England. Many Scottish groups appear to be suspicious of or reluctant to come under a national umbrella that seems to them to be primarily English rather than UK wide. Scottish networks seem more focussed on supporting smaller organisations and some are wary of umbrella groups that promote or support large groups.
- The Social Enterprise Mark creates some risk – there is disagreement in some quarters over its principles e.g. it may open Social Enterprise up to a wider constituency which could dilute or distort its values based approach.
- SRoI (Social Return on Investment) tool – has pros and cons. Can provide very useful, comprehensive evidence of outcomes; however very time consuming and not helpful in all contexts. Doesn't lend itself well to small contexts, and can lead to an overriding focus on financial returns.
- There are a variety of legal and governance structures available to Social Enterprises in the UK – more so than in NZ.
- Some challenges working with local authority staff who don't distinguish between the voluntary sector and Social Enterprise.
- Major times of transition often turn out in retrospect to have been key to refocusing organisations.
- Volunteering
- Low skilled jobs suited to Social Enterprise? or is this just low expectations?
- Old buildings are both asset and liability, especially if they are historically listed.
- Ability for Social Enterprise groups to market their expertise, especially to overseas visitors. Exchanges? Strong international networks.
- Is there an ideal size/area/configuration for a community facilities building for it to cover its costs? Are there too many Third Sector facilities in an area?
- Global recession has made everyone think, and provided a huge opportunity for the Third Sector to prove it can deliver value for money. However need to ensure we don't sell ourselves short by proclaiming we can “do more for less”. Better to say we can deliver “cost effective, excellent outcomes.”
- Regional and national networks need to remain relevant. If they have paid staff, ensure they only have 2 year contracts as needs and skills change over time. Otherwise you can get locked into a model based around a personality. If networks end up focussing on their own sustainability and/or competing with members for contracts then they may have passed their use by date.

Notes on the UK Context ... some notes and reflections.

This is not inclusive and is clearly an exploration of context. Context is the world that surrounds us ...

- 1) EU the European Union
 - a) political impact ... the joining of nations changes the understanding of the world. It shows a need to articulate and compromise. It brings resources and agenda to the fore. Two we particularly noted were
 - b) funding for collaborative projects
 - c) the requirement for environmental accountability

- 2) UK the United Kingdom vs the rest while in the UK we were able to witness a part of the election process. This emphasized the evolution and devolution of national relationships. This process parallels the relationships and challenges expressed in the Social Enterprise sector.

the strengthening of Scottish aspiration with a resounding victory to the 'nationalist' party. While some interpreted this as independence or separatist ... time will tell

in Wales, a step behind Scotland, the new parliament received devolved powers to make laws and manage health, education etc

in Northern Ireland, the visit of the Queen reflected a new journey and relationship ... not what evil has been committed in the past, but how do we create the future (learning from the past)?

- 3) Scotland <http://www.scotland.gov.uk/News/Releases/2007/03/30151647>

Strategic - *Better Business - a strategy & action plan for Social Enterprise in Scotland*

Regions ...

Edinburgh and Lothians <http://www.scotland.gov.uk/News/Releases/Regional/Q/Region/6>

Glasgow & Strathclyde <http://www.scotland.gov.uk/News/Releases/Regional/Q/Region/4>

Notes on Types of Social Enterprise and Legal Structures

<http://www.businesslink.gov.uk/bdotg/action/layer?topicId=1077475650>

. “a social enterprise is a business designed to create a sustainable solution that meets a social objective. Some social enterprises take all the profit generated from their business activities and pour it back into the business in order to scale the operation up. Some social enterprises solicit outside investment, donations or grants and use that funding to create a new product or service that meets a social need. Subsequently the social enterprise sells the solution over and over again just as a normal business would. Still other social enterprises are businesses owned and operated by charities in order to fund their operations.

The kind of legal structure you use to create your social enterprise has everything to do with your objectives.”

1. You can be a **sole trader**. You make all the decisions. You take all the risk. If your business gets sued, you personally pay the price. This is not usually thought to be a good structure for a business of any appreciable size, but many small business owners do operate as sole traders. A social entrepreneur can do so as well.
2. You can be a **limited company**, which means that the amount you have at risk for loss in your business is something less than everything you own. Limited companies often have multiple owners who share in the decision making based upon rules outlined in their constitution. Limited companies come in a couple of forms
Company Limited **by Share** (CLS) enterprises use share ownership to determine decision making within the business. Share ownership also limits risk. In general an owner can only lose the amount represented by the number of shares he owns.
Company Limited **by Guarantee** (CLG) enterprises use members to determine decision making. So members put up a nominal amount to become an owner of the business. Decisions are taken by vote.
3. You can be a **Community Investment Company (CIC)** which is a CLG or a CLS that has special clauses in its constitution which guarantee that the assets of the business will not be used to make a profit for the owners. Usually CIC businesses are Companies Limited by Guarantee. A CIC is often used to create a “trading arm” for a non-profit or charity that needs to buy and sell in order to generate revenue.
4. You can start a **Cooperative**, which is a group of equal members from a community that come together in order to achieve a common objective. For example, a group of artists may form a cooperative in order to undertake marketing operations. Members of a community may form a cooperative in order to sell products and services in order to fund arts education in a local school through trade.

Generally speaking, most social enterprises are Companies Limited by Guarantee or Companies Limited by Share. CLG companies are thought to be preferable, in some cases, because the money a partner has invested in the enterprise does not determine how much control they have over the business. Generally CLG companies are organized to give all members a single vote and decisions are made by majority. CLS companies are thought to be somewhat better for investment purposes because philanthropic investors can purchase ownership and control of the business by buying shares. Most investors find this important. Many social enterprises elect to become Community Interest Companies as well. A CIC has a constitution with very strict rules on how investment and assets will be managed.

source: <http://www.schoolforstartups.co.uk/choosing-a-social-enterprise-legal-structure-cls-clg-cic-or-cooperative/>

Variations on a theme:

5. **Social Firms** - <http://www.socialfirms.co.uk/> Social Firms are one type of social enterprise. Social enterprises* are businesses that trade for a social or environmental purpose, and their profits are reinvested back into the company to help them achieve this purpose. The specific social purpose of Social Firms is to create jobs for people who find it hardest to get them.
6. **Social Traders** - <http://www.socialtraders.org.uk/> promoting trade for social purposes Social Traders CIC is a specialist training provider supporting social entrepreneurs, social enterprises, charities, community organisations and other local businesses. [note this site includes a directory and google map of UK social enterprise, and blog <http://www.socialtraders.org/> and links to <http://www.socialtraders.com.au/social-enterprise-typology> an Australian context]

Below we have listed some of the different types of social enterprises

http://www.socialenterpriseincumbria.org/About_Social_Enterprises/Different_types_of_social_enterprises “.... amended where previous information is included....

7. **BenCom** - Industrial and Provident Society for the Benefit of the Community. One of two types of Industrial and Provident Society. IPS Ben Coms must retain all profits for investment in purposes beneficial to the community, normally defined in the organisation's constitution. Examples of IPS Ben Coms include GLL the company behind Greenwich Leisure.
8. **Charities** - Charitable status is available to all organisations with exclusively charitable purposes and activities; being alleviation of poverty, advancement of religion or education and "other purposes beneficial to the community". Charitable status comes with highly beneficial tax advantages but trading is limited must be in line with charitable purpose; hence it is appropriate for some social enterprises but not all. Charities in the voluntary sector can also have subsidiary trading arms. [See <http://www.charity-commission.gov.uk/> and <http://www.oscr.org.uk/>]
9. **Community business** ... Businesses that have a strong geographical definition and focus on local markets and local services. [as examples see - CSR Corporate Responsibility ... Business in the Community <http://www.bitc.org.uk/> or Community Business Scotland Network (CBS Network promotes and encourages all forms of community-owned and controlled enterprise such that local communities will become more self-reliant, sustainable and enhance their quality of life through economic and social activities) <http://www.cbs-network.org.uk/>]
10. **Community enterprise** ... Organisations trading for social purpose with a community base - might be a community of place, a community of interest, or both. [as examples see <http://www.communityenterprise.co.uk/web/> or <http://www.communities.gov.uk/publications/communities/communityenterpriseframework> or <http://locality.org.uk/>]
11. **Development trust** ... Generally a locally focused enterprise engaged in regeneration activity through a wide range of trade and service delivery. Common activities include community development, training, property development and management, environmental improvements, business development, building restoration and managed workspace. A development trust is not a legal structure in itself, but is usually registered either as a company or as an Industrial and Provident Society. [see <http://www.dta.org.uk/> or <http://www.dtascot.org.uk/> or www.dtawales.org.uk/]
12. **Employee-owned business** ... Owned and controlled by people who work for it.

13. **Foundation Trust** ... New model for semi-independent institutions within the NHS. Foundation Hospitals will be able to set rates of pay freely, dispose of land, borrow money and allow up to ten percent of their beds to be used by private patients. They will be able to retain and reinvest any surpluses made from their budget.
14. **Housing Associations** ... Not-for profit companies in charge of managing housing stock. The term is used interchangeably with Registered Social Landlord - non-profit organisations whose aim is to provide affordable housing. [for more information see http://www.ourproperty.co.uk/guides/housing_association.html "What is a housing association? A not-for-profit organisation which owns, lets and manages rental housing. As not-for-profit organisations, revenue acquired through rent is ploughed back into the acquisition and maintenance of property. Beyond this definition there is very wide variation. Housing associations may or may not be registered charities, and they may or may not be geared towards assisting particular social groups with accommodation – for instance, older or disabled people. Rent may or may not be subsidised to varying degrees. Housing associations are classified by the property industry as "registered social landlords", along with YMCA hostels and housing co-operatives. Accommodation owned by housing associations is known as "social housing", a loose term which incorporates government-owned council housing and other affordable accommodation." also see http://en.wikipedia.org/wiki/Housing_association or <http://www.housingnet.co.uk/>]
15. **Intermediate labour market company** ... Companies that provide training and work for the long-term unemployed.
16. **Mutuals** ... Describes organisations whose members have joined together with a common purpose to provide a shared service for mutual benefit. Includes co-ops, building societies and some employee owned businesses. In a mutual organisation it is necessary to become a member to access the benefits.
17. **Voluntary organisation** ... A self-governing body of people who have joined together voluntarily to take action for the benefit of the community, and established otherwise than for financial gain. It does not have to be a registered charity, but if it is not, the aims, objectives and methods of working of the organisation must be written down in a publicly available document. The organisation should be open to all members of the community with interests relevant to the publicly stated aims.
18. **Workers Co-op** ... Common and Industrial and Provident Society bona fide Co-Op where the members are the employees of the business. As such the employees both own and manage the business that they work for.

Some other definitions of ideas that link with social enterprise

In the discussions of Social Enterprise the differences in motivation, methods and outcomes become important. These definitions are to enable a discussion towards clarity of our purpose and structures. The key issue is that Social Enterprise seeks to put in place the skills and methods of private enterprise, with the passion and purpose of charitable outcomes.

Charity

“1 benevolent goodwill toward or love of humanity

2a generosity and helpfulness especially toward the needy or suffering; *also* : aid given to those in need

b an institution engaged in relief of the poor

c public provision for the relief of the needy

3 a : a gift for public benevolent purposes

b : an institution (as a hospital) founded by such a gift

4 lenient judgment of others”

<http://www.merriam-webster.com/dictionary/charity>

Philanthropy

- a deliberate affection for mankind, shown in contributions of money, property, or work for the benefit of others. Cf. misanthropy. — **philanthropist**, *n.* — **philanthropic**, *adj.*
- voluntary activity of or disposition towards donating money, property, or services to the needy or for general social betterment. — **philanthropic**, *adj.*

<http://www.thefreedictionary.com/philanthropy>

An important distinction should be made, that whilst admirable, charity is not the same as philanthropy. Simply argued by the concept that an implemented philanthropic idea may make its owner rich, if he or she so wishes. Compare this to the singular act of giving money away, associated with charity, the two concepts almost oppose each other. " A philanthropist knows the act of philanthropy before knowing the definition of the word". (Paul Gignac Philanthropist.)

<http://en.wikipedia.org/wiki/Philanthropy>

Charitable

“Meaning of charitable purpose and effect of ancillary non-charitable purpose

- (1) In this Act, unless the context otherwise requires, charitable purpose includes every charitable purpose, whether it relates to the relief of poverty, the advancement of education or religion, or any other matter beneficial to the community.

(2) However,—

- (a) the purpose of a trust, society, or institution is a charitable purpose under this Act if the purpose would satisfy the public benefit requirement apart from the fact that the beneficiaries of the trust, or the members of the society or institution, are related by blood; and
- (b) a marae has a charitable purpose if the physical structure of the marae is situated on land that is a Maori reservation referred to in [Te Ture Whenua Maori Act 1993](#) ([Maori Land Act 1993](#)) and the funds of the marae are not used for a purpose other than—
 - (i) the administration and maintenance of the land and of the physical structure of the marae;
 - (ii) a purpose that is a charitable purpose other than under this paragraph.

(3) To avoid doubt, if the purposes of a trust, society, or an institution include a non-charitable purpose (for example, advocacy) that is merely ancillary to a charitable purpose of the trust, society,

or institution, the presence of that non-charitable purpose does not prevent the trustees of the trust, the society, or the institution from qualifying for registration as a charitable entity.

(4) For the purposes of subsection (3), a non-charitable purpose is ancillary to a charitable purpose of the trust, society, or institution if the non-charitable purpose is—

- (a) ancillary, secondary, subordinate, or incidental to a charitable purpose of the trust, society, or institution; and
- (b) not an independent purpose of the trust, society, or institution.”

Charitable entity means a society, an institution, or the trustees of a trust that is or are registered as a charitable entity under this Act

<http://www.legislation.govt.nz/act/public/2005/0039/latest/DLM345006.html#DLM345006>

Charitable purposes test set out in the Charities Act (that is: relieving poverty, advancing education or religion, or another purpose beneficial to the community).

<http://www.charities.govt.nz/FAQs/General/tabid/152/Default.aspx>

A comprehensive discussion on charity and charitable can be found at

http://www.pc.gov.au/_data/assets/pdf_file/0011/94709/25-appendixf.pdf

Private Enterprise

A **privately owned enterprise** refers to a commercial enterprise that is owned by private investors, shareholders or owners (usually collectively, but they can be owned by a single individual), and is in contrast to state institutions, such as publicly owned enterprises and government agencies. Private enterprises comprise the private sector of an economy. An economic system that contains a large private sector where privately run businesses are the backbone of the economy is referred to as capitalism. This contrasts with socialism, where industry is owned by the state or by all of the community in common. The act of taking assets into the private sector is referred to as privatization. The goal of private enterprise differs from other institutions, the major difference being private businesses exist solely to generate profit for the owners or shareholders.

http://en.wikipedia.org/wiki/Private_enterprise#Privately_owned_enterprise

Social Enterprise

A **social enterprise** is any for-profit or non-profit organization that applies (private enterprise) strategies to achieving philanthropic goals. Many commercial enterprises would consider themselves to have social objectives, but commitment to these objectives is fundamentally motivated by the perception that such commitment will ultimately make the enterprise more financially valuable. Social enterprises differ in that, inversely, they do not aim to offer any benefit to their investors, except where they believe that doing so will ultimately further their capacity to realise their philanthropic goals.

Many entrepreneurs, whilst running a profit focussed enterprise that they own, will make charitable gestures through the enterprise, expecting to make a loss in the process. However unless the social aim is the primary purpose of the company this is not considered to be social enterprise. The term is more specific, meaning 'doing charity *by* doing trade', rather than 'doing charity *while* doing trade'. Another example is an uncorporation, which may pursue social responsibility goals that conflict with traditional corporate shareholder primacy, or may donate most of its profits to charity.

http://en.wikipedia.org/wiki/Social_enterprise

Australian report <http://www.socialtraders.com.au/finding-australias-social-enterprise-sector-fases>