



"Social Enterprise & the Voluntary Sector"  
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# **A Guide to Social Enterprise**

## **for voluntary & community organisations ■**

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# Introducing social enterprise

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*“We need to ensure that the role of social enterprises is very clearly understood in the whole field of neighbourhood renewal and neighbourhood regeneration.*

*All of us who have been involved in this work know that you cannot create sustainable communities in these desperately deprived neighbourhoods simply through public service or simply through the private sector.”*

Patricia Hewitt, Secretary of State, DTI  
26.02.02

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**S**ocial enterprise is not a new idea – but it is an exciting one. Social entrepreneurs in the West Midlands have been developing good business ideas with a social benefit for almost twenty-five years.

What is new, however – following the launch of the Government’s national social enterprise strategy in 2002 – is a national policy climate that provides healthy conditions for social enterprise to grow.<sup>1</sup>

Now is a great time for voluntary and community organisations to look closely at social enterprise as a means of diversifying their income and moving towards greater sustainability.

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<sup>1</sup> See <http://www.dti.gov.uk/socialenterprise/strategy.htm>

## Why social enterprise is important

There are three key reasons – and this guide will explain them:

■ **First, social enterprises can create jobs for people disadvantaged in the labour market.** They also provide services to people in low-income communities and help to address social exclusion and crime. They offer a model for the development of sustainable, community-owned enterprises and in many cases they seek to earn a surplus that can be used to fund other good works or community benefits.

■ **Second, social enterprise is an exciting way of doing business.** Many social enterprises are operating at the cutting-edge of their chosen sector, achieving incredible results in the way they combine social and commercial objectives, using trading as a means to deliver on a wide range of community, social or environmental aims.

■ **Third, social enterprise, as well as a way of doing business, is a way of thinking – a ‘mind-set’** that can help organisations and communities balance the demands of meeting their social needs or aims and of generating income in the longer-term.

We hope this short guide can help you find the social enterprise ‘mind-set’.

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Parts of this guide draw on ideas explored in much greater detail in *Social Enterprise in Anytown* by John Pearce, published by the Calouste Gulbenkian Foundation [2003]. ISBN: 0 903319 97 7.

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# Social enterprises – trading to achieve social objectives

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*“Social enterprises are businesses with primarily social objectives, whose surpluses are reinvested for that purpose in the business or the community.”*

Social Enterprise: A Strategy for Success, DTI

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Publication of the Government’s national strategy for social enterprise has made a huge difference to the policy environment in which social enterprises operate. But it has also made another more subtle difference. It has provided us for the first time with a straightforward, “official” definition of social enterprise.

Trade is at the heart of social enterprises: social enterprises trade in order to achieve their social objectives. They aim to make a profit, but unlike many conventional businesses, the surpluses they make are invested in the business or in the local community and not passed on to owners or shareholders.

But they also have much in common with private businesses because:

- They trade in goods or services
- They have identified paying customers for their products
- And they seek to survive in the marketplace

Social enterprises in Birmingham and Solihull already provide goods and services in food, gardening, childcare, home-care, fostering, training, recycling, health care, funerals, cleaning, retail, financial services and sports and fitness.

## Different forms of social enterprise

Social enterprises take many different forms and use a variety of legal structures to help them achieve their aims. When we talk about the ‘social economy’, we are usually referring to the following kinds of enterprises:

- **Co-operatives** – owned by and operating for the benefit of their members, customers or workers
- **Credit Unions** – managed by volunteers and offering access to loan finance to people by saving within a common bond e.g. the same employer or neighbourhood
- **Social Firms** – provide employment, training and other forms of support for people with a learning difficulty or mental illness
- **Community Businesses** – trading enterprises owned and managed by local community volunteers
- **Development Trusts** – organisations that own and develop assets, such as a property, where the income benefits the local community
- **Trading arms of charities of voluntary organisations and community groups** – providing goods or services that earn income, which is unrestricted and available for reinvestment in the organisation.

# Social enterprises – their defining characteristics

The terminology used to describe social enterprise continues to change and can sometimes be prone to quite rapid shifts in interpretation and emphasis. (See the glossary of terms later in this guide.)

But the terms used to describe social enterprises are perhaps less important than the characteristics which define them. Genuine social enterprises are generally thought to have **six characteristics** that distinguish them from other kinds of businesses:

■ **They have social aims** and their commercial activity is used as a means of *achieving these social aims*. These may include providing employment opportunities for the long-term unemployed or those with disadvantages in the labour market, providing a specific community or neighbourhood service which might otherwise be unavailable or too expensive, or offering environmental benefits through recycling and use of green energy.

■ **They engage in trading activities in the open market** Social enterprises provide goods or services for which paying customers have been identified. This does not mean that some social enterprises do not also depend on income from other non-trading sources, such as regeneration grants. Increasingly it is recognised that social enterprises that are trying to assist the most disadvantaged may have “social costs” that are much higher than a conventional business and these need to be covered.

■ **They are “non-profit-distributing”** It is a general principle of social enterprise that after all expenses have been met – including the payment of proper, fair wages – any profits created are reserved for reinvestment either in the business or in local community projects. The purpose of social enterprises, therefore, is not to increase

the personal wealth of those involved in them.

■ **Assets and wealth are held in trust for community benefit** Social enterprises are often said to be in “common ownership” – they are owned in common by whatever community they serve. This might be a local geographical community (in the case of a community enterprise), or its workers (in the case of a workers’ co-operative), or its customers (in the case of a consumer co-operative). The central principle is that social enterprises cannot be “asset-stripped” – that is bought out and their wealth and assets distributed amongst the buyers.

■ **Members of the social enterprise’s community are democratically involved in its management** People involved with a voluntary or community organisation will be familiar with the principle of having a structure where members, customers/users and the wider community in the democratic control of the organisation. This is also the case with social enterprises. Many different models of democratic control can be developed in order to ensure that all of the “stakeholders” in an enterprise can have an input in its decision-making on a “one member one vote” basis.

■ **Accountability** The principle of accountability is a little harder to pin down. At its simplest, it means the enterprise being answerable to its wider constituency of members (however that is made up). But it can also mean adopting other methods of accounting in order to enable an enterprise to provide a detailed account of how it is performing against a range of social targets.

# The 'social economy' – how big is it?

Recent research conducted by the West Midlands Social Economy Partnership found that in the West Midlands region there are 3,311 “Companies Limited by Guarantee” and “Industrial & Provident Societies” registered with Companies House.

While these are frequently used legal structures amongst social enterprises, it is recognised that not all of these companies will necessarily be social enterprises – some will be voluntary organisations largely dependent on grant funding for their work. Nonetheless, it is a good starting point in defining the scale of the sector. The WMSEP research found that:

- This is equal to 2.8% of all incorporated organisations in the Region.
- 32% of the 3,311 registered organisations generate their income purely from “earnings”.
- Almost half of the total organisations surveyed receive at least 90% of their income through earnings.
- Only 19% of those surveyed were totally dependent on grants and donations.
- 20% had an annual turnover of less than £50,000.
- 11% had a turnover between £50,000 and £100,000.
- 27% of the firms had a turnover between £100,000 and £500,000.
- 14% had a turnover of more than £500,000.

## An international phenomenon

Although we now have – for the very first time – an official national strategy for the development of social enterprises, it can still be argued that we are lagging behind our European neighbours.

In the EU – where the definition of the social economy is rather different and includes larger foundations and “mutual” organisations – the employment creation potential of the social enterprise sector is well recognised. It is estimated that the sector employs almost 9 million people and production and consumer co-operatives are estimated to have between 78 and 150 million members.

While we wait to see similar levels of social enterprise activity in this country, expectations of the sector are running high and the Government believes that:

- A much greater role in public service delivery can be played by the voluntary and community sector and sees social enterprise as a vital part of this aim.
- Social enterprise offers a way for the voluntary and community sector to become more financially independent.
- That social enterprise has a distinct role to play in helping enterprise flourish in all of our communities and sees a key role for social enterprise in local regeneration.

This policy agenda has the potential to dramatically increase the size of the UK social economy.

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*“...strong social purpose and energetic entrepreneurial drive can deliver genuine results”*

Tony Blair, Prime Minister  
Social Enterprise: A Strategy for Success, DTI

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# Social enterprise & the voluntary sector

The National Council for Voluntary Organisations believes that social enterprise can help

- Voluntary organisations diversify their income – “earned income is unrestricted income”, says NCVO, and is therefore particularly important for voluntary organisations
- Create more sustainable sources of income – “the ‘gift economy’ is shrinking whilst social need is swelling”. Finding other sources of funding that can support social activity is therefore a priority
- Voluntary organisations achieve greater independence
- Reconnect organisations with their service-user groups – “trading can help us reconnect with our beneficiaries – it helps us become more market sensitive”
- Improve service quality – “charging forces up quality”
- And assist in the development of skills – “trading builds new and refreshes old skills”

See [www.ncvo-sfp.org.uk](http://www.ncvo-sfp.org.uk) for more information on the Sustainable Funding project.

While social enterprise approaches will not necessarily be appropriate for all voluntary and community organisations (VCOs) they are increasingly identified as important additional tools in securing greater financial independence and longer-term sustainability for the voluntary sector.

## Contract culture

The advent of the “contract culture” in the voluntary sector – the move away from services supported by grants to those delivered under specific output-driven contracts – has in any case shifted many in the voluntary sector much closer to business-like approaches to how they do their work. NCVO currently estimates that as much as one-third of voluntary sector income is earned income.

## ‘Social costs’ vs ‘subsidy’

We have already noted that some social enterprises – especially those most closely targeting disadvantage in what they do – will find they have disproportionately high “social costs” (the additional costs involved in meeting their social mission). It is crucial that emerging social enterprises do accurately reflect these additional costs in their financial projections as experience shows that they are extremely unlikely to be met from trading income alone.

For this reason some social enterprises exist on a “mixed economy” of income, with some activities funded from their traded income (revenue), and others supported by other kinds of grant support from interested funders.

## Viability

Some commentators have used this mixed funding argument to suggest that social enterprises are not “commercially viable” and require subsidy. While it is perfectly true that some social enterprises are not, in a strictly commercial sense, viable, it is also important to recognise that they are not trying to do the job of strictly commer-

cial enterprises: that's what makes them *social* enterprises.

In any case, it is more accurate to think of these other forms of funding not as subsidies but as *investment to meet the enterprise's additional social costs*. This is not just a linguistic difference: it helps social enterprises be more precise about describing what they do and how they do it. And it is a more business-like approach. After all, what business does not, periodically, raise "investment"? The principle is exactly the same.

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*"We need to...say that social enterprise...is not just for the poor and disadvantaged. We need to get out of that box, we need to be offering something that says that the social enterprise model can deliver for everybody and that it is in fact a more sustainable and healthier economic model for growth and development."*

Secretary of State for Trade & Industry speaking at Social Enterprise London's conference, 2001

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## **Social enterprise – a business option**

One final point should also be made about the tendency of social enterprises to be pigeon-holed as relating only to *regeneration* or *poverty* or *disadvantage*.

Social enterprises, precisely because of their social objectives, will always have an interest in doing business more justly and fairly and will therefore take seriously the contribution they can make to wider regeneration efforts.

But it is vital that social enterprise is also promoted as a legitimate *business option* with a wide variety of applications, as appropriate for the high-revenue growth business as it is for the community nursery serving a low-income community.

Voluntary and community sector organisations can get special assistance and information from a number of BSSEC mem-

bers and through two programmes of support currently being delivered by BSSEC:

- **SoBiz** – helping social businesses give their best performance. Ring 0121 687 8790 and ask for SoBiz.
- **Social Enterprise & the Voluntary Sector** – specialist advice and support for voluntary and community sector organisations. Ring Matt Feeley on 0121 753 0668.

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*"...social entrepreneurs...do their most effective work at the fringe of the marketplace, where both the public sector and the market itself have failed to deliver important goods and services, particularly to those who can pay little..."*

*The organisations they create defy the boundaries that traditionally separate welfare and business.*

*They may or may not operate for profit, but their bottom line is social transformation, enabling all to take part in building sustainable livelihoods and just societies."*

David Puttnam (Lord Puttnam), film director

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# Social enterprise – case studies

Not only can social enterprises take many different forms, they can also be developed in very different circumstances:

- Some grow out of voluntary or community organisations
- Some capitalise on a commercial opportunity identified during the course of delivering a project
- Some are established as the consequence of a community-based campaign of some description.
- Some respond very clearly to an identified market opportunity and may develop a national or even international customer base
- Others may arise from very specific opportunities created by new policy or law, such as the Disability Discrimination Act

The important message is that there is no single right way to develop social enterprise. The following case studies will help explain not just the very different situations in which social enterprises in Birmingham and Solihull have developed, but also their extraordinary diversity.

## ■ 1

### **Ladywood Furniture Project**

*Practical recycling-in-action to meet household needs*

Many people are faced with having to find household furniture for their homes but do not have the money to buy it all at once. This is where the Ladywood Furniture Project (LFP) is able to help. For example,

a three-piece suite from LFP can cost less than £20 and a wardrobe less than £10. Electrical items such as refrigerators and cookers – which the organisation has cleaned, serviced and tested – are sold also and come with a 3-month guarantee.

LFP is a community enterprise selling good quality refurbished furniture at minimum cost to those on low incomes who cannot afford commercial prices. Much of the furniture is collected through generous donations.

LFP has been providing this practical recycling-in-action since 1989 when Social Security grants for furnishing a new home were abolished. After a period of growth sustained by successful grant applications, the organisation realised it needed to take a more strategic view of its long-term funding if it was to achieve greater financial independence. Through various fundraising efforts this has been achieved.

#### **Diversification**

Over the years LFP has also diversified its activities – both to generate further income and to meet additional need – moving into the refurbishment and sale of ‘white goods’, such as cookers and refrigerators. The organisation was awarded a contract by Birmingham City Council to ‘de-gas’ refrigerators.

#### **Increasing skills & employability**

Increasing the skills and employment opportunities of its volunteers is also a priority and LFP now also offers training in driving instruction, forklift truck instruction and upholstery skills. It is hoped that Increased training provision will generate additional income from delivering programmes of support under contract to the Learning and Skills Council and other purchasers.

LFP is based in its own building close to Birmingham City Centre and owns four vehicles. The project has 12 paid members of staff, accountable to a voluntary Board of Directors.

The project is dependent upon a workforce of volunteers who collect, inspect, repair and refurbish the furniture, ensuring it is completely safe and suitable for its original purpose. On average it supports around 400 low-income families per month, enabling them to take up offers of accommodation.

**0121 455 7133**

## ■ 2

### **Queen Alexandra College Enterprises Limited**

*Enterprise activity builds skills and generates income for a college for people with visual impairment and disabilities*

Queen Alexandra College Enterprises Limited (QAC Enterprises) is the trading arm of Queen Alexandra College, which has 100 years' experience helping people with visual impairment and other disabilities to learn, live and work independently.

Students can be aged between 16–63 with any of the following disabilities: visual impairment, deaf blindness, moderate learning difficulties, physical disabilities and autistic spectrum disorders including Asperger's Syndrome.

Funding for the work of the College comes largely through charging fees to the Learning and Skills Council and various Government departments to cover the costs of providing support to learners. Fees totalled about £3.6 million in 2003.

#### **Income-generation**

Additional income is vital if the College is to expand and improve its services to learners and the college's income streams include donations from individuals, charitable trusts, the business community and the crucial financial contribution made by its trading arm, QAC Enterprises.

QAC Enterprises comprises a portfolio of income-generating activities and services including:

■ **The QAC Fitness Centre** Supported by the National Lottery Charities Board, this top class gym serves students and the local community. Designed to meet all needs, the gym has members who are wheelchair users, or have limited mobility, as well as fully physically able members. It operates on a fully commercial basis with its own membership scheme.

■ **all formats** Is a commercial enterprise wholly-owned by Queen Alexandra College. It provides Braille, large print, audio transcription and consultancy services to a wide range of organisations, businesses and individuals. **all formats** was established as a response to the lack of information being provided in accessible media by organisations throughout the UK. Transcription services are provided to a number of blue chip companies including Vodafone, the Woolwich and Nokia. Recent disability legislation means that employers will have to provide Braille and tactile signs around the workplace. **all formats** offers a service to meet this growing need.

■ **The Harborne Cycle Surgery** This busy shop and workshop serves the cycling community in Birmingham and further afield. Committed to providing an excellent service, expert advice and high quality servicing and repairs, the business supplies hundreds of new and second user cycles every year. The business is owned by Queen Alexandra College.

■ **Advantage Graphite Canes** Manufactures and sells lightweight graphite-fibre walking canes for people with sight impairment. The canes, more rigid and more durable than those made from aluminium, are also said to provide greater sensitivity, transmitting a superior 'feel' for the user.

QAC Enterprises  
**0121 428 5050**

## ■ 3

### **Grendon and Billesley Nursery & Family Centre**

*Community pulls together to make ambitious new-build childcare centre possible*

Grendon and Billesley Nursery and Family Centre plan to be open for business in June 2004. It is a new, purpose-built project adjacent to Grendon Primary School on the southern edge of Birmingham and will operate as a not-for-personal-profit community enterprise. The start-up funding has been accessed through the National Neighbourhood Nursery Initiative and follows the Government's agenda for widening access to affordable and good quality childcare.

#### **Meeting local need**

The project originated in 2002 when the local community rallied around a common concern about lack of childcare provision. A worker from Gazebo, the local social enterprise support agency, has helped local people navigate the development process. This has included meeting with professionals and gaining the trust and support of the city's Early Years and Childcare Development Partnership. Although there were periods when it was unclear how to move the project forward, these difficulties were overcome through determination and a strong sense of partnership.

The building work – funded by the Department for Education and Science, the New Opportunities Fund, the European Regional Development Fund, the Local Education Authority and the Neighbourhood Renewal Fund – will cost over £1m. In addition, around £295,000 a year will be needed to meet running costs. Some existing funders have agreed to contribute to the nursery's operating costs and the project aims to be financially independent in three years. Future income will be largely derived from nursery fees paid by parents, training organisations and employers.

Tracey Neumann, the Project Manager, says, "The nursery was a great idea that everyone thought would never happen –

well it has. Now the hard work really begins – we have to deliver the quality service we promised."

Local people will gain access to a much-needed childcare facility and there will be a place for mums and dads to come for drop-in support, parenting workshops, basic skills training and pre-vocational courses.

**0121 464 9880**

## ■ 4

### **Jericho Community Business**

*Real trading activities provide the best sort of experience*

Using a range of social enterprise approaches to expand on and underpin its activities in delivering Government New Deal contracts, Jericho Community Business in Balsall Heath has achieved remarkable things.

#### **Growth & diversification**

In six years the organisation, a subsidiary of Jericho Community Project, has grown to include multiple trading activities that help it in its core objectives of assisting individuals to gain new skills and prepare for employment. These activities include:

- Retailing – a mini department store
- Accountancy services
- New Deal – placement management services
- Catering – sandwich bar & corporate buffets
- Graphic/web design team – including designs for leisurewear products
- Administration team – servicing New Deal and other contracts and overseeing financial management
- Warehouse/maintenance team
- Marketing & exhibitions – marketing support & representation at events
- Advice & Guidance – drop-in centre, jobsearch, CV support, general advice

These activities provide real trading environments in which workers and trainees can learn real work skills and customer service expertise.

In 2002/03, 30% of Jericho Community Business's £500,000 turnover was generated from trading and roughly 70% from the delivery of Government contracts.

New services planned for 2004/05 could see turnover increase to £1m and income from trading at around the £350,000 mark.

**0121 440 7919**

<http://www.jcp.org.uk/>

## ■ 5

### **B4Business**

*Solihull – disabled entrepreneurs developing specialist services*

In October 2004 new Equal Access laws come into force which will require all businesses and organisations to make reasonable adjustments to ensure that people with disabilities can access their services and information.

#### **Identifying a market opportunity**

B4Business, an EU-funded project for disabled entrepreneurs in Solihull is moving rapidly to turn this latest disability legislation into a market opportunity.

With support from Solihull Metropolitan Borough Council, Business Link Birmingham & Solihull, and Solihull Business Enterprise, a team of 12 disabled entrepreneurs are developing a social enterprise – called 'ENHANCE: Complete business sense' – that can help meet the information needs of disabled people and the businesses and organisations seeking to provide services to them.

#### **Vast market**

Services will be aimed at business people, the public sector, charities, voluntary organisations and disabled consumers and will include information transcription into Braille, audio and large print and a range of disability awareness and training seminars.

The potential market is vast. Services for the transport sector alone could mean tens of thousands of cabbies as well as bus,

train and air travel companies seeking transcription and training services.

#### **Owned & managed by PWD**

The entrepreneurs – some of whom have previously set up or run international businesses – believe that what distinguishes their venture is that it responds directly to the requirements of the Disability Discrimination Act and will be owned and managed by people with disabilities. Its members experience disabilities that range right across the spectrum.

The business plan is currently being drafted, investors and funders approached and premises investigated.

<http://www.b4business.info/>

## ■ 6

### **ENTA (Employment Needs Training Agency)**

ENTA is a voluntary sector, not-for-profit training organisation, providing courses aimed at under-targeted groups in Birmingham. All its courses – about 600 places a year – have been developed to break down the barriers that prevent some people accessing training and employment.

ENTA Ltd was formed as an independent training company in 1988 with 6 staff. It now has 90.

Over the following years it opened the door to provide pre-vocational training for young people who found it difficult to access vocational training, further education and employment. A progression route predominately for adults recovering from mental health problems was subsequently added, especially where they needed guidance to achieve re-entry to training or employment. This expansion led to a move to integrated premises in Newtown in 1993/94.

A refurbishment of the premises was completed in 1998, adding conference facilities and Skooby's café – providing both a low-cost café for use by the general public and modern training facilities for the students.

Today ENTA runs free pre-vocational and vocational training programmes designed for:

- Unemployed young people and adults
- People with physical and sensory disabilities
- Homeless youth and adults
- People recovering from a mental health illness
- People with learning disabilities, especially those with dyslexia

ENTA also provides information, advice and guidance on career paths and a range of courses, up to NVQ level 2. No formal qualifications are required for a majority of courses and they are all free of charge. Courses cater for students from 13-years upwards. ENTA also delivers external training courses in health & safety, manual handling and food hygiene etc.

**0121 359 6776**

[info@entapeople.com](mailto:info@entapeople.com)

## ■ 7

### **Birmingham Friends of the Earth**

Most people will only know Friends of the Earth (FOE) as a campaigning environmental group, but the picture in Birmingham is more complex than that. For over 25 years FOE Birmingham has been based in the Warehouse in Digbeth, where it has encouraged the development and growth of social enterprises and small business start-ups through the provision of managed workspace.

In the past decade 15 organisations have passed through the Warehouse on the way to a sustainable financial future. 12 tenants currently contribute £35,000 in rent towards FOE's running costs of £65,000.

FOE acquired the Warehouse on a lease in 1977 and established a number of Gov-

ernment-supported projects for unemployed people. These included home insulation (which grew to have 5 suburban bases in the city and some 70 staff) and environmental education and research programmes.

#### **Government spending cuts**

Although FOE managed to purchase the building outright in 1986, Government spending cuts over the following three years spelt the end for its grant-funded projects.

It was evident that if the group's key activities were to continue – recycled paper, a waste-paper collection service and home insulation were all regarded as priorities – it would have to become more business-like and generate income in order to survive.

Help from Birmingham City Council – which was upgrading the general area – enabled the group to significantly improve the building and increase its rental income. This provided at least some of the funds it needed to fuel its other activities. But this was a double-edged sword and some members felt the group had lost its focus, reluctantly becoming a landlord and property manager rather than an enterprising, environmental campaigning group.

#### **Managing for survival**

FOE, like many groups, has had to change with the times. In 1991, a new management structure – including the creation of a Building and Information Manager post, the salary costs met from rents and special membership support – was put in place.

Today, the organisation has 3 paid staff and the Warehouse is home to a vegetarian and vegan café, a vegan wholefoods shop, a cycle repair shop, FOE's information centre and rental premises for a range of other businesses and campaigning organisations. Birmingham FOE now focuses firmly on campaigning for environmental change through its paid staff and information services.

**0121 632 6909**

# Support and services – who provides what?

Birmingham & Solihull Social Economy Consortium (BSSEC) is a strategic alliance of service providers who support the social economy. We have come together to

- Maximise resources
- Improve service provision
- Influence policy
- And create opportunities for growth in the social enterprise sector

BSSEC's members provide a comprehensive package of support and expertise customised for the social economy, including:

- Market and feasibility research
- Business advice
- Development and practical help
- Training
- Access to finance

## Specialist support for social enterprise

**If you are not sure which agency can best meet your needs, please call Co-Enterprise on 0121 687 8790 and speak to a Business Advisor.**

### Aston Reinvestment Trust

Often working in partnership with other organisations, ART provides loans at commercial rates to small businesses and social enterprises throughout the Birmingham area for business cases that are viable but unable to access full finance requirements through conventional sources.

☎ 0121 359 2444

### Aston School for Social Entrepreneurs

Currently operating only within Aston, SSE provides a training and mentoring course

for budding social entrepreneurs with a business idea to develop.

☎ 0121 554 9638

### Birmingham City Council, Economic Development Department

Provides direct grant funding for the specialist agencies BCUDA and Co-Enterprise. Seeks to identify strategic and market opportunities for social enterprise – e.g. through purchasing and procurement arrangements

☎ 0121 303 4141

### Birmingham Credit Union Development Agency

Supports the promotion, registration and development of Credit Unions in Birmingham and offers comprehensive training programmes to volunteers as well as advice and support.

☎ 0121 766 7040

### Birmingham Voluntary Service Council

Supports the development of all parts of the voluntary sector, including the social enterprise sector. Provides funding advice, access to strategic networks, customised quality assurance programmes and a range of other specialist legal, technical and managerial services.

☎ 0121 643 4343

### Brumcan

Community recycling business providing a range of services to further sustainable waste management practices across the city. Consultancy services are available to bona fide community groups wishing to set up new not-for-personal-profit recycling enterprises through the national Sharing Resources Programme.

☎ 0121 328 2020

### Business in the Community

Is a unique movement of companies across the UK committed to continually improving their positive impact on society. Community organisations are supported

by Business in the Community members through the investment of people's time, skills, gifts in kind and finance.

☎ 0121 451 2227

#### **Business Link Birmingham & Solihull**

One-stop business support service providing access to all the help, advice and expertise you need to grow your business. Whether starting a new business or established for some time, Business Link's Business Advisors can offer you impartial and independent advice on the next step.

☎ 0121 60 70 80 90

#### **Co-Enterprise Birmingham**

The leading business development agency for the social economy in Birmingham, committed to helping create long term, sustainable social enterprises by offering a range of specialist business services. These include specialist marketing, finance and legal advice as well as training in business and management skills.

☎ 0121 687 8790

#### **The Colebridge Trust (Solihull)**

An independent, community based and led Community Development Trust. It operates within the five wards of North Solihull and offers a variety of services including supporting the development of social enterprise and creating and sustaining community development, volunteering and training opportunities.

☎ 0121 770 8889

#### **The Digbeth Trust**

Project development and small grants administration service enables emerging voluntary and community organisations to contract with specialists and community consultants, buying-in professional support which might normally be beyond their means. Help and support ensures that groups design effective commissioning briefs and choose the appropriate specialists.

☎ 0121 753 0706

#### **Diocese of Birmingham Community Regeneration Department**

Co-ordinates and delivers a wide range of development support to church-based community projects. Working with key local and national government initiatives, the Department assists with project development, funding strategies, job creation,

partnership working, best practice and quality standards.

☎ 0121 426 0400

#### **Groundwork Birmingham**

Works with local people, other agencies and business to improve the quality of the environment and regenerate neighbourhoods. Groundwork is creating employment – particularly within disadvantaged communities – through the development of social enterprises in the growing environmental sector.

☎ 0121 507 6500

#### **Initiative for Social Entrepreneurs**

Provides individual support and customised training for new business start-ups and business development for the social economy in the WM. ISE supports a bi-monthly Social Economy Business Group providing information, joint marketing and development opportunities in the sector.

☎ 0121 771 1411

#### **Jericho Community Business**

Provides paid work experience – in retail, print production, design, textiles, marketing, sales, IT, administration, warehouse, maintenance and industrial cleaning – for people who have had difficulties in finding work. Jericho can also offer space to people wishing to run community enterprises.

☎ 0121 440 7919

#### **Kajans**

Is a community-managed cultural and training enterprise working to expand cultural and economic activities in north Birmingham, including redevelopment of the Albert Hall as a community, training and cultural centre. Kajans offers a wide range of training and personal development courses and FE partners develops and delivers specialist support for the Black social enterprise sector.

☎ 0121 507 0904

#### **Solihull Metropolitan Borough Council**

Is extensively involved in a wide range of inward investment and economic development activity. New to the social economy sector, it is currently working in partnership with Birmingham and Solihull Business Link, Solihull Business Enterprise and the Colebridge (Community Development) Trust with a view to expanding its enterprise portfolio.

☎ 0121 704 6037

# Useful resources

**NCVO's Sustainable Funding Project** encourages voluntary organisations to take a more strategic view of their funding situation, promoting organisational planning, grant diversification and income generation as three key means of enhancing financial stability.

<http://www.ncvo-sfp.org.uk>

**The Social Enterprise Unit (SEnU)** is inside the Government's Department of Trade and Industry and acts as a focal point and co-ordinator for policy making affecting social enterprise. It is also a champion of social enterprise in Government, acting to remove the barriers to growth for social enterprises and to spread good practice.

[www.dti.gov.uk/socialenterprise](http://www.dti.gov.uk/socialenterprise)

**Futurebuilders England** a £125m Government investment fund that aims to deliver an increase in the scale and scope of public services delivered by voluntary and community organisations (VCOs). Responsibility for the fund within Government lies with the Home Office's Active Community Unit (ACU). Further information on the Charity Bank, Home Office and HM Treasury websites.

<http://www.charitybank.org/pages/main-index.html>

<http://www.homeoffice.gov.uk/>

<http://www.hm-treasury.gov.uk/>

**EQUAL 2** is funded by the European Social Fund and exists to test new ways of tackling the discrimination and inequality experienced by those who are most disadvantaged in the labour market. EQUAL projects must include transnational co-operation, innovation, empowerment, a thematic and partnership approach, and effective dissemination. Programme themes are employability, entrepreneurship, adaptability and equal opportunities for women and men. More information from West Midlands European Network.

<http://www.wmeuronat.co.uk>

**SoBiz** is a project managed by Co-enterprise, providing specialist services to

emerging social enterprises. Support includes market research, business planning and training. The project operates across Birmingham's two Regeneration Zones (E. Birmingham & N. Solihull and W. Birmingham & S. Black Country) until March 2005.

<http://www.sobiz.org.uk>

**The Social Enterprise Coalition** is the UK trade body that brings together all types of social enterprise to promote the sector and share knowledge. With members from right across the UK, the Coalition provides a co-ordinated voice for the sector.

[www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)

West Midlands Access to Finance – offers the most comprehensive regional database of financing for West Midlands SMEs, including small, growing companies and start-ups.

[www.westmidlandsfinance.com](http://www.westmidlandsfinance.com)

## ***Sources of loan finance for social enterprises in the Birmingham area***

### **ART (Aston Reinvestment Trust)**

A Community Development Finance Institution working in the Birmingham area with a Specialist Fund featuring loans between £2,000–£40,000 for social enterprises when banks are unable to help in full or part. Tel. 0121 359 2444

[www.reinvest.co.uk](http://www.reinvest.co.uk)

### **Advantage Community Loan Fund (ACLF)**

Managed by the Local Investment Fund, ACLF provides not-for-profit organisations throughout the West Midlands region with loans between £15,000–£85,000 where conventional sources are unable to lend.

Tel. 0121 240 1671. [www.lif.org.uk](http://www.lif.org.uk)

Alternative sources of finance are available. For advice and introductions to national organisations, including the Banks, telephone 0121 359 2444 or 0121 240 1671.

# Social enterprise & regeneration – a glossary of terms

For further information on how social enterprise can help you contact Matt Feeley, Social Enterprise & the Voluntary Sector Project on 0121 753 0668.

The following terms are frequently encountered in social enterprise and project development.

**A**dditionality A way of measuring the benefits of a project, which highlights the changes brought about, which would not have occurred, if the project had not taken place.

**A**rea Based Initiatives (ABIs) In some areas, problems of economic, social and environmental dereliction combine to lock local communities into a vicious cycle of exclusion. ABIs are an approach to regeneration which is intended to ensure that a range of partners work together, targeting their resources to improve the quality of life in these areas.

**A**sset Based Development Community ownership of tangible assets – land, buildings or a dedicated income – can be the key to achieving self-sufficiency, independence and sustainability and underpinning community based regeneration organisations.

**C**apacity building Shorthand for a range of support techniques and ini-

tiatives intended to build the capacity of individuals or organisations within communities and enable them to contribute effectively to regeneration projects.

**C**ommon Bond Credit unions all have a common bond, which determines who is able to join them. There are 4 main types of common bond:

- Community or residential – anyone who lives within its boundary can join
- Live or work – people who live or work within an area may join
- Employment or industrial – all employees in a company or group of companies may join
- Associational – Credit Union membership is determined by belonging to a trade union, trade association or other group

**C**ommunity Business A trading organisation which is set up, owned and controlled by the local community and which aims to create jobs for local people and be a focus for local development. The term Community Business is normally used for social enterprises that have a strong geographical definition and focus on local markets and local services.

**Community Development Financial Institution (CDFI)** Describes financial services providers – including community loan funds and community development venture funds – established specifically to lend and invest money in order to achieve social objectives. CDFIs lend money and provide other services to businesses and social economy organisations rather than to individuals for personal use.

**Community Development Venture Capital Funds** Lend to small and medium businesses in the most disadvantaged Wards in the country.

**Community Interest Companies (CICs)** Are a new type of company designed for social enterprises that want to commit their profits and assets to the public good. CICs will be easy to set up, with all the flexibility and certainty of being a company, but with some special features to ensure they are working for the benefit of the community. CICs will be covered by a new regulator and will have to pass a community interest test and submit period community interest reports. Subject to Parliament, it is expected that the earliest date for registering as a CIC will be early 2005.

**Community Organisations** These are small self-help organisations and frequently offer a range of community-based services within their own defined community. These can range from running community centres to parent and toddler groups, organising children's sports events or running social events. They may employ paid staff but are often supported heavily by volunteers.

**Community Strategies** Plans which local authorities must prepare for improving the economic, environmental and social well being of local areas and by which they are expected to co-ordinate the actions of the public, private voluntary and community organisations that operate locally.

**Company Limited by Guarantee** A company where each member provides a guarantee to provide a pre-determined amount in the event of the firm being wound-up – this is often as low as £1. Charities, Development Trusts, Social

Firms and Community Businesses frequently use this form of incorporation.

**Co-operative** Organisations that are owned and controlled by their members. Most are profit-making businesses, but all have social as well as financial objectives. Some may be not-for-profit, which means their profits are re-invested in the business, not paid to members.

**Corporate Social Responsibility (CSR)** A wide-ranging agenda that involves businesses looking at how to improve their social, environmental and local economic impact, their influence on society, social cohesion, human rights and fair trade. CSR is an issue both for large multinationals and for small, locally based businesses.

**Credit Unions** Financial co-operatives, owned and controlled by their members. As well as being a good savings option, with successful credit unions paying an annual dividend of up to 8%, the money saved can be used to make low interest loans to other credit union members. Only people who come within the common bond (see above) of the credit union can join it and make use of its services. The credit union is directed and controlled by a volunteer Board of Directors.

**Development Trusts** Are organisations, which are:

- Engaged in the economic, environmental and social regeneration of a defined area or community
- Independent and aiming for self-sufficiency
- Community-based and owned
- Actively involved in partnerships between the community, voluntary, private and public sectors
- Raising funds to be invested in local development activities

They normally own a building or some other form of asset base, usually held in trust for the local community.

**ESOP** An "employee share ownership plan" that allows employees to participate in their businesses on a significant scale and in a tax efficient way. An ESOP is a combination of an employee benefit trust (EBT) and a share distribution

mechanism approved by the Inland Revenue.

**Fair Trade** A trading partnership which aims at sustainable development for excluded and disadvantaged producers. It seeks to do this by providing better trading conditions and fairer purchasing prices, awareness raising and campaigning. Examples include Cafédirect and Divine Chocolate. Some fairtrade companies are structured as social enterprises.

**Forward strategy** Any exit, continuation or succession strategy intended to take a business, project or group forward to longer-term sustainability – used especially to identify future plans once initial funding has expired.

**Government Offices for the Regions** There are nine Government Offices, each working with regional partners and local people to help deliver the Government's key aims at regional level.

**Industrial & Provident Society** A company incorporated under the Industrial and Provident Society Act, including most co-operatives and some Development Trusts.

**Intermediary Organisations** Support and development bodies which have a membership of other voluntary organisations to whom they offer a range of specialist services. Sometimes used as a way of delivering voluntary sector support at the very local level.

**Intermediate Labour Market Companies** Job creation initiatives that provide training and work experience for long term unemployed people within the supportive structure of a community business. The work experience, often a year in length, provides a stepping stone to employment.

**Local Exchange Trading Schemes (LETS)** Community-based mutual aid networks in which people exchange all kinds of goods and services with one another, without the need for money. They are an organised form of barter and first became popular in North America and Canada.

**Managed Work Space** Buildings, frequently converted buildings in deprived areas, that provide accommodation

for start-up and existing businesses. In addition to leased space, new businesses also have access to training and advice. They also provide an important income stream to community regeneration organisations such as Development Trusts.

**Micro-finance** Includes very small loans to individuals or businesses, who would otherwise not have access to mainstream financial services. This might include savings, insurance, money transfer and bill payment services. Some Credit Unions (see above) provide these services. The Grameen Bank in rural Bangladesh has been an inspirational model for many different kinds of microcredit schemes.

**Mutuals** Organisations that operate for the greater good of their membership rather than individual gain – includes co-operatives, mutual building societies, some voluntary organisations, and credit unions.

**Non-profit or 'Not-for-personal-profit'** Terms commonly used to describe organisations which do not distribute profits, although they seek to make an operating surplus. They meet social objectives and their financial structures mean that any gains are reinvested in the organisation, rather than paid to directors or shareholders.

**Regional Development Agencies** There are nine Regional Development Agencies (RDAs), including Advantage West Midlands, set up in 1999 to co-ordinate regional economic development and regeneration, enable the English regions to improve their relative competitiveness and reduce the imbalances that exist within and between regions.

**Registered Social Landlords** Landlords of social housing that are registered with the Housing Corporation. Most are housing associations, but they also include trusts, co-operatives and companies.

**Section 106 Agreements** Negotiated agreements to provide, for example, low cost housing or community facilities in return for the granting of planning permission.

**Small Business Service** The main Government support agency for small businesses including social enterprises. From 2004, Regional Development Agencies will oversee the work of the Small Business Service.

**Small and Medium sized Enterprises (SMEs)** Businesses that employ less than 250 people.

**Social Audits** In the same way that a conventional audit looks at all aspects of a company's or organisation's financial performance, social and ethical accounting and auditing measure and report on social, ethical and environmental performance.

**Social Capital** As careful financial management will accumulate capital, communities in which there are strong networks, high levels of trust and mutuality are said to accumulate *social capital*. The term, which originated in the US, is open to many interpretations.

**Social Economy** Also called the Third Sector, or Independent Sector – operating between private, profit-making businesses and public authorities. There is no fixed definition of the term, but it is widely understood to include not only social enterprises, but also voluntary bodies, mutuals (such as Building Societies) foundations, trade unions, community groups, religious organisations and housing associations and any other bodies which have social objectives, are democratically run, independent and people-centred.

**Social Entrepreneurs** Individuals who initiate and operate schemes to create wealth and employment in communities using entrepreneurial skills. They have the imagination to identify new opportunities and the determination to bring them to fruition.

**Social Exclusion** The Government has defined social exclusion as being a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health and family breakdown. It can also have a wider meaning which encompasses the exclusion of people from the normal exchanges, practices and rights of society.

**Social Firm** A business created for the employment of people with a disability or other disadvantage in the labour market. It is a business which uses its market-oriented production of goods and services to pursue its social mission. A significant number of its employees will be people with a disability or other disadvantage in the labour market. Every worker is paid a market rate wage or salaries appropriate to the work whatever his/her productive capacity. Work opportunities are equal between disadvantaged and non-disadvantaged employees. All employees have the same employment rights and obligations.

**Surplus** The profit or financial gain made by social enterprises. It is referred to as surplus to reflect their 'not-for-personal-profit' status.

**Sustainability** A position reached by organisations or initiatives, where they are able to maintain their financial viability, whilst achieving their other objectives without adversely affecting the environment or having a negative effect on the community in which they operate.

**Sustainable Development** An activity which achieves mutually reinforcing economic, social and environmental benefits without compromising the needs of future generations.

**Trading** Refers to any activity relating to the buying and selling of goods and services.

**Voluntary Organisations** Organisations which operate on a not-for-personal-profit basis with social objectives and whose management committee or Board of Trustees is unpaid. Voluntary organisations may or may not be registered charities, may or may not have paid staff and usually use volunteers to undertake some tasks.

