



The Digbeth Trust

Active in Turning Community Ideas
Into Community Action

RESOURCE SHEET 2 – social enterprise

PURPOSE OF THIS RESOURCE

This sheet provides a very brief and basic introduction to social enterprise and clustering for sustainability.

Why produce this resource now?

Social enterprise has received a lot of attention recently as government has announced a range of initiatives to promote both the idea and the creation of social enterprises.

At a regional and local level there is also a range of new initiatives and projects designed to help voluntary and community organisations to explore social enterprise activities.

What if I want more information?

This resource includes contact details for organisations that can provide more detailed information on this topic. There are also links to organisations which can help you develop your social enterprise ideas.

What more can The Digbeth Trust do to help?

The Trust can put you in contact with a range of advice and support services to help you find out more. This includes our Professional and Technical Aid Service which has a register of quality assured business support consultants. For more information see our website.

ABOUT THE DIGBETH TRUST

The Digbeth Trust is a development support organisation offering services to **voluntary and community groups** and **public and charitable funders** across the West Midlands.

Our Mission

The Digbeth Trust exists to enable the development of an influential, effective, independent and sustainable voluntary and community sector across the West Midlands through the influencing of policy and the provision of expertise.

Our Services

We provide specialist support to voluntary and community groups through our register of quality-assured consultants, links to other sources of support and access to funds.

We are a not-for-profit charitable company and a membership organisation.

To find out more about The Digbeth Trust and the services we offer please contact us at:

Unit 321 The Custard Factory
Gibb Street
Birmingham B9 4AA

Tel: 0121 753 0706
Fax: 0121 248 3323

email: info@digbethtrust.org.uk

website: www.digbethtrust.org.uk

What is Social Enterprise?

A social enterprise is a business with primarily social objectives whose surpluses (“profits”) 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.

Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy.

Social enterprises usually (but not always):

- are directly involved in producing goods or providing services to a market (eg trading);
- have social aims (such as job creation or provision of local services);
- are accountable to their stakeholders (eg users, social investors or local community) and the wider community for their social, environmental and economic impact.

The best known social enterprise is The Big Issue.

Examples of social enterprises in the West Midlands are:

Brumcan offers a range of commercial and domestic recycling services to provide sustainable solutions to waste problems.

www.brumcan.co.uk/

Waterloo Woodwork, an enterprise of the Colebridge Trust Ltd based in Solihull, manufactures timber products for outdoor use - including chairs, benches and shelters - while also providing vocational training for adults with learning difficulties.

www.colebridge.org/Waterloo/index.htm

Jericho Community Business provides training and paid work placement opportunities to people who are disadvantaged in the employment market.

www.jcp.org.uk/

Why is social enterprise such a big issue at the moment?

Social enterprise is receiving a lot of attention at the moment for a variety of reasons, including:

- Voluntary and community organisations see trading as a way of creating new sources of income for themselves – making them less dependent on grants and other traditional kinds of income;
- The government would like to see more public services provided by voluntary organisations. They think this is likely to create better (but not necessarily cheaper) services. They also believe it may have community benefits – for example increasing local employment.

The government and other organisations (including the Big Lottery) are now putting a lot of money into supporting the development of social enterprises. Local authorities are also moving away from grant funding to contracting and procurement. This means that many voluntary organisations are thinking about how they might need to change to respond to these developments.

In order to be a social enterprise, does an organisation have to have a particular structure or operate to specific rules or regulations?

No. Being a social enterprise is defined by what you do and how you do it – not by what legal structure you choose.

Social enterprises can be charities, limited companies, industrial and provident societies, etc. Because social enterprises trade, most are incorporated in some way (eg as companies limited by guarantee).

The Government has introduced a new legal form specifically for social enterprises. This is the Community

Interest Company (CIC) and CICs do have to follow certain specific regulations. However, organisations can still be a social enterprise without becoming a CIC.

You should always get expert advice about choosing the most appropriate legal structure for your organisation.

So, if my organisation is a small charity that provides free services to people within our local area can we call ourselves a social enterprise?

It depends. If you are not trading in some way (for example selling your services to other organisations), then you probably are not a social enterprise.

Should we be thinking about becoming or setting up a social enterprise?

Ultimately, only you can answer that question. Some of the things you need to consider are:

- Would becoming or setting up a social enterprise help you achieve your aims (ie what it says in your constitution) in a more effective and sustainable way?
- What skills and resources would you need to operate effectively as a social enterprise?
- Would there be a market for what you wanted to provide or do – ie would you actually be able to make money from it?

It can sometimes be tempting to follow a trend or fashion – but organisations should always think carefully before radically changing how they operate, particularly if it is in response to a new funding opportunity. Chasing money can divert them from their core purpose and mean a lot of wasted time, effort and resources.

I have heard about social enterprise clusters. What are they?

A cluster is an alliance between a group of organisations. They choose to come

together because they have identified common aims that they can only achieve (or can achieve more effectively) together.

Social enterprise clusters work best when they come together to take advantage of clear contracting opportunities. There will then be a clear focus for the cluster's activities and it will also be clear who should be involved in the cluster.

Often clusters are made up of organisations providing different but complementary services (eg all working with young people but each doing something different such as education, sport and arts).

Social enterprise clusters can:

- keep their costs down by sharing common services (eg IT expertise);
- enable the members of the cluster to exchange or trade services with each other – ie creating an internal mini-market for their services;
- find new ways of meeting needs through cooperation and collaboration;
- share customers (or service users) – developing seamless services from the funder and user's point of view.

Clustering can enable small organisations to access funding and opportunities they would not be able to on their own. For example, a larger organisation (which could be the cluster lead) could bid on behalf of the cluster and then sub-contract with the other members of the cluster.

There is an important difference between a social enterprise cluster (an effective trading alliance driven by clear market opportunities) and a clump – which is the term used when organisations either:

- come together without clear contracting opportunities that they could bid for, or

- where the wrong group of organisations comes together so that they will not be able to work effectively together.

Are there any other kinds of clusters we can be part of?

Clustering is just a way of working. Clusters can be formed to take advantage of any external opportunity (or threat) – not just to develop or deliver social enterprise. Clustering is common in international development work and between academic institutions.

The essential distinction between a cluster and other collaborative ways of working (such as alliances, networks, consortia, forums or partnerships) is that in a cluster:

- organisations group together formally to share infrastructures, improve service and product quality, develop new thinking, increase the visibility of themselves and their work whilst retaining their separate identities.

Successful clusters have common features:

- The members have a shared understanding of the purpose of the cluster and there are clear governance arrangements;
- The members bring complementary attributes to the cluster which they are willing to share with the other members;
- Participating in the cluster increases the capacity or capability of the members;
- The members have a willingness to cooperate and collaborate on the cluster's purpose rather than compete. But the members can still pursue other activities outside the cluster;
- The members trust each other;
- There is often an external facilitator.

There is nothing to stop you establishing your own cluster for your own purpose – but it is not straightforward.

For more information about collaborative

working please contact the Trust.

It sounds like social enterprise is probably not for us.

If, after getting good advice and giving it careful consideration, you decide that social enterprise is not right for you, there are still lots of things you can still learn from the social enterprise way of working.

Many voluntary organisations can benefit from thinking about how they could be more enterprising – ie imaginative, innovative and ready to undertake new projects and ways of doing things.

Most organisations can also benefit from thinking about how they can be more business-like. That doesn't mean they have to be just like the private sector. There will always be important differences in values and culture between the voluntary sector and most of the commercial sector. Being business-like can be:

- ensuring that you are doing things in the most efficient and effective way possible. Sometimes you need someone from outside your organisation to help you assess this.
- investing in the development of the organisation and the people within it. Having the right systems, procedures and skills can mean that your organisation will be both effective and more attractive to funders;
- having quality standards for the work you do and ways to get feedback from your users. Companies know if they are not providing a good service because people stop buying their products. Voluntary organisations need to find other ways to check they are doing a good job.

Social enterprises are just one part of a much bigger collection of organisations, individuals and networks that make up the social economy. As a charity, your organisation is already part of the social economy.

OTHER SOURCES OF INFORMATION, ADVICE AND SUPPORT ON SOCIAL ENTERPRISE

Birmingham and Solihull Social Economy Consortium

A network of organisations involved in social enterprise support and delivery. The website contains resources and a searchable directory of social enterprises in the region.

www.bssec.org.uk/

i-SE

The core mission of i-SE is to create and sustain employment opportunities for people with disabilities and other significant disadvantage.

It pursues this remit through the development of new social enterprises and the capacity building of existing voluntary and community organisations to become effective businesses, delivering services to their community.

Rubicon House
Ravenhurst Street
Birmingham B12 OHD

Tel: 0121 771 1411

www.i-se.co.uk/

Social Enterprise Coalition

A national organisation which promotes social enterprise. Their website contains a range of resources and links to sources of further information and support.

www.socialenterprise.org.uk/

UnLtd

A charity which supports social entrepreneurs - people with vision, drive, commitment and passion who want to change the world for the better. They provide a complete package of funding and support to help these individuals make their ideas a reality.

Unit G2 - The Ground Floor
The Arch
48-52 Floodgate Street
Birmingham, B5 5SL

Tel: 0121 766 4570

www.unltd.org.uk/

Business Link West Midlands

Provides information and advice to help businesses, including voluntary and community groups such as social enterprises, make the most of their opportunities, putting people in touch with the expert help they need.

To see what we can offer, speak to one of their advisors who will talk through your needs and opportunities.

Website contains information and resources for organisations covering a wide range of issues such as health and safety, employment and premises.

www.businesslinkwm.co.uk

Helpline: 0845 113 1234

Minicom: 01384 360 391



connecting the
voluntary sector with
consultants' expertise

PROFESSIONAL & TECHNICAL AID SERVICE (PTAS)

PTAS offers:

- to voluntary and community groups: access to quality-assured consultants who can help you to improve your services and organisation;
- to consultants: access to a wide range of opportunities to make a difference to voluntary and community groups;
- to other partner organisations (including funders and statutory authorities): access to our database of quality-assured consultants to help with needs assessments, service evaluations, etc.

PTAS is a **free** service for voluntary and community organisations in the West Midlands. Currently we can only fund a small number of consultancy each year. However, for every group that contacts us we will:

- Assess your needs;
- Help you write a consultancy brief;
- Help you find a quality assured consultant;
- Give you advice about how to manage the consultancy.

If we cannot fund the consultancy ourselves we will signpost you to other sources of possible funding or organisations that might be able to help free of charge.

For more information please contact us or see our website.

www.digbethtrust.org.uk

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OUR APPROACH:

We aim to deliver real outcomes for the groups and partners we work with. Our approach is to:

- tailor our support to the specific needs of individual groups;
- work with groups to transfer skills to build their capacity;
- focus on sustainable development – so that groups and projects develop realistically;
- facilitate links between groups and the wider policy and funding environment in which they are working.

OUR IMPACT:

Recent evaluations show that the Trust is:

- Effective at reaching marginalised communities and groups;
- An effective administrator of grant funds – delivering positive outcomes for groups, individuals, communities and funders;
- Effective at helping groups to build their own capacity – thereby having a lasting impact on the efficiency, effectiveness and sustainability of the groups we work with;
- Effective at helping to lever-in additional financial and non-financial resources to the sector.

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