



# There's **more** to business than you think

A GUIDE TO SOCIAL ENTERPRISE

# How this guide works

This guide is essentially a series of stories from around the UK about the amazing things that social enterprises are doing, why they have chosen the social enterprise route to do them, and how they are negotiating a range of challenges to successfully deliver their business, social and environmental goals.

The guide begins by taking a look at some basic definitions and background and ends with some more detailed information explaining the legal and financial aspects of social enterprise. The case study stories occupy the central section.

We don't expect you to read this publication from front to back. Rather, we hope you will want to dip into it to gain useful information – and inspiration – about how social enterprise is relevant to you.

With each of the case studies you will see that, as well as the main text telling the story of that particular enterprise, we have provided a 'Fast facts' box and a commentary giving some facts and figures about the business, explaining the social impact of the enterprise and giving some information about the structure it has chosen, and why it is a model that makes sense.

Interspersed among the stories is a selection of quotes from people in different sectors and walks of life – everybody from a young trainee to a council leader, a regional development agency chair and the boss of a famous high street retail chain – explaining how, for example, a social enterprise has affected their lives or business, or why they think the approach is one that works and has potential for the future. Some of these quotes are related to the case studies they are placed next to; others are more general quotes about the sector as a whole.

Social enterprise is actually quite a simple concept, but that doesn't stop there being a minefield of jargon about the various structural, legal, financial and other aspects of the sector. So we have provided a section – including Understanding the jargon, Legal issues and Access to finance – which we hope will spell out some basic definitions and clarify any confusion.

Finally, there is plenty of excellent information already available in reports, books and magazines, and on websites, about social enterprise. Our Useful publications and contacts sections give some pointers about what to read and where you can go to find out more.

## The Social Enterprise Coalition

The Social Enterprise Coalition is an alliance of social enterprises from across the UK. It is the voice of social enterprise bringing together all types of social enterprises under its umbrella through its membership.

The aims of the Social Enterprise Coalition are:

- To build capacity and quality through information sharing
- To encourage co-operation
- To promote the social enterprise sector
- To provide a strong voice for the sector

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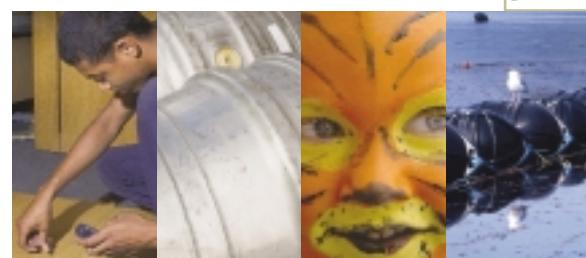
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# Foreword

When the Government launched its social enterprise strategy last year, we set out a bold vision. A vision of strong social purpose combined with entrepreneurial drive. Of robust businesses that could be highly responsive to customers and compete in the marketplace – but driven by a public service ethos and a cast-iron commitment to social goals.

My own experiences with some of the dynamic social enterprises already operating successfully around the UK has convinced me, and my colleagues in government, that this vision is not only already a reality – but that there is now a significant opportunity to promote radical new ways to boost our economy and our society through the social enterprise approach.

We recognise that a key step in increasing the contribution that social enterprises can make in our economy is to ensure that their value is better understood. Individuals and organisations from all parts of our economy should be able to learn about social enterprises and understand how they can engage with them for mutual benefit.

I would urge you to read the inspiring examples and clear explanations in this guide from the Social Enterprise Coalition. They represent an unprecedented opportunity for harnessing commercial success to social justice – an exciting opportunity for us all.

Tony Blair

Prime Minister



*This publication marks a significant moment in the development of the Social Enterprise Coalition. Already, the Coalition, speaking on behalf of all social enterprises, is actively promoting the value and variety of the sector. The many different and impressive real life examples collected here provide living proof of what is being done – and show the potential for future growth of social enterprise in the UK.*

*From McSense in Midlothian, to Greenwich Leisure in London, to the Eden Project in St Austell, I know from experience the vital contribution social enterprises are making to our economy and the well-being of our communities. But I am ambitious. Like the Coalition, I want to see even more successes. More new social enterprises starting up. Social enterprises growing stronger, bigger, better. And I want to see every sector and each local area proud of its own shining examples – and benefiting because of them.*

*Social enterprises are, first and foremost, businesses. Like other businesses, they aim to make a fair profit from trading. What distinguishes them is the clear focus on their social mission and the way they use their profit to deliver that mission. What matters is what they do.*

*One year into implementing the Government's strategy for social enterprise, we have started to change the world in which social enterprises operate. But there is much more to be done before I will be satisfied that social enterprises have what they need to compete and grow, so that many more of them succeed as businesses while delivering socially in every part of the country.*

*Nigel Griffiths MP  
Parliamentary Under-Secretary of State  
for Small Business and Enterprise*



# Introduction

Creating jobs and wealth; developing leading edge public services; regenerating inner city neighbourhoods; combating rural decline; encouraging active citizenship; developing a dynamic and committed workforce who ‘buy in’ to your corporate goals; making money in a socially and environmentally responsible way.

If you are reading this then the chances are you will be interested in at least one of the above goals. If you are a local authority, you are striving to make your services the best they could possibly be for your local community. If you are a development agency, job and wealth creation is key to your economic development plan. If you are a private business, energetic and committed staff are crucial for your commercial success.

The difficulty comes when you need to achieve several of these goals. When you have a financial bottom line but must also meet challenging social goals. You may be striving to achieve these dual goals. Or maybe you believe it is simply too hard... Whatever your opinion, I urge you to take a look at the articles and explanations in this guide. There are some remarkable stories involving, in some cases, millions of pounds of profits generated and used to achieve social goals. And it is real income generation we are talking about. These are self-sustaining businesses that trade in the marketplace, but their core purpose is social and/or environmental.

This guide is the first in series of practical resources to be produced by the Social Enterprise Coalition to encourage the growth and development of social enterprise in the UK. It represents the Coalition’s commitment to supporting the growth of social enterprise by building skills and sharing knowledge.

We hope the guide will engage your interest and enthusiasm, particularly if you are: a potential social entrepreneur, a community or business leader, a local councillor, a public sector official, a trade union member; a housing association, a development agency, a service provider, a neighbourhood renewal professional; a banker, a financial institution, a corporate organisation, a small business, a business support provider.

We hope you will see that these social enterprises are not just fantastic stories. As the Prime Minister says, they are real opportunities – for you, for business, for society, for partnership.

I and my team at the Coalition look forward to working with you.

Jonathan Bland

Chief Executive, Social Enterprise Coalition



## Having confidence in social enterprises

Increasingly, communities are calling on social enterprises to address the most critical issues facing society – from the revitalisation of cities to the transformation of public services, to the strengthening of civic, cultural, and social institutions.

At the same time, today’s social enterprises operate in a hugely challenging environment, where budgets, business management and innovation must be top-notch to deliver products and services in a competitive marketplace, whilst at the same time delivering on their social goals.

All stakeholders – whether they be clients, local communities, staff or business partners – must have confidence that social businesses are delivering on all their ‘bottom lines’.

When an organisation starts operating as a social enterprise, it is important to know about its constitution and what it states as its core aims and social values; about the board or management committee and how they foster commercial success while protecting the social nature of the business.

At the Coalition, we believe that success in the challenging environment in which we operate depends upon effective, innovative and responsible leadership and governance. We hope you will see from the examples in this guide how social enterprises are able to offer a unique, robust and powerful solution to deliver on these goals.

Baroness Glenys Thornton  
Chair, Social Enterprise Coalition



# Social what?

the what,  
how and why of  
social enterprise

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**SOCIAL ENTERPRISE** – it's a term that increasing numbers of people have heard, but know precious little about. Does it mean charity with an entrepreneurial edge? Possibly but not really. Does it mean businesses being socially responsible? Well, yes again but that's by no means the whole picture.

The fact is that there are businesses all over the UK, trading, making profits, but doing so for a social purpose. They are businesses distinguished by their social aims, by the way they use their surpluses to achieve these, and by their ownership and management structures. A report on mapping social enterprise for the government's Social Enterprise Unit suggests there may be more than 5,000 social enterprises in the UK which are earning at least half of their income from trading goods and services. In Europe it is estimated that several million jobs are provided by social enterprises.

Crucially, social enterprises compete in the marketplace like any other business, but they use their business skills to achieve social aims. Social enterprises are part of the broader social economy, but whereas many voluntary organisations and community groups may be involved in some kind of trading activity for goods and services, social enterprises see trading as a significant and defining part of their business. Although some commentators like to use the term 'non-profit' when referring to social enterprises, this is misleading.

Social enterprises aim to sustain their business and make profits – it is what they do with these profits that is different. The government's official definition of social enterprise, contained within its 'Strategy for Success' document published in 2002, helps to explain this. It says:

"A social enterprise is a business 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."

The Social Enterprise Coalition's own constitution says social enterprise means 'an organisation that trades in the market for a social purpose.'

### Social enterprises share common characteristics:

**Enterprise orientation** – they are directly involved in producing goods or providing services to a market.

**Social aims** – they have explicit social aims such as job creation, training or the provision of local services. Their ethical values may include a commitment to building skills in local communities. Their profits are principally reinvested to achieve their social objectives. Increasingly social enterprises measure their social impact.

Many social enterprises are also characterised by their **social ownership**. They are autonomous organisations whose governance and ownership structures are normally based on participation by stakeholder groups (eg employees, users, clients, local community groups and social investors) or by trustees or directors who control the enterprise on behalf of a wider group of stakeholders. They are accountable to their stakeholders and the wider community for their social, environmental and economic impact. Profits can be distributed as profit sharing to stakeholders or used for the benefit of the community.

### A little background

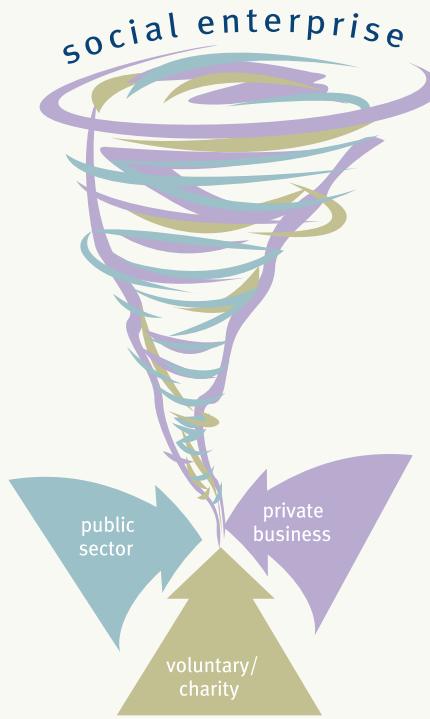
Social enterprises have been around in all but name for many years, stretching back to as long ago as 1844 when, suffering at the hands of exploitative factory owners and shopkeepers who charged extortionate prices, 28 working men in Rochdale scraped together £28 to open their own shop – so heralding the beginning of the modern co-op movement. In recent years we have witnessed the growth of community enterprise, where businesses have evolved in poor and disadvantaged areas with the specific aim of improving the economic fortunes of their neighbourhoods. The voluntary sector, too, has become more innovative and enterprising – a review by the government has outlined a key role for entrepreneurial voluntary organisations in the delivery of public services.

In October 2001 Patricia Hewitt, Secretary of State for Trade and Industry, launched the government's Social Enterprise Unit (SEnU) to champion social enterprise and spread good practice, coordinate policy making affecting social enterprise and address barriers to the growth of social enterprise. The government's strategy for social enterprise, Social Enterprise: a strategy for success, was launched in July 2002.

More recently, the government has published proposals on the introduction of Community Interest Companies (CICs), a new type of company specially designed for social enterprises who want to use their profits and assets for the public good.



Green-Works | Photo: Alastair Indge



## Structure and mission

Social enterprises can take many forms. It can be very confusing to hear people talking about a ‘social firm’ one minute and a ‘co-op’ or ‘development trust’ the next. They could be an ‘Industrial and Provident Society’, a ‘trading arm of a charity’ or, in the future, a Community Interest Company. There are details of the various legal and organisational forms in the appendices of this guide, as well as information on where you can find out more.

However, a social enterprise is not defined by its legal status but by its nature: what it does that is social, the basis on which that social mission is embedded into the business in its structure and governance, and the way it uses the profits it generates through its trading activities. They come in all shapes and sizes ranging from very small local community based organisations, to much larger entities employing thousands of people, but it is the trading activity with a social purpose – value-led and market-driven – that is the key.

A business starts life because there is a market in which it can make money; a voluntary organisation or charity comes into being with a mission to solve a particular social problem; a local authority or public sector agency exists because the state considers it should be a statutory right for certain services to be provided. If you analysed a typical social enterprise, you would see that they have some characteristics from all these sectors – they have swept up the business and social aims into a dynamic new way of delivering goods and services with an entrepreneurial edge (see diagram).

One phrase that you will often hear in a conversation about social enterprise is the notion of the ‘double’ or ‘triple bottom line’. This is used to describe the dual or sometimes triple aims of the enterprise to meet its financial, social and often also environmental goals. It may be a strange concept to grasp, but the ‘multiple bottom line’ approach is key to any social enterprise. And in the same way that financial accounts are audited, it is also now possible to undertake a ‘social audit’ to help evaluate the performance of an enterprise against its own targets, against staff and customer expectations, and against the performance of its competitors. For a definition of social auditing see the Understanding the jargon section.

## Getting down to business

So there are some characteristics, some definitions and some background. But what do social enterprises actually do? Where and why are they doing it?

This guide is essentially a series of stories about the remarkable social, environmental and economic achievements going on right now all over the UK thanks to these dynamic, imaginative and robust businesses that we call social enterprises. The examples we have chosen are structurally and geographically diverse. There are co-ops in Cumbria, development trusts in Devon, and social firms in Shetland. Take a tour of our chosen businesses and you could... taste a succulent oyster and wash it down with a pint of award-winning beer followed by some mouthwatering chocolate... train to be a gas engineer or builder... get hold of some new offices for your business, and furnish them... solve problems of fly-tipping for your local authority... book your children into some fantastic after-school activities... fulfil some key goals in your corporate social responsibility plan... sign a contract to deliver your local childcare or elderly care services... buy some special soap for your bath – or your cruise ship... help improve ‘quality of life’ in your local community... deliver some of your regional economic development targets... address some issues around community cohesion... prevent hundreds of tonnes of wood going to landfill...



Trojans Playscheme

## Why do it?

The motivation behind social enterprises and social entrepreneurs is often a stumbling block for people trying to understand the sector. It is sometimes difficult to take at face value the claim that an individual or organisation is driven by the wish to 'do good', or to 'change things', especially if that individual or organisation is a business entrepreneur or a company competing to win business in the market against other organisations, whether they be from the private, voluntary or social enterprise sectors.

Perhaps it is more helpful to look at this issue from a different angle, by considering how and why a particular social enterprise has come into being. As you dip into the examples in the following pages, you will see some strong themes emerging on this subject. Some enterprises – like the village brewery or Loch Fyne Oysters – are the result of a private buyout, either by staff or the local community.

Groups of people bonded together by a shared community interest who have sought to translate that bond into a new social enterprise structure. Other examples are 'spin-offs' from existing businesses: the housing association that decided to build a construction company, for instance, or the furniture recycler who partnered with their local authority to collect people's old sofas and wardrobes. For some, this is about delivering better public services. The Oxford and Sunderland stories are examples of this, as is the leisure trust in Wycombe. In many cases, social enterprises have flourished thanks to the imagination and drive of a single entrepreneur – Colin Crooks, chief executive of Green-Works, got his flash of inspiration on the train home from work. Then he had the courage and management expertise to make it happen.

Nearly all social enterprises are there because, like Colin, they spotted some kind of gap in the market – and then



found a market in that gap. Often, this has meant that there is either public service or private market failure. In the case of development trusts, some of the co-ops and the charity Trojans, which runs after-hours activities at primary schools, the people and communities who felt they had been let down or needed something that they just weren't going to get from the public or private sectors decided to do something about it themselves. Such 'community enterprises' can be viewed as a subset of social enterprise – where trading for social purpose has a community base which takes in both community of place and community of interest. Such social enterprises have mixed money with

mission, applied good management, and created successful social business. They solved problems by creating opportunities – the stuff of alchemy.

Our social enterprise examples – and many, many more that we have not got room to mention in this guide – are engaging with corporate organisations, local councils, charities, small businesses, community groups and individuals to deliver social and business aims, to 'join up' diverse agendas all around the country, and to turn lead into gold.

*There's more to business than you think – and we think you should find out more.*

# Green-Works

the recycling company  
that persuaded  
corporates they would  
get more from a social  
enterprise approach

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## A WHOLE NEW MEANING TO HOT-DESKING

Colin Crooks speaks like a prospector who's discovered the richest seam of gold in the land. "There's an extraordinary demand – we've just been amazed at how this is growing," he says. "It seems we have hit a niche market that was demanding to be worked on."

It may not be precious metals he's trading in but the market for recycling office furniture produces some impressive results. Green-Works, the social enterprise of which Colin is chief executive, has seen sales turnover grow from £23,000 to £500,000 in a year, with £1 million forecast for next year.

This is social and environmental gold too: 3,000 tonnes of furniture have been recycled instead of being landfilled; 600 community groups, schools and charities have got quality furniture at cut prices, saving hundreds of thousands of pounds between them. They include everybody from Barnardo's to an orphanage in Romania and projects in West Africa.

Mr Crooks had the idea on the journey home from work, when he was an environmental consultant to large corporations. "I was coming home on the train one day and I thought: office furniture – social

enterprise. It seems to be the most powerful combination I have hit on, offering a commercial service, with social enterprise values."

Green-Works bridges the gap between mostly corporate organisations with equipment that they want to donate to worthy causes and the groups that need it. It operates by selling 'membership' to companies in exchange for clearing their unwanted office equipment. Clients include HSBC, the Department for Constitutional Affairs, Unilever, Lovells, Clifford Chance, the Foreign Office and environmental agency Groundwork.

Each company has to pay a bit more than the landfill cost – about 15% to 20%. But, as Colin argues, they get more. "They get rid of the furniture plus they stop damaging the environment and they help other organisations improve what they are doing. With the corporate social responsibility agenda awakening it seems to be the right time for this. By being a social enterprise we carry a very powerful message that we are connected to the socially motivated sector – and that is where those organisations want their furniture to go. They also see we have our logistics sorted out

and we are capable of getting the stuff out of the door on time."

As well as redistributing furniture to needy groups, Green-Works provides training and employment for disadvantaged people.

"Collecting, warehousing and delivering the furniture allows us to train long-term unemployed and disabled people and give them the skills that make them employable beyond Green-Works," says Colin.

This is done via partnerships with other enterprises and charities. Green-Works' Woolwich warehouse is operated in partnership with the organisation Remploy, which employs disabled people, and its 30,000 sq ft warehouse in Silvertown, east London, is run by the East End charity First Fruit. Effectively, Green-Works does the deals with the corporate clients, organises collections and markets the service, outsourcing the storage and sales.

The company has already done some spectacular deals. HSBC, for example, is recycling 3,000 tonnes of furniture that would have filled a hole the size of 178 double-decker buses. More than 7,000 desks, chairs, pedestals and even hat stands were given to Green-Works

following HSBC's move from 17 offices across central London to its new headquarters in Canary Wharf.

The recycling programme has created 10 new jobs at Green-Works, all of which will be filled by people who are homeless, long-term unemployed or from disadvantaged backgrounds.

Nic Boyde, head of group administration at HSBC, says: "We're extremely proud of our new headquarters, but we found ourselves with thousands of tonnes of surplus furniture as a result of the move. As an environmentally-focused organisation we weren't prepared to destroy it all and, through Green-Works, have found an innovative solution to ensure our furniture will be put to good use."

Green-Works is also engaging with its clients on a national platform via corporate social responsibility organisation Business in the Community. The Silvertown warehouse hosted a BITC "Seeing is Believing" visit involving business leaders from Morgan Stanley, Deloitte & Touche, Rentokil International, and a range of other companies. Colin also has a corporate 'mentor' as part of another BITC scheme.



Photo: Alastair Ridge

## Fast facts

### BUSINESS

Start up capital of £83,000 from Woolwich development agency. First year traded £23,000. Profit £2,000. This year turned over £493,000 of which £40,000 is grants. Forecast turnover for next year is £1 million. Has three franchises, in Portsmouth, Durham and Leicester, with more on the way. Won the title Community Initiative of the Year in the Business Link for London Excellence Awards.

### SOCIAL IMPACT

Recycles 300 tonnes of furniture a month. Market thought to be 100,000 tonnes a year. Has assisted more than 350 community groups, charities, schools, hospitals and

start-up businesses by redistributing more than 6,000 items of furniture, which would otherwise have been landfilled. Saved about £200,000 for those who have bought furniture, compared with second hand prices.

### STRUCTURE AND GOVERNANCE

Company limited by guarantee. Constitution states its object is 'to preserve and protect the physical environment for the public benefit by the promotion of waste reduction'. If the company were wound up assets would be given to a suitable charity.

### MORE INFORMATION

[www.green-work.co.uk](http://www.green-work.co.uk)

### COMMENTARY

Green-Works got started thanks to an entrepreneur with social commitment and the drive and skills to make it work. It has found an untapped niche market and delivered what its clients needed. Its added value has meant that clients are prepared to pay more to fund its social goals. Green-Works is not only an example of a social enterprise model for recycling, but also an example of how a social enterprise can 'join up' the agendas of private, public and community sectors.

**“Social enterprises are increasingly becoming a part of our mainstream business culture. At Marks & Spencer, we have built relationships with a number of these ‘community entrepreneurs’ and have seen at first hand what social goals combined with robust business performance can deliver. ”**

*Luc Vandevelde,  
Chairman, Marks & Spencer*



# Loch Fyne Oysters

the food company that decided employee ownership was the way to future success

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## DISCOVERING A HIDDEN PEARL

The company exports to 22 countries around the world. Top airlines favour its produce. It runs the UK's largest oyster farm. Its brand name is on smart restaurants around the country.

Yet Loch Fyne Oysters, in Argyll, Scotland, is not owned by a big food conglomerate but by its employees. More than 100 of them took ownership in April 2003, as the highest bidders for the company. They inherited a thriving business whose turnover last year topped £7 million, with profits of £550,000.

It would be wrong to suggest that such a structure had always been the aim. When local landowner John Noble and Andrew Lane, a recent biology graduate, set up the original company in 1978 the game for many years was "survival", says Mr Lane. "This was a desperate part of the world. The old, traditional ways were disappearing. It was clear to us that the potential was not in the land but in the sea. We started with oyster growing. The aim was to be in charge of our own destinies in a beautiful environment doing what we wanted to do. This widened out into a greater consciousness about how everything connects – the Loch, the

land, the community. Johnny was looking for gainful employment for people who'd worked on his estate and our philosophies merged."

As the company grew – producing not just oysters but mussels, smoked salmon and trout, and through its trading division providing a market for other shellfish and a wide range of local produce – the commitment to the local community remained.

"We undertake to ensure that the environmental impact of our activities is at least neutral and strives to be positive," says Mr Lane, "to actively work to enhance biodiversity and to underpin the economy of the community by the provision of skilled work, fairly rewarded and in line with the traditions of the locality."

When John Noble died a year-and-a-half ago his shares came on the market. "Either we were going to be bought by venture capital people or by a much bigger company and therefore subsumed into a monolith," explains Mr Lane.

It was then that a friend showed Mr Lane a newspaper article about the Baxi Partnership, an investment company supporting employee ownership, quoting its director

David Erdal. "I phoned him immediately and the thing got going. It was a great piece of luck," says Mr Lane.

Baxi provided a £2 million loan with additional finance arranged by the Royal Bank of Scotland. Baxi took no equity but will share in future profits as part of a special payback arrangement which will help them back other, similar deals. No external person can own shares and it is not financially attractive to sell because Baxi would take a penalty. An internal market will enable the employees to buy and sell shares annually and they will receive share bonuses in every profitable year.

"The key to longevity is that at least 50% of its shares are held permanently in trust for current and future employees – and for both financial and non-financial benefits," explains David Erdal.

Almost every aspect of the company contributes to its success, says Mr Erdal: "Its beginnings, its site, its remoteness, its closeness to nature, its products, its heroic defence of the interests of the community around Loch Fyne, its purpose which has always been much wider than just financial profit. It has been consistently

profitable and is growing. It spreads its profits and over time its capital among the employees and thus their families and the whole community. It is also environmentally proactive."

One might have thought that Loch Fyne Oysters' commercial clients would have balked at the idea of this reliable supplier handing control to employees, but Mr Lane says they were very supportive.

He explains: "Most of them were afraid that the whole culture of the company would change if we had been bought by somebody else. We represent continuity and integrity and there was a fear we would simply end up as a brand like anyone else."

He adds: "This is the future – the 21st century. You can just feel that sense of combined purpose in the place now. If we harness the contribution of everybody in a way which is fair we will be more competitive and more creative.

"The usual cry in industry when a decision is made is that 'in the interests of the shareholders we need to do X and Y'. We feel so much happier being able to say this now because it is all of the people in the company who benefit."



## Fast facts

### BUSINESS

Turnover at Loch Fyne last year was £7 million. Profits were £550,000. Business is UK and worldwide.

### SOCIAL IMPACT

The company has a 'total sustainability' approach, where it must prove all its activities have at least a neutral and ideally a positive effect on the environment and community.

### STRUCTURE AND GOVERNANCE

It employs more than 100 people, many of whom now hold shares either historically or through the exercise of previous options, or as a result of the first award of free shares which was based on length of service. Furthermore, 50% of its shares are held permanently in trust for current and future employees. Employees come from the local population, which is rural and scattered – the nearest village has 150 residents.

### MORE INFORMATION

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

### COMMENTARY

**The employee group who bought Loch Fyne Oysters was both the highest bidder and that judged most likely to further the ethos of the founders.**

**The social enterprise/local ownership approach keeps jobs and money in the area, spreading profits among the whole community of employees and their families. At the same time, the company is a custodian of its environment.**

**The structure means both the social and environmental benefits are safeguarded for future generations. The commitment to social and environmental sustainability also serves the company's commercial aims, since this approach is a key aspect of its brand that is valued by clients.**

# TREES

the housing association  
that diversified into  
gas servicing and  
construction

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## TAKING THE ROOT AND BRANCH APPROACH

TREES. Flourishing branches, roots robust enough to withstand stormy times. And this one also just happens to be a social enterprise.

TREES stands for 'Training, Regeneration, Education, Employment, Sustainability'.

Its roots are in the organisation that set it up – Leicester Housing Association (LHA), a 'housing and regeneration agency' founded in 1973, which today manages more than 7,500 homes across 32 local authority areas. Its branches are a growing range of subsidiary enterprises, from a gas servicing company to a conference venue.

David Seviour, LHA's group chief executive, relates the story of TREES' germination, at a time when housing associations – which are 'non-profit-distributing' bodies that can access huge sums of both public and private money – were just beginning to look at 'bending' some of their funds away from house building and management to serve broader social objectives such as job creation and training.

When British Gas closed its Leicester HQ in 1995 it was the ideal opportunity to take this agenda forward. Thorpete Associates Ltd, the first of the TREES subsidiaries,

was founded to provide gas and electrical installation and maintenance services, initially employing 25 engineers made redundant by British Gas.

It began by servicing the homes of LHA tenants, which initially accounted for 90% of Thorpete's business. From that 'launchpad', the company developed a foothold in the market. Now LHA contracts account for just 25% of business.

Describing itself as 'market-led but values-driven', Thorpete serves 15,000 homes across the east Midlands, employing 50 staff and listed by the Financial Times in 2001 as one of the UK's fastest growing inner city businesses.

The enterprise is investing up to £100,000 a year in training jobseekers of all ages and backgrounds, to be the 'engineers of tomorrow' and, like all the subsidiaries, it hands over much of its profits to its parent body through tax-free 'gift aid'.

TREES and LHA then set about applying the same principles to the rather more complicated exercise of setting up Newlife Regeneration & Construction Ltd. Founded in 1999 on the premise that investment in developing, maintaining and

refurbishing property could be made to work harder in creating tangible benefits for local people, Newlife now has £9m of orders comprising construction, refurbishment, maintenance and project consultancy. Its turnover this year was £6 million and it employs more than 40 staff.

Its objectives vary from area to area, and include community development, job creation, skills development and offering 'added value' delivering services for local authorities and other public bodies.

Its priority in one area might be to engage local schoolchildren in projects to help them better understand their own environment – the company has developed a CD-ROM for primary school pupils aimed at bringing regeneration issues to life. In another area the goal might be to work with partner contractors to add value to the procurement process and ensure economic benefits are retained by the local community.

In Braunstone, part of Leicester designated as one of the government's 'New Deal for Communities' areas, Newlife has joined forces with Leicester City Council and other partners in an

£8.5 million refurbishment programme involving 220 former council homes. It consulted the community on work and training needs and has recruited more than 60 local people into the workforce.

A key factor in the success of these enterprises has been recruiting people with relevant commercial experience to drive the business. John Montague was headhunted as MD of Newlife from construction firm John Mowlem, for example.

From John Montague's perspective, he wants there to be a wider recognition that just because social enterprises have social goals, there is no reason for them to be regarded as 'cheap'. Competing in the commercial marketplace means investing in proper management systems, and innovating to be ahead of the pack.

He wonders why he didn't make the move to social enterprise sooner: 'We have taken Newlife from a concept with no staff and no contracts to a thriving business employing 55 people, in three years. Around a third of our staff were not in work when we took them on, and it's been enormously rewarding watching them grow towards their full potential.'



## Fast facts

### BUSINESS

TREES group turnover is £8 million. Its companies employ more than 120 staff.

Thorpete serves 15,000 homes; Newlife has £9m of orders comprising 'new-build' construction, refurbishment, maintenance and project consultancy. Other TREES subsidiaries include Highpoint Events, a £6 million conference venue.

### SOCIAL IMPACT

During Thorpete's lifetime it has 'gift-aided' more than £100,000 to its parent charity.

Newlife creates opportunities for jobseekers, homeless people and businesses in poor

communities. LHA is encouraging former coalfields communities to explore social enterprise through new 'village companies'.

### STRUCTURE AND GOVERNANCE

TREES is a charitable Industrial & Provident Society, set up at arms-length by LHA as an agency of social enterprise, and an engine of sustainable regeneration. It is run by an unpaid, independent board. Each of the four subsidiary companies operates as a social enterprise and channels surpluses into a range of community initiatives.

### MORE INFORMATION

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

### COMMENTARY

**Housing associations are themselves a form of social enterprise.**

Traditionally focusing on the 'bricks and mortar' approach of house building and management, they are now engaging more proactively with the wider needs of neighbourhood renewal. TREES is a good example of a housing association-led social enterprise successfully engaging with the 'regeneration agenda' – addressing both the physical needs of disadvantaged areas through its construction expertise, and also the social needs through its commitment to training and job creation. The parent housing association recognised there was both a 'gap in the market and a margin in the gap' for a commercially run organisation with social goals.

**“**The experience was invaluable. Not only did I learn about refurbishment and construction work, because it's a substantial project, I was exposed to a host of different trades and crafts. It's a landmark scheme that's meant a lot to me. **”**

Lucy Worth, from Braunstone, was made redundant in July 2002. After paid work experience with Newlife, she has launched her own business as a self-employed safety and environmental advisor, and already has a string of clients.



# Glas Cymru

finding the right  
structure for  
public utilities

16

## FEELING BUOYANT WITHOUT SHAREHOLDERS

What do a self-employed builder, the chair of an NHS Trust, a retired butcher, a stockbroker and a farmer all have in common? They are all 'member governors' of Glas Cymru, the company that owns the huge utility company Welsh Water.

As a company limited by guarantee, Glas Cymru has no share capital, and so no shareholders. It's a unique business model for a utility company – but one that appears to be a great success after just two years in business. The company's financial results for the year to 31 March 2003 reveal that Glas Cymru has kept its promise of a £9 bill rebate for its 1.3 million customers, fulfilling a promise made when it acquired the company in May 2001.

Charges for 2003/04 were set at £11.5 million below the price cap set by water regulator Ofwat. And on average, Welsh Water's domestic customers now pay £277 for their water and sewerage services, £25 less than five years ago.

The company has reached net debt targets two years ahead of target. At the same time, it has invested £271m in infrastructure, financed from retained profits and additional borrowing. Investment for the five years to 2005 is set at £1.2 billion.

It has posted its best ever results for drinking water quality and bathing water quality.

Chair Lord Burns comments: 'In our first year we were able to report best ever performance on a number of service and operational issues. Now, in our second year, we have done one better and maintained or improved performance on almost all key performance measures used by industry regulators.'

'Our customers are seeing increased investment, improved services and bills that are lower than they would otherwise have been. All this has been delivered whilst the company has also outperformed its financial targets.'

The idea of turning a huge water company into a not-for-profit enterprise came from two directors of the water company, Chris Jones and Nigel Annett, who were convinced that, when it came to delivering an essential public service such as water, the public were not being best served by a conventional private sector model.

Glas Cymru was created especially to buy the water company from its private sector owners. Initially the bid was rejected. But when Hyder, the group that owned Welsh Water,

was bought by the power company WPD in 2000, WPD agreed to sell on the water company to Glas Cymru.

Glas Cymru then needed approval by the regulator Ofwat. More than 80 financial institutions also had to be met and persuaded to buy into a £1,900 million bond issue funding the deal. The issue was eventually 70% over-subscribed, and Glas Cymru acquired Welsh Water on 11 May 2001. It said the company would be run solely for the benefit of customers by targeting improved services and bill reductions.

Simon Coton, Welsh Water's head of communications, explains that the bond issue – like a huge mortgage – was ideal because investors took the risk of financing the company, but without claiming ownership of its assets. However, it was favoured by investors because it is a low risk monopoly service – everybody needs water – and because it is strictly regulated.

Glas Cymru's constitution also limits it to owning Welsh Water. It cannot embark upon new, perhaps riskier business activities.

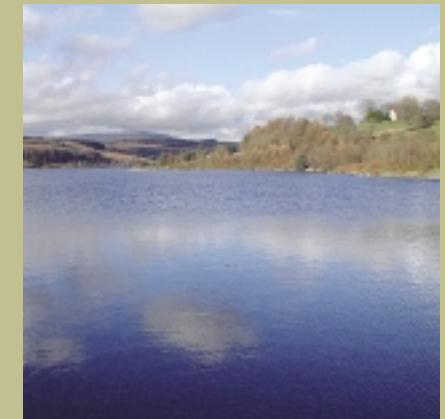
Most of the company's day-to-day operations are 'outsourced' through competitive contracts at fixed prices, so the company knows the

cost of each of its activities for the next five years, which makes business planning easier.

Glas Cymru has four environmental education centres, which offer free environmental lessons to primary school pupils. They also give schoolchildren and others access to many square miles of hills, valleys, woodland and reservoirs, rich in animal and plant life.

The water company also has an Environment Management Group chaired by the managing director, and has established a new Quality and Environment Committee at board level. The role of this quality committee is to advise the Board on any issue relating to the way its policies and practices comply with drinking water and environmental laws and regulations.

It also reviews the performance of the company (and its contractors) against key performance measures with particular regard to public health, health and safety and environmental impact. The members of this committee include two independent experts on public health and operational aspects of water supply and environmental management.



## Fast facts

### BUSINESS

Welsh Water is cutting £11 million from customers' water bills.

The company is investing £1.2 billion to improve services , or £1,000 per customer.

Using long-term, low risk bonds, Glas Cymru has cut annual financing costs by a quarter, worth some £50 million a year.

### SOCIAL IMPACT

Customers pay £25 less for their water than five years ago. 100% of Welsh beaches have reached the mandatory water quality level and 82% are of high enough quality to be part of the UK's 'Blue Flag' scheme. The company

runs three environmental education centres. It has also established a Quality and Environment Committee at board level.

### STRUCTURE AND GOVERNANCE

Glas Cymru was formed as a not-for-profit company to acquire Welsh Water. As a company limited by guarantee, it has no shareholders. Customers can apply to be 'members' and carry out the normal corporate governance role of shareholders. Glas Cymru's constitution limits it to owning and running Welsh Water.

### MORE INFORMATION

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

### COMMENTARY

Going down the not-for-profit route for a public utility is a major challenge, but Glas Cymru's achievements show it can be done. In cases where there is an essential public service, the social enterprise route can put the needs of customers and stakeholders first whilst at the same time working for the financial success of the business.

# The Day Chocolate Company

the corporate, co-op and charity coalition that took a ‘fair’ slice out of the multi-billion pound chocolate market

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## CHANGING THE WORLD CHUNK BY CHUNK...

Most of us, on occasions of dire emergency, have probably persuaded ourselves that chocolate is good for us. But the idea that it is good for society – well, that sounds like the kind of fantasy that might be more appropriate in the world of Willy Wonka’s chocolate factory.

However, The Day Chocolate Company is no children’s fantasy. In the early 1990’s, a group of cocoa growers in Ghana, West Africa, pooled resources to set up Kuapa Kokoo , a farmers’ co-op, to trade its own cocoa, and thus manage the selling process more efficiently than government cocoa agents. Kuapa Kokoo, which means ‘good cocoa growers’, aims to empower farmers, to increase women’s participation in all activities, and to develop environmentally friendly cocoa cultivation.

In 1998 the Co-op, fair trade organisation Twin Trading, The Body Shop, Christian Aid and Comic Relief came together to launch Divine fair trade milk chocolate. In less than five years, the company is supplying chocolate to 15,000 shops in the UK alone, including major supermarkets, and turning over £2.1 million per year.

A guaranteed fair trade price of at

least \$1,600 per tonne of cocoa is paid to the co-op, which has 40,000 members who share in the profits. A \$150 per tonne ‘social premium’ is also paid, which goes directly into the farmers’ trust fund for social projects, including fresh water wells and medical training. If the world trade price is lower than \$1,600, then the difference is added to the social premium. At the time of writing, the world price was around \$1,530 per tonne, which meant that the co-op received \$1,530 plus \$70 to add to the \$150 social premium.

No wonder the slogan for the Divine chocolate bar is “heavenly milk chocolate with a heart”.

The business idea first came about when Kuapa decided that to increase profits they should create their own, branded chocolate bar for sale in the fiercely competitive European chocolate market. But the coalition of partners was no accident. Twin Trading was already known for ‘putting the coffee into’ Cafédirect. The Body Shop uses Kuapa’s cocoa butter in more than 20 of its products. Christian Aid had access to a network of more than 100,000 members and Comic Relief had 96% penetration of the young people’s market.

The company recruited a highly experienced commercial team and got to work. A big break came in September 1999, when Sainsbury’s agreed to put the chocolate in 70 stores out of 470. An imaginative promotion via Christian Aid members was so successful that, in January 2000, Sainsbury’s upped distribution to 343 stores.

January 2000 also marked the launch with Comic Relief of a special project to give young people their very own fair trade chocolate bar. The Dubble bar is marketed as being “dubably good – delicious chocolate for you and guaranteed fair play for cocoa growers”. It is also tied to a range of educational initiatives, including fair trade teaching packs and links between schools in Ghana and the UK.

Day now supplies Divine and Dubble bars to Tesco, Waitrose, Sainsbury’s, the Co-op and Oxfam. It supplies all own-label chocolate for Starbucks and the Co-op. It also supplies health food shops, catering suppliers and school vending machines.

The company structure appears to be highly effective. A private limited company, it has 99 shares worth £99 – 52 owned by Twin Trading, 33

by Kuapa and 14 by The Body Shop International. The board of directors includes two people from Kuapa, two from Twin, and one from The Body Shop and each of the charities, as well as some independent members.

Managing director Sophi Tranchell says it was the best model they could come up with to fulfil the needs of the organisation. There is also an agreement about how the shares should be treated for investment purposes. “If we want to bring in investment we have said it would dilute the Northern shares and if it brings in new farmers it will dilute the Southern,” she says.

Ms Tranchell believes the company has been able to compete because its cost systems are quite different from those of their corporate competitors. They pay less for raw ingredients and manufacturing, but spend huge sums on advertising. Day has the unique advantage of having built consumer trust and strong brand loyalty.

Now that the products have proved themselves commercially in key areas such as supermarket shelves, and with product buyers, it is also easier to get more ‘buy-in’ on the fair trade issues.



## Fast facts

### BUSINESS

Supplies chocolate to 15,000 retail outlets in the UK alone, including major supermarkets. Turnover doubled to £2.1 million in 12 months and is set to double again. Has a highly experienced management team, most of whom came from the commercial sector.

### SOCIAL IMPACT

Supports the Ghanaian cocoa farming communities by paying them a fair price for produce and boosting sales to increase their income. A range of social projects are undertaken via the farmers' trust, thanks to a 'social premium'.

### STRUCTURE AND GOVERNANCE

This is a company limited by shares. But the carefully balanced share distribution and board membership means the company can protect the interests of its co-op members and its charitable partners without stifling innovation or the ability to make commercial decisions. An agreement protects the dilution of co-op 'southern' shares for any reason other than more farmers joining the co-op. The 'northern' shares can be diluted to gain further investment.

### MORE INFORMATION

[www.divinechocolate.com](http://www.divinechocolate.com)  
[www.dubble.co.uk](http://www.dubble.co.uk)

### COMMENTARY

The Day Chocolate Company allows the cocoa farmers in Ghana to boost their economic fortunes through co-operative members and improve their social infrastructure through a range of community projects thanks to the 'social premium'. The partner organisations have made space for both co-operation and innovation to thrive.

This is an impressive example of how to tailor conventional structures in order to create the most effective vehicle for delivering commercial success in the service of social goals.

**“**Fairtrade is an exciting and successful example of social enterprise. People with entrepreneurial flair are working with marginalized producers in developing countries to access the British market. **”**

Sophi Tranchell,  
Managing Director,  
The Day Chocolate Company



# C.O.P.E.

the social firm that converted the needs of disadvantaged people into a string of successful businesses

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## CLEANING UP IN THE SOAP MARKET

If somebody told you they had a business selling trees and shrubs, plus a catering department, a food packaging line, a coffee roasting business and a soap manufacturers, you might question whether they were the most focused of businesses. If they told you all this was happening on a remote island, and many of the staff had learning disabilities, you might not feel very confident of their prospects.

But your lack of confidence would be misplaced. Although C.O.P.E., the business in question, sounds like the sort of concoction that the hapless 'Delboy' Trotter from television's *Only fools and horses* might come up with, it is thriving. And Frank Millsopp, the social entrepreneur behind it all, is no Delboy. His ideas work – they make money and are providing training and jobs for disadvantaged people.

C.O.P.E. stands for Community Opportunities for Participation in Enterprise. It was established in 1997 in the Shetland Islands following a three-year pilot scheme under the local authority. It is now a limited company with charitable status, with more than 40 staff and trainees, and several volunteers. Four of the full-time staff have

learning disabilities, as do 24 participants who are paid a training allowance. This means the company also qualifies to be described as a 'social firm' – a term used specifically to define organisations at least 25% of whose employees have learning disabilities.

In fact, providing opportunities for people with learning disabilities is the company's reason for being.

"It started because of the lack of resources and employment and training opportunities available on a local level," says Mr Millsopp. He spotted the chance while running a project for Shetland Islands Council's social work department. "There were constraints on the service and a growing number of people with disabilities," he explains. "At the same time, the local day centre was moving to help people with more profound disabilities. So there was a gap in the market of social need."

He was convinced there was a business idea for people with less profound disabilities. However, they also had to make money.

Shetlands has a population of 22,000 and an economy built on the oil service industry, fishing, fish farming, crafting and tourism. The

main centre is Lerwick, with a population of 5,000. C.O.P.E. has modelled its activities around this marketplace. It delivers pasta and sandwiches to the airport serving the oil industry, with an ongoing contract. There are 10 other outlets, plus a fridge in the newsagents and wedding and conference catering. This part of the business turns over £8,000 a month.

Then there is 'Karibuni Coffee', where they roast green coffee beans and supply the coffee and other produce to offices, along with free, on-loan coffee machines. The wholefoods packaging line, where bulk sacks of rice and lentils are repacked for the domestic market, is good for the more profoundly disabled employees.

Shetland Soap Company is the newest part of the business and opened just before Christmas 2002. It manufactures handmade soaps, creams and lotions, with natural ingredients. Turnover is already £100,000 and the business is self-sustaining, paying wages and rent on a high-street shop in Lerwick.

The soap company idea was the result of a business suggestion from the national organisation Social Firms UK. "I think Frank

looked at it because it's quite labour intensive and the margins are incredibly good," explains Guy Turnbull, a consultant who helped put together the business plan. "With social firms, whatever way you cut it, disabled people take longer to do things. You need to find enough margin in it."

The soap company is not only popular with tourists, who buy from the shop, but the company also supplies soaps to the ferries that carry tourists between Aberdeen and Lerwick. Furthermore, it has done a deal to supply the Scottish Parliament with its own-brand soap.

"Markets seem to open up every week," says Mr Turnbull. "In terms of impact on people's lives, it's been amazing. What we underestimated was the therapeutic and creative value that soap brings. You can make so many flavours and different types and shape it in different ways that people both with and without disabilities get hooked on making the stuff."

Mr Millsopp says there have been commercial enquiries about the soap from as far away as America. On the social side, they are advising a number of other potential social firms on replicating the business.



## Fast facts

### BUSINESS

C.O.P.E.'s total trading income for the last financial year stood at £230,000, and the company received additional revenue support from the Shetland Enterprise Company and the Charitable Trust, a fund set up to assist community activities from the island's oil revenue money. Shetland Soap Company turnover so far this year is over £100,000.

### SOCIAL IMPACT

To create employment and training opportunities for people with learning disabilities. Four of the full-time staff have learning disabilities, as do 24 participants who are paid a training allowance.

### STRUCTURE AND GOVERNANCE

C.O.P.E. is a company with charitable status. Its board of trustees all have an interest in the social aims of the company, which are stated in the constitution. The range of businesses under the C.O.P.E. umbrella, such as the Shetland Soap Company, are all set up as 'departments' of the main company.

### MORE INFORMATION

[www.cope.shetland.co.uk](http://www.cope.shetland.co.uk)

### COMMENTARY

**Frank Millsopp is a social entrepreneur who spotted a gap in the market in terms of social need, and then found a range of commercial opportunities that fitted the social objectives. C.O.P.E. gained the support of the local authority because it met a need that the authority was unable to deal with. The business is a success because the activities suit the abilities of people with learning disabilities; there are good profit margins and the people behind the business have drive, commitment, good business sense and the creativity to find new markets.**

# Bulky Bob's

## why social enterprises mean good business for local authorities

### SOFA, SO GOOD IN LIVERPOOL

Mike Cockburn appears to have gone through something of a culture shock over the last few months since he arrived at Liverpool City Council as environmental services manager.

At his previous local authority, he says, bulky waste – old sofas, wardrobes and the like – was collected as part of the normal refuse collection service and there was a charge. “Now residents get a better deal because they don’t have to pay, and there’s a quality assured service where the number of collections and unsuccessful collection attempts are recorded,” he says. Latest figures show that 38% of material (measured by weight) collected under contract for the council by social enterprise Bulky Bob’s is recycled, and so prevented from going into landfill sites. Such figures wouldn’t be dreamed of in many areas. “It was a non-starter in my previous authority,” Mr Cockburn says.

He adds that he has been out on the Bulky Bob’s van to see how the service is delivered. “I have first hand experience of residents who really appreciated the added value of the service,” he says. “As a local authority, we want to make sure we

get our money’s worth and make sure of maximum recycling. Our residents really like the fact that their unwanted furniture is going on to a better place.”

Bulky Bob’s is a wholly owned subsidiary of the FRC Group, a charity. Launched in 2000, it undertakes on contract to Liverpool City Council all domestic collections of bulky household waste. It calls on a minimum of 200 homes a day and aims to re-use, recycle and refurbish at least 30% by tonnage of items collected. In addition to this, the enterprise is committed to creating employment and providing training. It has an 89% success rate of getting people from long-term unemployment into jobs.

Hundreds of items of furniture picked up by Bulky Bob’s crews are available in central Liverpool store Revive – also part of the FRC Group – which has links to over 100 referral agencies, getting the furniture to those who need it most.

FRC Group (originally called the Furniture Resource Centre) started 15 years ago recycling unwanted furniture, working on donations and with volunteers. This carried on until the early 1990s, when tough new fire regulations came into force

on foam filled furniture, requiring fire safety labels on all such furniture. ‘We were told that if we gave away any furniture with foam in, we would be closed down,’ recalls Alison Ball, FRC Group’s head of people and learning.

At the same time, the organisation was revisiting its charitable aims, and wanted to offer more job and training opportunities. “One way to do this was to get a contract from the city council and get our hands on more furniture,” says Ms Ball. It took two-and-a-half years to get a contract. That it finally happened is in no small part down to the enthusiasm of council leader Mike Storey. “He came down to visit us and was bowled over.”

FRC was able to persuade the council to separate out the bulky household waste contract from the bin contract. The new contract called for job creation and training as well as recycling. FRC bid on the open market and won.

“We learned an awful lot about politics and about how local authorities work. It surprised me how difficult it was to put something in place that looked so sensible and obvious,’ says Ms Ball. Bulky Bob’s has been so successful

it has now won a similar contract with the neighbouring borough of Halton. This started on 31 March 2003, with a target of 16,000 collections and 20% of all items collected to be recycled. It aims to win two more contracts this year, and plans to open a Revive store in Widnes to sell ‘pre-loved furniture’ and white goods to the public.

One reason Liverpool Council is happy with Bulky Bob’s is that the enterprise collects a comprehensive set of information through a process of social auditing (see Understanding the jargon). “It has offered us some profound and challenging insights into the impact that we claim we have as a social enterprise,” says Ms Ball. “It has also revealed where we have missed the mark and where it is still difficult to tell.”

Kim Griffiths-Parry, manager of the council’s Social Economy Team, comments: “Bulky Bob’s delivers a quality service and can demonstrate added value through the achievement of social aims. It not only has sound financial accounting procedures but also measures the impact upon the community and the environment through social accounting.”



Photo: A different Angle

## Fast facts

### BUSINESS

Turnover for last year was £620,000.

In addition to Liverpool, it has won a contract with Halton Borough Council and aims to have signed with two more authorities this year.

Since launching in June 2000, Bulky Bob's has carried out 101,962 collections of bulky household waste in Liverpool. Last year 38,226 collections were carried out and 32% of all items were either reused or recycled.

### SOCIAL IMPACT

Recycling rate by tonnage is 38% – was 32% last year and 12.5% two years before.

Has an 89% success rate of getting long-term unemployed people into jobs.

### STRUCTURE AND GOVERNANCE

Bulky Bob's is a wholly owned subsidiary of FRC Group, a charity. FRC Group is governed by a board of volunteer non-executive directors whose purpose is to ensure that it achieves its charitable and social goals and wisely uses the organisation's resources.

The board members have been recruited to achieve a balance of commercial acumen, understanding of social policy, regeneration and charity law. The board is chaired by Graham Morris, former chief executive of Rolls Royce.

### MORE INFORMATION

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

### COMMENTARY

**Bulky Bob's is a successful example of a local authority outsourcing a public service to a social enterprise. By linking its waste collection service with its agenda to create jobs and provide training, Liverpool City Council has been able to achieve real added-value in contracting its service to a social enterprise. The social audit carried out by Bulky Bob's means the council can prove it is meeting its objectives of delivering 'best value' financially, and also in terms of improving the quality of life for its residents.**

**For FRC Group, Bulky Bob's is an example of how an entrepreneurial social enterprise can spot new opportunities and diversify its business, and how it is possible to engage with public sector organisations and compete in the marketplace to deliver better services.**

**“With Bulky Bob's we are showing how a new social business can genuinely join things up. Residents get a much improved and reliable collection service. Families in need get decent, cheap furniture. Unemployed people get jobs in collecting, sorting, recycling and selling. Everyone wins in this new way of doing the city's business. ”**

Councillor Mike Storey CBE,  
leader, Liverpool City Council



# Action for Business

## how a development trust is doing business regenerating communities

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### BUILDING AN ASSET FOR COMMUNITY COHESION

The Manningham district of Bradford has in recent times been put on the map for all the wrong reasons. In July 2001, it bore the brunt of some of the worst race riots seen in the UK for decades. Not only did the riots highlight the growing tensions between Bradford's diverse ethnic groups, they also drew attention to the need for this predominantly Asian area to be the focus of sustainable regeneration.

Action for Business (Bradford) Ltd is one local regeneration initiative that looks set to be in a position to deliver change for years to come.

In partnership with Bradford City Council, ABL has been instrumental in rejuvenating a redundant site in Manningham by developing it into the Carlisle Business Centre. The centre was built following a £4 million conversion of a derelict mill in the heart of the neighbourhood. It offers space for 100 offices, a conference centre, workshops, craft units and training facilities. Tenants include community groups, local branches of national charities, and media and IT companies.

Staff are predominantly recruited locally, which the enterprise feels sends a good message out to the

community. Another way of engaging with the community is through people dropping in to the centre: by running a café and offering photocopying and fax facilities, ABL has found that people who come in to use these facilities very often become involved in its wider work in the community. There is also a creche, run through the government's 'Sure Start' programme for toddlers and parents, and ABL lets the centre's main hall for events such as weddings and parties. Low staff turnover means that regular visitors get to know the staff very well, are able to communicate with them and feel comfortable. As well as housing many voluntary organisations working with the community, such as Asian Disability Awareness and the Bradford Refugee Association, ABL also manages to engage with diverse communities through outreach work connected to projects such as Sure Start, a 'Women's Forum' and Youthbuild, an employment and training programme for young unemployed people.

Until this year, ABL had kept its head above water through a fee it received for managing the centre for the council, which it has done

since 1996, as well as revenue from hiring out conference facilities. But this year, ABL took a step further to becoming a permanent fixture in the community after raising the capital required to purchase the business centre. It is hoped that the centre will become a source of invaluable income that will assist the organisation in determining its own future.

The buy-out was made possible following a £300,000 investment of 'patient capital' from the Adventure Capital Fund, a government-backed scheme designed to give community organisations access to the finance they require to develop an asset base.

With the promise of £300,000, ABL was able to lever in a £275,000 loan from a bank. The city council then agreed to allow ABL to repay the remaining £250,000 that the centre would cost over 15 years. The purchase means that all the rental income now goes straight into the hands of ABL.

Gurdev Dahele, chief executive of ABL, comments: "In the past we were simply paid to look after the building, while the council collected the rents as it does with its other managed workspaces across

Bradford. We had little choice but to follow the council's standard policies on how to run it. We now want to shape the centre to better meet the needs of the community."

He acknowledges that a lack of access to finance will prevent many community organisations from following ABL's social enterprise route. "Without the Adventure Capital Fund it would have been very difficult," he says. "The lack of access to finance from traditional sources, such as banks, is by far the biggest stumbling block faced by community organisations."

He says such 'asset transfers' are crucial because they allow disadvantaged communities such as Manningham to throw off their dependency on government grants.

The revenues generated by the business centre will not only allow ABL to become self-sufficient, but Mr Dahele says there will now be enough surplus to bolster other regeneration initiatives and develop new services for local people, such as in health and education. He expects ABL's turnover to increase by around £300,000, which is more than double the company's turnover before the transfer.



## Fast facts

### BUSINESS

Turnover before acquisition of the Carlisle Business Centre was £250,000. Of this, 90% was generated through management and business services.

Turnover following acquisition of CBC is expected to rise to £550,000.

### SOCIAL IMPACT

Using its building to generate income, ABL is working to deliver economic regeneration, tackle social exclusion and promote community cohesion.

The additional surplus generated by ABL will be reinvested into other regeneration programmes and local projects.

### STRUCTURE AND GOVERNANCE

ABL is a company limited by guarantee. It is managed by a board of 15 directors who include businessmen and women and professionals from the local community. ABL's constitution states it must have equal board representation from each of the area's five main ethnic groups: Pakistani, Bangladeshi, a small white community, a small Indian community and an even smaller African-Caribbean community. This approach attempts to achieve stable social cohesion in an area with complex political and family ties.

### MORE INFORMATION

[www.abl-cbc.co.uk](http://www.abl-cbc.co.uk)

### COMMENTARY

**ABL seeks to combine 'business strength' and 'community spirit'. It is a testament to the impact that the social enterprise model can play in revitalising some of the country's most marginalised communities. Rather than depending on traditional notions of philanthropy, seeking to develop an asset base and revenue streams allows community enterprises such as development trusts to shape their services to the needs of the local community. These enterprises are able to broker links between local community groups, local authorities and local businesses to revitalise the fortunes of disadvantaged neighbourhoods, working with partners on fostering economic development and tackling the social exclusion suffered by groups such as the Asian communities in Bradford.**

# Sunderland Home Care Associates

how a women-led company is making the most of staff who care

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## FROM 'LITTLE WOMEN' TO BIG BUSINESS

So-called women's work has historically been under-valued and underpaid, if paid at all. Caring is no exception. But for one group of mainly women in the north east, their invaluable work in caring for people in their homes across Sunderland is returning more than just pin money.

The 150 employees of Sunderland Home Care Associates also own the company they work for, and share in some of the profits. It is a demonstration of how a social enterprise can empower those people who work to make the business a success.

Not only do they own the company, they also participate in the decision making processes that affect their working lives. The result is a staff turnover of just 3.5%, something which founder and director Margaret Elliot claims is unprecedented in the care sector.

"It has been our experience that these methods of work are a very powerful tool in raising self-esteem and confidence in employees," Ms Elliot says.

"Staff feel valued and have a sense of responsibility. There is no 'them and us' environment."

At the same time, the business is a major service operator for Sunderland City Council's social services department, providing personal care and domestic services over several thousand hours per week, to hundreds of needy people.

The company offers training and employment opportunities to people living in a city with one of the highest rates of unemployment in the country. While the majority of the carers are women, SHCA also employs around 20 men. Some, who come from former mining communities, lost their jobs during the pit closures of the past 20 years. For all carers, male or female, the work is flexible – allowing them to balance the demands of family and work life.

The need for the organisation to be flexible in the way it operates reflects its roots as a women-led social enterprise. Since the late 1970s, Ms Elliot had been in the business of creating family-friendly companies. In 1976, she was behind the creation of Little Women Ltd, a community-owned shop that offered local women both employment opportunities and childcare facilities.

She explains: "We were very much a community based shop.

"The customers would sit and have a coffee and chat and most of them came to our Annual General Meeting for a knees up. We were most popular because we sold small portions like one egg or one rasher of bacon etc to single people and pensioners."

Progressing the business was not the easiest thing to achieve, she reports: "When we went for a loan to open the shop we had to get our husbands to sign the forms. It was a real novelty, even in the 1970s, for women to go into business."

Today, it is not just the staff of Sunderland Home Care Associates who are reaping the rewards of these early pioneers of women-led enterprise. The enterprise promotes independence and enables older, frail and disabled people to stay in their homes for as long as possible. Typically, the work involves getting people up, washed, dressed in the morning, giving them breakfast and then clearing away.

As well as delivering contracts for Sunderland City Council, SHCA also works with the Disability Support Team at Sunderland University. In this role its carers help students

with disabilities in both their academic work and with personal care. Local education authorities across the country pay for this.

Since being set up in 1994, SHCA's contracts have seen the hours of service it delivers per week grow from 400 to 3,500 hours. Today, the business has a turnover of more than £1 million a year.

Despite achieving social goals for both its clients and employees, the company also manages to be completely self-sufficient.

Initially, SHCA was set up as a co-operative. It converted to an employee-owned company in 1998, and each worker is allocated shares according to their length of service and the hours they put in.

One of SHCA's carers, Margaret Stevens, describes how the company's structure fuels a sense of empowerment among the workforce: "It's all about feeling a part of the company," she says.

"To an extent you feel like your own boss. It is very hard work, but there is lots of support from everyone. I feel fine to walk into the office and speak to someone about any problems I have."



## Fast facts

### BUSINESS

SHCA has a turnover of more than £1 million a year and employs 150 people from an area with one of the country's highest rates of unemployment.

It is 100% self-sufficient, mainly through local authority contracts. SHCA was one of seven companies chosen by Sunderland council, out of 100, to provide 'care in the community' services in 1993. Staff turnover is just 3.5%, which founder and director Margaret Elliot claims is unprecedented in the care sector.

### SOCIAL IMPACT

The company's social aims include empowering women through training,

employment and the ownership of assets, and providing high quality care services to elderly people and to students across Sunderland.

### STRUCTURE AND GOVERNANCE

Although no longer structured as a co-op, SHCA retains a co-operative ethos by only allowing shares to be sold to other employees.

Shares must be cashed in when staff leave, although they can be held as a 'nest egg' by those retiring. It is not possible to sell shares to external investors.

### MORE INFORMATION

Margaret Elliot, tel 0191 5108366

### COMMENTARY

SHCA is an example of a women-led social enterprise that is a major deliverer of essential care services for its local authority. Its growth highlights the potential for social enterprises to deliver effective services in the care sector, on the back of local authority procurement. The business model was created following the government's 'Griffiths report' in 1988, which resulted in local authorities privatising many care services. SHCA provided a viable alternative to the solely 'for profit' private companies that were vying to take advantage of the changes in local authority procurement policies.

**“Social enterprise is a way of creating social and environmental value through the best use of available resources and the most appropriate engagement of all stakeholders. As such, social enterprises can help to create and underpin vibrant and sustainable local communities, responsive public services and new business models that truly live and produce that often cursory ‘triple bottom line’.”**

*Andrea Westall, Deputy Director,  
New Economics Foundation*



# Hesket Newmarket Brewery

the community who turned their village business into a co-op

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## A POTENT BREW FOR RURAL ENTERPRISE

An enterprise that names one of its key products 'Great Cockup' doesn't sound as though it is preparing itself for the brightest of futures. And though there's always been a close connection between real ale and community spirit, it's normally got more to do with drinking a few pints of the stuff than brewing it.

But they say beer can do funny things to the brain, including instilling a sense of courage. And when Jim and Liz Fearnley, landlords of the Old Crown pub in Hesket Newmarket, in the northern Lake District in Cumbria, decided to retire from the pub – and from running the small brewery in the barn at the back which they had been running since 1988 – a group of local enthusiasts came together to decide how they could keep the brewery business going. Under the Fearnleys, the business had become a Mecca for real ale enthusiasts. Hesket Newmarket beers have won many awards at beer festivals up and down the country. As the beers developed reputation, tourists came to visit the pub. Other pubs expressed an interest in the beers, and a small network of loyal outlets was gradually established.

The local people came up with the idea of forming a 'brewery co-operative', a community enterprise run on democratic principles through which members who lived locally or had local connections could own equal shares. The alternative was for private investors to buy up the brewery, but local people rejected this idea when it became apparent that the private investors might be more interested in the resale value of the brewery land for purposes such as housing, rather than in the brewery itself and the economic fortunes of the wider community.

So Hesket Newmarket Brewery Co-operative began operating in January 2000.

Each of the original 58 members paid £1,500, making a substantial total investment.

The co-op made a £4,000 profit in its first year – with most of the members taking their dividend in liquid form! Although the next year saw a £5,000 loss, due largely to the problems of foot and mouth disease and the consequent fall in tourism, the following year there was a £5,000 profit.

This year turnover is expected to rise from £68,000 to £95,000, with

a £15,000 profit. Head brewer Michael Parker, who spent much of his working life as head brewer for Bass, joined just over a year ago and has put in place a development plan, involving tripling barrel production, the creation of a small bottling line, a local retail outlet, brewery tours for the tourist trade and an education room for local schoolchildren.

Mr Parker is planning for growth, but he says production will be deliberately limited to preserve the small business ethos of the operation. He adds that much of the success of the brewery is down to the fact that it can call on a variety of skills and experience in its management committee, which includes a marketing expert, an economist and a solicitor.

Meanwhile, the business is also mindful of its local connections. For example, spent grains from the brewing process are sent to a farmer who grows organic produce and rears organic cattle. The co-operative also hopes to plough a share of future profits into community projects.

As this publication went to press, a further community co-op with 120 members exchanged contracts to

buy the Old Crown pub itself from retiring landlord Kim Matthews.

The exchange of contracts concludes negotiations that have been ongoing since November 2002. Regulars at the Cumbrian village pub feared their local might close down or fall into the hands of a big brewery chain after it went up for sale, so formed the co-op to safeguard its future as a community business.

Mr Matthews says local people recognised that if the pub closed, that would also threaten the local post office, shop and bed and breakfast in Hesket Newmarket.

Ownership by the community co-op will help preserve not only the independence and unique character of the pub, but will also allow the village to retain its sense of community and ensure it remains a vibrant place to live.

Julian Ross, who led the ownership bid, says: "People say they don't care about the returns: they want to preserve something that's important for the community. This is a cosy, friendly pub, which you can go into whether you're wearing your wellies, walking boots, or a suit, and you won't come out without speaking to someone."



Photos: Paul Carter Photography



## Fast facts

### BUSINESS

Became a co-op in 2000, made a £4,000 profit in year one, expects a £15,000 profit this year.

58 founder members each invested £1,500.

The business has just three employees, including the head brewer, a retired former brewer at Bass, who has revamped the operation to produce growth, new products and greater efficiency.

Following the brewery's success, the local pub has also gone down the co-op route.

### SOCIAL IMPACT

The business has three employees, but its importance to the fortunes of the community

is much broader, affecting tourism and therefore potential custom for other village businesses. It aims to be a successful business on behalf of the whole community. Although it is planning for growth, this is to be 'capped' so the business does not become too big for the community to handle.

### STRUCTURE AND GOVERNANCE

The co-operative structure means every member has an equal say in how the enterprise is run – with only one vote irrespective of their investment.

### MORE INFORMATION

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

### COMMENTARY

The loss of a key small business has a considerable impact in a small rural community, even if the number of employees is also small. In this case, the loss of the brewery could have resulted in a drop in tourism, meaning fewer visitors to the pub, fewer guests for the local bed and breakfast, and fewer customers for the local shop. When an important local asset is threatened, the co-operative social enterprise is often a highly effective way of keeping that asset in community ownership, and at the same time injecting some new investment into the business. In this case a private buyer for the brewery might not have operated in the best interests of the local community, or might not have found a way to access investment and make the business work. The social enterprise route has made this possible.

# Millfields

the development trust  
that turned a naval  
hospital into a catalyst  
for urban renewal

## CREATING A SEA-CHANGE FOR LOCAL BUSINESS

When the Ministry of Defence closed down the Millfields Naval hospital in the deprived area of St Peter Ward in Plymouth, a partnership of public, private and voluntary sector organisations eyed up its potential.

Marked by high levels of poverty and unemployment, the inner city area of St Peter Ward was crying out for social and economic regeneration. The partnership saw a chance for the former hospital to become a catalyst for urban renewal.

Plymouth City Council purchased about 10% of the 23-acre site and the partnership was formed into the Millfields Community Economic Development Trust in 1998 to transform the building in a way that would attract existing businesses and start-ups into the area.

Today, the building offers 36 light industrial units and boasts a 100% tenancy rate. It is currently leased by the trust from the council at a peppercorn rent, although plans are afoot to develop further units to meet increasing demand for space.

Such was the success of the Millfields site, the council asked the trust to repeat the process at a disused factory in Union Street,

a short distance away. The factory was transformed into 43 business units.

But the development trust model means that the social enterprise is more than a simple commercial landlord. Not only is it a requirement in each tenant's lease to look to employ people from the local population first, but any surplus generated is either pumped back into the trust or handed out in grants to help other community-based projects get off the ground.

Roger Pipe, general manager of the trust, says: "While we don't kick tenants out if they don't hire local people, they are required to explain why they opted for someone from outside the area."

He adds that because Plymouth as a whole has higher than average employment rates, those people without jobs are often those with the least skills, or from the hardest to reach groups. "Sometimes the right people don't live in this area," he says.

A further goal of the trust is to encourage local people to get into business. Unlike many commercial developers, the trust is able to offer flexible arrangements, such as providing small spaces on an 'easy

in, easy out' basis. "The minimum space that business tenants must take is 125 square feet and tenants only need to give one month's notice to give up the space," explains Mr Pipe.

He believes that the trust's 'not-for-private-profit' ethos attracts businesses into the area. "Word has got round that we are a good landlord and that, unlike many commercial landlords, we're willing to listen when people have problems," he says.

This helps explain the trust's desire to purchase the site from the council. Many of the businesses occupying the Millfields site have grown out of their office space. In order to accommodate them and meet the demand for units, the trust is planning to build new premises next to the existing units. But to be financially viable, this can only be done if the former hospital is bought from the council.

"Leasing works out to be much more expensive," says Mr Pipe. "If we could increase our margins and attract the right finance we could cover the costs of the purchase and extending the building."

As well as its negotiations over the purchase of additional land, the

trust is also in the process of deciding where it should reinvest the surplus it is making.

"In our three year plan we've said that 10% of our annual surplus will be given out to groups. The rest will be used in a more strategic way and build on a long-term plan to regenerate the area," he says.

In previous years, the trust has funded an out-of-school breakfast club and a scheme for taking young people on week long sailing trips. One of the projects being looked at currently is a self-build scheme, which would get young people to build their own centre. There is a dire shortage of resources for young people in the area and, as a self-build scheme, it would give young people invaluable training as well as a lasting asset.

While only in its infancy, the scheme is likely to be pushed up the agenda with the recent appointment of a project co-ordinator.

It is because the trust has a proven track record in generating income that you can't help but believe this project will go steaming ahead.



## Fast facts

### BUSINESS

The trust employs six staff and in 2002 to 2003 generated £250,000 from its tenants. It has 50 tenants employing 250 people, and runs 50,000 sq ft of office space.

### SOCIAL IMPACT

Any surplus generated is either pumped back into the trust, used to support regeneration or handed out in grants to help other community-based projects get off the ground. It currently gives 10% of its annual surplus to groups working in the local area.

It is a requirement in each tenant's lease to look to employ people from the local population first.

### STRUCTURE AND GOVERNANCE

Development trusts are not owned by any set of individuals, and do not distribute any profits.

Millfields is structured as a company limited by guarantee. The trust's board is made up of nine members of the local community, plus three members each from the public and private sectors.

Anyone aged over 17 and living in St Peter Ward can join as a member of the trust.

### MORE INFORMATION

Tel 01752 660837

### COMMENTARY

**Millfields is an example of a social enterprise working to revive the economy of an inner city area – in this case, following the decline of the naval community. It provides space for businesses and start ups in an area marked by high unemployment and little economic activity. The development trust model allows a high level of community engagement in the organisation, and gives local people and other stakeholders the chance to shape their future together.**

**Not only do the trust's income generating activities directly contribute to local economic renewal, but the surplus is reinvested back into the community, rather than distributed to shareholders.**

**“We recognise and value the roles of social enterprise in achieving a diverse and sustainable enterprise mix in our less advantaged communities. As we know, social enterprises deliver on more than just a financial bottom-line; they successfully integrate financial, social and environmental considerations in their bottom-line calculations. Working with and for communities experiencing disadvantages, social enterprises are powerful vehicles for economic inclusion. ”**

Derek Mapp  
Chair, East Midlands Development Agency



# The Trojans Scheme

the local project that captured the imagination of the community and transformed into a thriving business

## LESSONS IN SELF-SUSTAINABILITY

In 1994, the head teacher of a primary school in south London wondered how the school could extend opportunities to its pupils after the gates were closed at 3.30pm. In an area marked by high levels of multiple deprivation, it seemed such a waste of a valuable community asset to deny access for such large chunks of the day.

The head teacher took a chance and advertised for someone to co-ordinate an after-school club that would offer a range of opportunities to children who would otherwise be doing very little. The response was not overwhelming. The only applicant was businesswoman Jackie Nunns, who had recently abandoned a career running a nightclub and restaurant in London's west end. "I had always been setting up one business or another, but my domestic circumstances had forced me to leave my business, and I was ready for something new," she recalls.

Not even Ms Nunns envisaged that these modest roots would spawn a social enterprise now reaping huge dividends for schools, children and parents across south west London.

The Trojans Scheme, the name given to the charity, today has

partnerships with 14 schools offering educational and recreational opportunities in after-school and breakfast clubs, as well as during the school holidays. Around 2,600 children attend a Trojans scheme somewhere each week and it forecasts a turnover in 2003/04 of just under £1 million.

Its schemes are for children aged between 4 and 11. During the holidays, fun clubs are run for 3 to 5 year olds and a pilot scheme is being trialled for 12 to 15 year olds. Not only do the schemes offer chances to young people from socially excluded backgrounds, they operate as a vital source of affordable childcare, allowing parents to take up jobs knowing their children are in safe hands. Parents can either pay a small fee or give time as a volunteer.

Central to the charity's growth has been its entrepreneurial take on running a voluntary organisation. Ms Nunns, who is director of the charity, says: "I have always been self-employed, which I believe has given me a healthy respect for money. This is often lacking in the voluntary sector, which has led to an assumption that money should be there for the taking."

From the fees paid by parents and statutory agencies, Trojans generates enough revenue to run its core services (60% of its total annual turnover). Grants from local trusts and foundations are then sought to extend the provision of opportunities, such as languages, sports, music, drama and cookery. Further revenue (about 10% of annual turnover) is generated through training provision, consultancy and sales of Trojans' merchandise.

Trojans is a working example of a voluntary organisation that has adopted a social enterprise model in order to boost sustainability. Ms Nunns is keen to point out that even if all its grant funding stopped tomorrow, it would still be able to offer its core services.

The charity also aims to maximise returns to the schools it partners. As a charity it is eligible for funding that schools are not. This means Trojans can apply to charitable trusts for funding to improve playgrounds, maintain sports facilities or purchase vehicles.

Like many voluntary organisations, Trojans is able to offer high quality services with the help of volunteers. Between 90 and 120

volunteers provide support that would otherwise cost in the region of £75,000 a year. "The story of Trojans would never be complete without reference to all those who have become caught by our imagination," says Ms Nunns.

Conquering south west London was never going to be enough for an entrepreneur like Ms Nunns. Trojans is currently developing a social franchise model, which will allow schools across the country to develop similar schemes. The idea is that either schools or public sector agencies, such as Sure Start schemes, will pay Trojans to set up schemes across the country.

"Any surplus will be ploughed back into other services," explains Ms Nunns. "The key will be in our marketing. This is what we have been good at. It's like going into a McDonald's restaurant. You look down the menu and you know what you are getting."

Despite her entrepreneurial flair, Ms Nunns strongly believes this is something that anyone can do. "I'm not rich or well connected or anything," she says. "And we really did start from scratch without any idea where the next bean would be coming from."



## Fast facts

### BUSINESS

The Trojans Scheme employs 85 paid staff and in 2002/03 had a turnover of £750,000, more than 70% of which is generated through fees from core services, consultancy and the sale of merchandise. It has partnerships with 14 schools and has 2,600 children on its books.

The range of activities offered by Trojans is covered by the acronym SPICE: social, physical, intellectual, cultural/creative, environmental. It is now developing a 'social franchise' model.

### SOCIAL IMPACT

89% of all the money generated goes directly to children's activities. The remaining 11% is

spent on administration and development. Some of the charity's sites double up as training centres, providing different levels of qualification to those working with the children. In exchange for setting up each scheme, schools provide office space.

### STRUCTURE AND GOVERNANCE

As a charity, the organisation is governed by a board of trustees made up of key stakeholders including representatives from Parent Teacher Associations and school staff.

### MORE INFORMATION

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

### COMMENTARY

Trojans shows how the voluntary ethos, an entrepreneurial spirit, the need for a local service and the commitment and drive of local people combine in a powerful way. The voluntary sector has long been dependent on inconsistent, unreliable grant funding. The social enterprise model illustrates the potential for many voluntary organisations to mix 'mission' and 'money', generating revenues allowing them to fund their social aims more effectively. Many voluntary organisations already run enterprises, including shops or the sale of merchandise. An aim is to encourage the sector to explore ways to generate revenue through enterprise, reducing dependence on outside agencies. Whilst trading is an increasing trend in the sector, however, it is recognised that not all voluntary sector organisations are able to go that way.

# Wycombe Leisure Limited

the council staff who took over the leisure service

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## MAKING A BIG SPLASH FOR LOCAL AUTHORITIES

Wycombe Leisure Limited (WLL) was formed in July 1996 and commenced trading in January 1997, as part of an early wave of 'leisure trusts' that now number more than 80 nationwide.

Historically, the leisure operation of Wycombe District Council had been successfully run by the council's 'direct service operation' since 1992. But the trust option was gaining interest because it offered various advantages over keeping the service 'in house': trusts could benefit from reduced VAT and business rates; produce savings in local authority revenue spending; seek new capital not available to local authorities to improve facilities; and motivate staff by giving them a stake in running the business.

However, WLL was not handed the contract by Wycombe council on a plate. It was awarded the management contract only after bidding on a full tender basis, in competition with other contractors.

The decision appears to have paid off. Turnover in 1997 was £2.4 million, with staff numbering 468. This has now risen to £6.4 million in 2002, with 694 staff. Approximately £1.8 million has been invested in

facilities over the past six years, including gym, catering and sports facilities, and IT and telephone systems.

WLL started with three sites on the Wycombe contract: Wycombe Sports Centre; Court Garden Leisure Complex, which includes a conference and functions operation; and Holywell Mead Open Air Pool. The operations now cover five leisure centres, two conference and function operations, a council staff restaurant, three open air pools and two stand-alone artificial turf pitches. Another leisure centre is due to open before the end of this year.

As an independent company, structured as an Industrial and Provident Society, profit does not drive WLL's operation; quality and accessibility does. Any surplus which is generated is reinvested into the facilities to improve the range and quality of the service, rather than being paid out to shareholders. This ensures inward investment at a time when many local authorities are compelled to direct most of their financial resources to mandatory services. WLL has significantly reduced the cost of operating the various leisure

centres for Wycombe District Council – while increasing income, improving services and increasing community use of the facilities.

Like Greenwich Leisure Ltd, the first leisure trust, WLL has involved employees alongside customers and the community in the management of the organisation. Membership is open to any employee aged 18 years or over and a share costs £25.

The majority group on the board of management is the staff, who number ten. They are elected at the annual general meeting. Customers are also given a say, with three customer members elected by and from the users of facilities. The board includes three local authority members to give the local government perspective.

The council, as the 'client', regularly inspects sites to ensure that quality of service is maintained and there are regular meetings between the officers of the leisure department and members of the management team. The council also has control over the pricing of most of the services provided.

In conjunction with the council, WLL operates a leisure card scheme called "Freestyle" and discounts are

available for disadvantaged groups under this scheme.

In November 2001 WLL took over management of the leisure facilities operated by West Oxfordshire District Council, again after a successful competitive bid. In December 2002 it also took on management of a new facility at Bourton on the Water for Cotswold District Council.

Significantly, all three councils are Conservative-controlled, showing that the leisure trust model can work whatever the political complexion of the local authority.

WLL prides itself as being a good employer. It has got a stamp of approval from the national 'Investors in People' scheme and ploughs considerable amounts of annual investment into staff training. Staff who show drive and initiative are given the opportunity to progress through the ranks of the organisation. WLL also operates a 'talk back' scheme for customers to make comments on service. The various comments, suggestions and complaints are presented to board members every quarter, alongside statistical information collected on performance, health and safety and the financial health of the company.



## Fast facts

### BUSINESS

Turnover has risen from £2.4 million in 1997 to £6.4 million in 2002. Approximately £1.8 million has been invested in facilities over the past six years, and the number of people using the Wycombe sites is approximately 1.3 million per year. WLL enjoys partial exemption status for VAT purposes and business rate rebates of between 80% and 100%.

### SOCIAL IMPACT

The objects of the company are: the provision of leisure and recreation services and facilities, which are available and affordable to all sections of the community; to advance

the education of the public in leisure activities; to promote and protect good health; to encourage healthy lifestyles; and to increase participation in leisure activities.

### STRUCTURE AND GOVERNANCE

WLL Ltd is structured as an Industrial and Provident Society. The board includes 10 staff members, 3 customer members and 3 local authority members. WLL's managing director is an ex-officio member.

### MORE INFORMATION

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

### COMMENTARY

**The ability to reduce service costs, involve the local community in decision making and reinvest significantly in long-term services has shown that the leisure trust model can champion the 'best value' ethos espoused by local authorities, in a way that neither the private sector nor the local authority itself is able to do.**

**WLL has also proved that the social enterprise approach is possible whatever the political make-up of the local authority concerned. While many authorities who have gone down this route are Labour-controlled, Wycombe, West Oxford and Cotswolds are all Conservative-controlled.**

**“Trade unions and social enterprises enjoy a common history and a common philosophy. Both can trace their origins to the 19th century reaction by workers and consumers to the excesses of raw capitalism. Both are based on the principles of self help – and a belief that sound business should be based on more than the profit motive. Those principles are as valid today as they were in Victorian times. ”**

*John Monks  
General Secretary,  
European Trade Union  
Confederation*



# Oxford, Swindon & Gloucester Co-op

from car dealership to caring for children: the retail co-op building a new business arm

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## NURTURING A NEW APPROACH

The Oxford, Swindon & Gloucester Co-op is well known for some interesting ventures in retail. Car dealerships, funeral services and travel agents represent the range of the co-op society's activities guided by an ethos of common ownership.

But the society is embarking on a new venture that, while no less commercially motivated than its others, will none the less also return significant social dividends to low-income families across its trading area. The venture is affordable childcare and shows how traditional retail co-ops are now branching out into new areas of business with high social returns.

OS&G Co-op is already providing childcare from an existing nursery at the Oxford College of Further Education, which had been on the brink of closure. But the bulk of the co-op's investment is to be made into three purpose-built nurseries in some of the most disadvantaged parts of its trading area.

The first wave of centres, due to open in Spring 2004, are in Caines Cross in Stroud, Rosehill in Oxford and Walcot in Swindon. Each will cost around £800,000 to build, the bulk of which is from investment by the co-op society.

The full day-care nursery services will be available to children aged between three months to eight years plus. It is hoped that a flexible approach will make the provision accommodating to as many parents as possible.

The co-op pinned its hopes on childcare after an extensive search for a new trading arm that would fulfil two aims. First, that it was commercially viable and, second, that it was ethical. With a dire shortage of affordable childcare in the area, the proposed venture fitted the bill on both counts.

But the move was also made in response to attempts by the government to bolster the provision of childcare, especially in areas with high rates of dependency on benefit payments.

According to the government's Regional Co-ordination Unit there is a gap in provision between communities: "Many disadvantaged areas often have little or no childcare. By March 2004, the government's aim is for every lone parent living in a disadvantaged area to have a childcare place when they enter work."

The Neighbourhood Nursery Initiative, which was launched by

the Department for Employment and Skills as part of the national childcare strategy, has made more than £300 million available to help set up 900, 50-place childcare schemes. Areas eligible for funding fall within the 20% poorest wards in England. By 2004, the government hopes to have created places for 1.6 million children.

Carol Jenkins, OS&G Co-op's childcare business manager, says: "There seems to be a natural synergy between the co-op and the government's approach to childcare. Developing neighbourhood nurseries needs to be based on an inclusive, community-based model. Because of what we are doing it will be the first time that many low-income families will be able to access quality childcare."

As well as the availability of public subsidy to encourage new nurseries, the co-op society is confident of a buoyant market because of tax credits offered against childcare costs. Depending on a family's benefits, up to 70% of childcare costs can be met through the Working Families Tax Credit.

Mrs Jenkins says that the social enterprise model is ideally suited to

childcare provision because of the emphasis it puts on reinvesting any surplus back into the service. "We promise to make a continuous investment into our childcare facilities to enhance the experience and maintain the highest standards in care and education," she says.

While there may be a growing number of private providers of childcare, local authorities have been able to offer a very few childcare places. "This means there is a large market for social enterprises," says Mrs Jenkins.

She adds that what will mark its service out from those offered by the private sector, is that they will be shaped and influenced by stakeholders rather than shareholders. Each nursery will be governed by a Local Nursery Group made up of elected representatives, including community partners, parents/carers, local authority staff and the co-op staff.

Responsibilities of each Group will include recruiting staff, local marketing and some financial management. "The idea is that stakeholders should be key to making sure the service best meets the need of parents and children," Mrs Jenkins says.



## Fast facts

### BUSINESS

OS&G Co-op is the fourth largest regional consumer co-op in the UK. Its trading arms include food, travel and funeral businesses, and car dealerships. Its annual turnover is close to £300 million and it employs 3,500 staff.

Based in Oxford, it has a trading area extending from the Forest of Dean in the west to Buckinghamshire in the east, and from Banbury in the north to Swindon in the south.

### SOCIAL IMPACT

By 2005, it plans to have developed a viable childcare business across its trading area. Each nursery will provide 45 to 80 places.

The society has employed architects to create innovative designs. It expects its nurseries to become valuable community assets and has promised continued investment to ensure the highest standards in care and education.

### STRUCTURE AND GOVERNANCE

It is a co-op with all members having an equal say. The childcare arm will be a separate trading group under the OS&G Co-op umbrella. The aim is for members to include parents, staff and other stakeholders. Each nursery will have its own board of members who will oversee the running of individual centres.

### MORE INFORMATION

[www.osg.coop](http://www.osg.coop)

### COMMENTARY

**OS&G Co-op's venture into affordable childcare marks a commitment from the retail co-operative sector to the broader social enterprise approach. This example also highlights the opportunities for existing co-operatives and enterprises to enter the childcare arena. The timing of government programmes aimed at ensuring an equitable provision of childcare has been vital to this venture. Under the Neighbourhood Nurseries Initiative, enterprises are able to attract start up grants to assist managing strategic and operational risks. In return for this assistance, the society hopes to demonstrate to national and local government partners the potential for co-operative businesses to meet the needs of a large customer base.**

# Understanding the jargon

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**Capacity building:** the process of developing skills and knowledge in local communities.

**Charities:** charitable status is available to all organisations with exclusively charitable purposes and charitable activities. Charitable status comes with highly beneficial tax advantages but also strict rules and regulations about trading; hence, it is appropriate for some social enterprises but not all. Several charities in the voluntary sector have trading arms – their own social enterprises – to generate income to support their charitable aims. The National Council for Voluntary Organisations also has a ‘Sustainable Funding Project’ looking at how the voluntary and community sector can earn independent income.

**Community development finance institutions (CDFIs):** a financial tool for social, economic and physical renewal in under-invested communities. CDFIs lend and invest in deprived areas and underserved markets, such as social enterprise, that cannot access mainstream finance. They are sustainable, independent organisations that provide financial services with two aims: to generate social and financial returns. A Community Investment Tax Relief of 5%pa for 5 years is available to investors in accredited CDFIs.

**Community enterprise:** organisations trading for social purpose with a community base – both community of place and community of interest.

**Community Interest Company (CIC):** a new legal form being proposed for social enterprises. The aim is to make them easy to set up, with all the flexibility and certainty of the company form, but with some special features to ensure they are

working for the benefit of the community, eg an asset lock. CICs will report to an independent regulator on how they are delivering for the community and how they are involving their stakeholders in their activities.

**Company limited by guarantee:** a registered company with members rather than shareholders; members guarantee a nominal sum for paying liabilities in the event of insolvent liquidation and can also pay a membership subscription.

**Company limited by shares:** a registered company which is controlled by its shareholders. A public company has its shares available for trading in an open market: a private company does not.

**Co-operative:** structured and run in accordance with the seven international co-operative principles: voluntary and open membership; democratic member control; economic participation by members; autonomy and independence; education, training and information; co-operation among co-operatives; and concern for community. Co-operatives have traditionally been incorporated under the Industrial and Provident Societies Act and regulated by the Financial Services Authority, but in recent years many have opted for being companies. It is possible to be an unincorporated body operating with co-operative principles. The members, who own and control the co-operative, can be employees (a worker co-op), customers (a consumer co-op), tenants (housing co-op), or a combination of these groups.

**Corporate social responsibility (CSR):** an agenda that involves businesses – both corporates and small businesses attempting to improve their social and environmental impact. The national CSR organisation for the UK is Business in the Community.

**Development trust:** a community enterprise which is locally based and engaged in regeneration activity through a wide range of trade and service delivery, and through partnerships with other sectors. 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.

**Equity finance:** funds invested in a business as shares. Investors usually have a say in the running of the company and also receive a dividend from profits.

**Employee-owned business:** owned and controlled by people who work for it.

**Ethical investment:** investment chosen according to social, environmental and/or ethical concerns and personal values.

**Fair trade:** paying a fair rate for goods or products when trading with businesses in the developing world.

**Industrial and Provident Society:** a body incorporated under the Industrial and Provident Societies Acts, including many co-ops, some development trusts and a range of other organisations.

**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.

**Not-for-profit:** a term used to describe companies which do not distribute their profits to shareholders but use them for social or community benefit.

**Patient capital:** An alternative to private equity finance, where part of the expected returns to investors will be social rather than financial. Defined by the Bank of England as ‘long-term finance for development, with soft terms, including little ceding of control and sub-market financial returns, in return for social gains.’ Can take the form of ‘investment’ grants, loans or equity.

**Regeneration:** a programme of local development which addresses physical, social, environmental and economic disadvantages in both rural and urban areas.

**Social accounting/social auditing:** the process of collecting, analysing and reporting both quantitative and qualitative information to provide an account of the performance of an organisation from a social perspective.

**Social capital:** a term used to describe the non-financial resources – such as trust, partnership, shared values – which enable a community to thrive and function more effectively.

**Social economy:** the part of the economy which is neither private sector nor public sector. It includes social enterprises but also voluntary organisations, foundations, trade unions, religious bodies and housing associations.

**Social entrepreneur:** somebody who identifies and brings to life new business opportunities but who is motivated by public and social good rather than the need for personal profit.

**Social exclusion:** where people or groups find themselves excluded from society and from opportunity for reasons such as poverty, ethnic origin, age, lack of skills, bad health, low income, criminal record or gender.

**Social firm:** a business created to provide integrated employment and training to people with a disability or other disadvantage in the labour market.

**Surplus:** the profit in many social enterprises is referred to as a surplus, to reflect their ‘not-for-profit’ status.

**Sustainability:** this can refer both to the financial stability of an organisation and its ability to sustain itself over the long term, and to the adoption of environmental policies and practices which minimise the negative impact of the enterprise on the environment.

**Triple bottom line:** when an organisation attaches equal importance to social and environmental objectives and outcomes as to financial objectives.

**Venture capital:** provides risk sharing investment, in exchange for equity in the business, to help companies grow and compete. In accepting venture capital, a company’s owners are effectively selling some shares to the venture capitalist, who may seek a position on the board.

**Venture capitalists** will look to exit their investment in a given time period, either through sale-back, sale to another investor, sale of the company, or through listing the company on a publicly traded exchange.

**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.

# Legal structures for social enterprises

**Company limited by guarantee, Industrial and Provident Society, Charity, Community Interest Company – what are all these legal structures and which are those favoured by social enterprises?**

A review of charity law, proposals for a ‘Community Interest Company’, parliamentary bills on Industrial and Provident Societies, and the development of new sources of finance for social enterprises have all highlighted the importance and the difficulty of choosing the best legal structure to fulfil a social enterprise’s multi-faceted aims.

The fact is that social enterprises operate within a variety of legal and organisational structures. Some are well-established; some are not – like the Community Interest Company, still being developed by government in partnership with the sector.

The main rule is that legal structures are chosen to serve the social enterprise’s core purpose and values. The choice is also bound up with who the enterprise considers to be its ‘community’ and how it wants this community – whether this means its staff, its customers, or a mixture of stakeholders – to influence or benefit from its activities.

Generally, social enterprises will decide to ‘incorporate’ as either

companies or Industrial and Provident Societies.

## COMPANIES

A company is owned by its members, who are shareholders if the company is ‘limited by shares’ or guarantors if it is ‘limited by guarantee’. In the former, the liability of the members is limited to the nominal value of the share and in the latter it is limited to the value of the guarantee, which is usually £1.

A company’s governing instrument is contained in two documents: the Memorandum of Association, which contains the objects and powers of the company and, in the case of a social enterprise, will often include a non-profit distribution clause; and the Articles of Association, which set out the internal management procedures and the roles of members and directors. All limited liability companies have an ‘objects’ clause in their constitution that sets out the company’s aims and purposes – for example, to operate the business of recycling furniture. The social or public interest which the company

aims to meet is usually underpinned by a constitutional requirement that profits are not to be paid out to members but must be put towards the company’s social purpose. There is often also a requirement that any assets remaining after the company is dissolved have to be applied for similar purposes and not distributed amongst the members.

## INDUSTRIAL AND PROVIDENT SOCIETIES

An Industrial and Provident Society, or IPS, is also a corporate body and its members also benefit from limited liability. There are two types of IPS – a bona fide co-operative society and a society for the benefit of the community. A co-operative society is a democratic enterprise which, in general, is based on members having one vote regardless of the number of shares they hold. A society for the benefit of the community must demonstrate that its activities will benefit people other than its own members. It has rules that specify how surpluses are to be applied and that require any assets remaining after the company is dissolved to be applied for similar purposes and not distributed amongst the members.

The government has supported two Private Member’s Bills to modernise IPS legislation including, amongst

other measures, introducing a provision to allow Community Benefit Societies to commit their assets permanently for the benefit of the community (ie an asset lock). It has agreed in principle to rename Industrial and Provident Societies as Co-operatives (rather than bona fide co-operative societies) and Community Benefit Societies (rather than societies for the benefit of the community).

## CHARITABLE STATUS

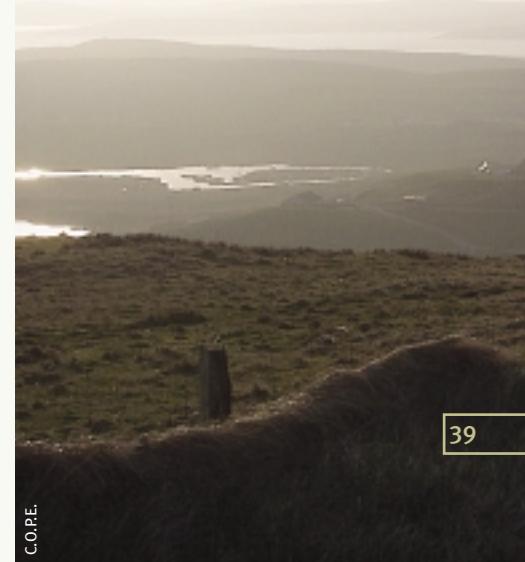
Some social enterprises are also charities. This has tax advantages but there are regulatory constraints. For a social enterprise that is also a charity the object must be exclusively charitable as must their activities. Charities are public benefit organisations, with all profits ploughed back into serving these aims.

Charities that want to investigate new opportunities for trading can set up for-profit trading subsidiaries, in which they own all the shares (if the subsidiary is a share company) or in which they are the guarantor (if the subsidiary is a guarantee company). The government has rejected a recent proposal to amend charity law to allow charities to undertake trading without the need for a separate trading company.

CORE

## NEW LEGAL FORMS

The government also intends to introduce legislation for a new type of company – the *Community Interest Company*, or CIC. This new legal form for social enterprise would include a lock-in of assets to stop the company being sold off for private gain. It would require enterprises to commit themselves to acting in the



community interest. The proposals also consider the possibility of allowing share-based investment. Another new legal form is also being put forward – the *Charitable Incorporated Organisation* – which will only be available to charities. The government proposes to include this form in its forthcoming Charities Bill.

#### GOVERNANCE MODELS

A social enterprise will try to adopt the best possible model for serving its core values and purposes.

In community businesses, residents are members; in a ‘service’ model – some social firms and development

trusts – control is with a small management committee or board.

Sometimes, it is desirable to set up more than one legal entity, especially if it can save on tax. Examples include a charity and its wholly owned trading subsidiary, or the other way around, where an enterprise may decide to set up an associated charity to run the charitable parts of its operations.

For more detailed information see the publication *Keeping it legal: legal forms for social enterprises* – available for £10.00 via the Social Enterprise London website:  
[www.sel.org.uk/publications](http://www.sel.org.uk/publications)

## Access to finance

The aim of any social enterprise is to develop an income that will sustain its social goals through the sale of goods and services. Winning business and trading are crucial.

As with any other business, however, success and growth in social enterprise are not possible without the funds to manage cashflow and feed expansion opportunities.

Finding the most appropriate sources of finance to achieve this is a key challenge for the sector.

Most enterprises will be accessing funds from a variety of sources, including: grants from statutory agencies such as local authorities and regional development agencies; national lottery funding; support from charitable trusts and foundations; loans from banks and community development finance institutions; venture capital; ethical share issues, and even bond issues.

#### GRANTS

Some social enterprises receive grants – from government, the private sector and from charitable foundations. Many private businesses also receive grants, for example the DTI has an extensive business grants programme. (Social enterprises are eligible for many of these). While grants can be important, particularly in the initial stages, social enterprises need

access to the full range of finance in order to develop the diverse and sustainable income needed to run a successful business.

#### DEBT

As with any other business, social enterprises will often look for loans when they need finance. Banks are their most common source of debt finance, but community development finance institutions (CDFIs) are alternative lenders which serve disadvantaged areas and markets. Some CDFIs offer products aimed specifically at the needs of social enterprises and the experience and track record gained by social enterprises through dealing with a CDFI can be useful preparation for future bank borrowing.

#### PATIENT CAPITAL

Patient capital is long-term development finance on soft terms where part of the expected returns to investors will be social rather than financial – ie it will take a lower financial return in exchange for social benefits. It can take the form of ‘investment’ grants, loans or equity.

A recent report by the Bank of England,

which reviewed the supply of finance to social enterprises, suggested that a supply of ‘patient capital’ should be developed to address social enterprises’ financial needs.

An example of one form of ‘patient capital’ is the Adventure Capital Fund, launched earlier this year with £2 million and about to take bids for round two (£4 million). This is delivered by a partnership comprising Local Investment Fund, Development Trust Association, Scarman Trust and the New Economics Foundation, with participation and support by the Active Community Unit (Home Office), the Neighbourhood Renewal Unit (Office of the Deputy Prime Minister) and the Social Enterprise Unit (Department of Trade and Industry). Information can be obtained from: [adventure@lif.org.uk](mailto:adventure@lif.org.uk)

#### EQUITY

Equity investors usually look for high financial returns to offset the higher risk they are taking and expect to have an exit strategy in place for their investment, eg selling the company or floating it on a publicly traded exchange. It has therefore been difficult to date for social enterprises to attract private equity as their profits are generally ploughed back into the business or the community, rather than to investors, and there is no real exit strategy for most.





However, some social enterprises have gone down the route of issuing shares to the public. These offers are subject to the Public Offer of Securities regulations, although there are exemptions for Industrial and Provident Societies under certain

conditions. The regulations require share offers to be approved by an authorised investment advisor, so it is vital to seek professional advice at an early stage.

Traidcraft, one of the UK's leading fair trade companies, launched its "fair share" offer in October 2002 intending to raise additional capital of up to £3.25 million by way of a public share offer. In little more than three months, the offer was fully subscribed, effectively tripling its capital base to fund expansion plans.

The Ethical Property Company's public share issue reached full subscription of £4.2 million earlier this year – while the stock exchange continued to slide. "We set out to run the biggest ever share issue by a UK social enterprise, and I'm proud to say we have succeeded," commented managing director Jamie Hartzell. The company will invest the funds raised, which together with bank borrowing total £10 million, in setting up resource centres for charities and social enterprises around the country.

Ethical investment specialist Triodos Bank runs a 'matched bargain market' to buy and sell the shares.

More information:  
[www.ethicalproperty.co.uk](http://www.ethicalproperty.co.uk)

**“**Access to appropriate forms of finance is key to the development of any business. Realising that this is as true for social enterprises as for 'for profit' businesses, the DTI's Social Enterprise Unit commissioned the Bank of England to review access to debt and equity finance for social enterprises. We found a mixed picture, which no doubt reflects the diversity of social enterprise activity. While some social enterprises are concerned about the risks associated with borrowing and continue to prefer grants to loan finance, there is evidence that others, particularly larger, more established organisations, use a range of financial products, mainly to overcome cash flow difficulties or to purchase and develop assets. Social enterprises borrow both from high street banks, some of which now have dedicated community banking units, and from specialist banks and community development finance institutions that have developed an expertise in lending to this sector.

Although some social enterprises have managed to raise equity through share issues, we concluded that commercial equity finance is not viable for most organisations, due to the need to provide investors with a substantial financial return and an exit route. As a result there is demand among social enterprises for some form of 'patient' finance, particularly at the start-up or expansion stages, where investors are willing to accept lower financial returns in exchange for the social benefits generated by the enterprise's activities. **”**

Hilary Brown  
Small Firms Analyst, Bank of England

The full report The Financing of Social Enterprises, which includes recommendations for action, is available on the Bank of England website ([www.bankofengland.co.uk](http://www.bankofengland.co.uk)) or by phoning 020 7601 4878.



# Useful publications

## Social Enterprise: a strategy for success

Available from the Department of Trade and Industry:  
[www.dti.gov.uk/socialenterprise/strategy.htm](http://www.dti.gov.uk/socialenterprise/strategy.htm)  
or visit [www.dti.gov.uk/publications](http://www.dti.gov.uk/publications).  
Copies can also be ordered via the DTI's Publications orderline,  
tel: 0870 150 2500, quoting URN 02/1054.

## Enterprise for Communities: proposals for a Community Interest Company

Available from the DTI: [www.dti.gov.uk/cics](http://www.dti.gov.uk/cics)  
Copies can also be obtained by calling the  
DTI Publications order line on 0870 150 2500  
and quoting URN 02/1460.

## Guidance on Mapping Social Enterprise

Available from the DTI  
[www.dti.gov.uk/socialenterprise](http://www.dti.gov.uk/socialenterprise)

## Introducing Social Enterprise; Social Enterprise: Organisational Development Issues; Keeping it legal: legal forms for social enterprises

Available from Social Enterprise London:  
[www.sel.org.uk](http://www.sel.org.uk)

## The Financing of Social Enterprises: A special report by the Bank of England

Available on the Bank's website:  
[www.bankofengland.co.uk](http://www.bankofengland.co.uk)

## Social Enterprise in Anytown

BY JOHN PEARCE

Available from the Calouste Gulbenkian Foundation: [www.gulbenkian.org.uk](http://www.gulbenkian.org.uk)

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## Social Enterprise in the English RDAs and in Wales, Scotland and Northern Ireland

The Social Enterprise Coalition's first research report, about the state of social enterprise in the English RDAs and the devolved administrations in Wales, Scotland and Northern Ireland with recommendations of key benchmarks for future development. Available from SEC: [www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)

## Value Led, Market Driven: Social enterprise solutions to public policy goals

BY ANDREA WESTALL

Available from The Institute for Public Policy Research: [www.ippr.org.uk/publications/](http://www.ippr.org.uk/publications/)

# Contacts

**SOCIAL ENTERPRISE COALITION (SEC) – further information on the social enterprise sector can be found on SEC's website including information on regional networks.**  
[www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)

**ACTIVE COMMUNITIES DIRECTORATE (HOME OFFICE) –** promotes an increase in voluntary and community sector activity, including involvement in service delivery through community and social enterprise.  
[www.homeoffice.gov.uk](http://www.homeoffice.gov.uk)

**BAXI PARTNERSHIP** – its purpose is to invest in companies to help them successfully develop employee ownership. It makes an investment agreement with each company, aimed at achieving business success in employee ownership with professional management and with a partnership culture.  
[www.baxipartnership.co.uk](http://www.baxipartnership.co.uk)

**BUSINESS IN THE COMMUNITY (BITC) –** a movement of 700 member companies committed to improving their positive impact on society. It has a charitable purpose "to create a public benefit by working with companies to improve the positive impact of business in society".  
[www.bitc.org.uk](http://www.bitc.org.uk)

**BUSINESS CONNECT WALES –** the first stop for business advice in Wales managed by the Welsh Development Agency. [www.businessconnect.org.uk](http://www.businessconnect.org.uk)

**BUSINESS GATEWAY –** the Scottish business advice service, run by a partnership including Scottish Enterprise, the Scottish Executive and the Local Authorities. [www.bgateway.com](http://www.bgateway.com)

**BUSINESS LINK –** the business advice service for England managed by the Small Business Service. [www.businesslink.org](http://www.businesslink.org)

**CHARITY BANK –** a charity where people can deposit money to be used solely for charity and social enterprise – lending, not giving. Also a not-for-profit bank whose sole business is providing affordable finance for charitable work. [www.charitybank.org](http://www.charitybank.org)

**COMMUNITY ACTION NETWORK (CAN) –** a UK-wide learning and support network for social entrepreneurs. [www.can-online.org.uk](http://www.can-online.org.uk)

**COMMUNITY DEVELOPMENT FINANCE ASSOCIATION (cdfa) –** the trade association for Community Development Finance Institutions (CDFIs). The cdfa aims to promote and strengthen the CDFI sector. Its website has a list of members who provide financial services. [www.cdfa.org.uk](http://www.cdfa.org.uk)

**CO-OPERATIVE ACTION –** makes grants and loans towards enterprises and organisations which promote co-operative solutions. Grants for supporting new or existing co-operative enterprises; loan finance focusing more on viable co-operative and mutual businesses, able to generate profits from which they can repay.  
[www.co-operativeaction.coop](http://www.co-operativeaction.coop)

**CO-OPERATIVES UK** – as the 'apex' organisation for co-operative enterprise in the UK, it promotes co-operative and mutual solutions, and works in partnership with members to build a strong and successful co-operative movement. Members include co-operatives of all types and the 30 or so co-operative development bodies in the UK. [www.cooperatives-uk.coop](http://www.cooperatives-uk.coop)

**DEVELOPMENT TRUSTS ASSOCIATION (DTA) –** community regeneration network and national body of 250 development trusts. Includes regional networks in England, also DTA Wales and DTA Scotland. Provides practitioner based information, training, and events for emerging and established development trusts and community enterprises. [www.dta.org.uk](http://www.dta.org.uk)

**ESMÉE FAIRBAIRN FOUNDATION –** makes grants across the UK in four areas of interest: Arts & Heritage, Education, Environment and Social Development, and is currently experimenting with making loans. The Social Development programme targets the most disadvantaged people and communities and has a particular focus on social and community enterprise. [www.esmefairbairn.org.uk](http://www.esmefairbairn.org.uk)

**INDUSTRIAL COMMON OWNERSHIP FINANCE LTD –** a UK-wide CDFI that has been providing loan finance for co-operatives, employee owned businesses and social enterprises for 30 years. Raises money primarily by public share issue. [www.icof.org.uk](http://www.icof.org.uk)

**INVEST NORTHERN IRELAND –** business advice service in Northern Ireland. [www.investni.com](http://www.investni.com)

**JOB OWNERSHIP LTD (JOL) –** has been researching, lobbying and advising on employee ownership for more than 20 years. JOL is an independent, not-for-profit organisation supported financially by the leading employee-owned companies in the UK.  
[www.jobownership.co.uk](http://www.jobownership.co.uk)

**LOCAL INVESTMENT FUND (LIF) –** an England wide CDFI that makes loans to social and community enterprises. [www.lif.org.uk](http://www.lif.org.uk)

**NATIONAL COUNCIL FOR VOLUNTARY ORGANISATIONS (NCVO) –** works with and for the voluntary sector in England by providing information, advice and support and by representing the views of the sector to government and policy-makers. [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk)

**NATIONAL HOUSING FEDERATION –** represents the independent housing sector. [www.housing.org.uk](http://www.housing.org.uk)

**NEW ECONOMICS FOUNDATION (NEF) –** an independent 'think and do tank' that inspires and demonstrates economic well-being. Aims to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environmental and social issues. [www.neweconomics.org](http://www.neweconomics.org)

**PHOENIX FUND –** the government's main initiative for promoting enterprise in disadvantaged communities and under-represented groups. It is managed by the [www.unltd.org.uk](http://www.unltd.org.uk)

SBS and includes a Development Fund, which supports innovative approaches to providing business support, and a range of activities to assist the development of CDFIs. [www.sbs.gov.uk/phoenix](http://www.sbs.gov.uk/phoenix)

**PLUNKETT FOUNDATION** – educational charity which supports the development of rural enterprise.  
[www.plunkett.co.uk](http://www.plunkett.co.uk)

**SCHOOL FOR SOCIAL ENTREPRENEURS (SSE) –** offers 'learning through action' to release entrepreneurial talent. Runs a UK-wide programme and has a growing network of schools and fellows meeting the needs of social entrepreneurs in local settings.  
[www.sse.org.uk](http://www.sse.org.uk)

**SMALL BUSINESS SERVICE (SBS) –** is an agency of the DTI and aims to make the UK the best place to start and grow a business. It is committed to ensuring that any individual who wants to start their own business has access to finance and business support regardless of their economic status or where they live. The SBS oversees the Business Link services in England, manages the Phoenix Fund and works closely with the SEnU. [www.sbs.gov.uk](http://www.sbs.gov.uk)

**SOCIAL ENTERPRISE MAGAZINE** – monthly magazine for the sector. [www.socialenterprisemag.co.uk](http://www.socialenterprisemag.co.uk)

**SOCIAL ENTERPRISE UNIT (SEnU) –** part of the DTI, the SEnU was launched in October 2001. Its role is to: act as a focal point and co-ordinator for policy making affecting social enterprise; promote and champion social enterprise; take action needed to address barriers to growth of social enterprises; and identify and spread good practice. In July 2002, the government launched a three year strategy, Social Enterprise: a strategy for success.  
[www.dti.gov.uk/socialenterprise](http://www.dti.gov.uk/socialenterprise)

**SOCIAL FIRMS UK –** aims to create employment opportunities for disabled people through the development and support of social firms. Its activities include promotion, dissemination, research and lobbying to improve awareness and conditions for social firms. [www.ermis.co.uk](http://www.ermis.co.uk)

**SPORTA –** The Sports Trust Association – is the major platform for sports and leisure trusts in the UK. Leisure trusts are non-profit distributing organisations that manage sport and leisure centres that are open to the general public. Spota has over 80 members and acts as their forum and lobby group as well as sharing best practice on delivering community leisure services.  
[www.sporta.org](http://www.sporta.org)

**UNLTD –** the Foundation for Social Entrepreneurs – a charitable organisation set up by seven organisations that promote social entrepreneurship, including CAN and the SSE. UnLtd offers grants from an endowment fund to would-be social entrepreneurs.  
[www.unltd.org.uk](http://www.unltd.org.uk)

**COVER PHOTOGRAPHS:**

1. Green-Works – Alastair Indge
2. Hesket Newmarket Brewery – Paul Carter Photography
3. Wycombe Leisure Limited – Jon Buxton
4. Lochfyne Oysters

Are you committed to delivering top-class public services? Do you want to create jobs and build local and regional economies? Are you involved in regenerating disadvantaged inner city or rural communities? Do you want your business to be more socially responsible? Are you thinking of setting up a new enterprise with social goals? If so, then you need to know about social enterprise.

The Social Enterprise Coalition has created this guide for a whole range of individuals and organisations who we believe can benefit from the social enterprise approach. The publication includes a wide variety of examples; facts and

figures about the businesses and their social impact; comments from politicians, business people and other social enterprise ‘champions’, and some broader explanations dealing with law and finance.

The guide is the first in a series of practical resources to be produced by the Coalition. It represents our commitment to encouraging the development of social enterprise by building skills and sharing knowledge. We hope you will find the publication both useful and inspiring – and that you will want to recommend it to your colleagues and partner organisations.

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