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CLES bulletin is a topical summary of articles which have appeared in the professional press. Its aim is to provide a pithy précis of a subject area, drawing out the specific and common issues raised in the individual articles.

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Social Enterprise

Social enterprises have always been of interest to regeneration practitioners as a useful tool for delivering regeneration to deprived neighbourhoods.

In October 2001, the Government launched the Social Enterprise Unit (SEU) as evidence of their commitment to moving the social enterprise agenda forward. This was in response to the growing number of social enterprises, which were helping to increase economic activity and employability in local communities.[1] The SEU went on to launch its Social Enterprise Strategy earlier this year, which triggered renewed attention on the topic from the press. This bulletin looks at that media coverage of social enterprise in recent months.

Regeneration and Renewal magazine[2] asks whether the concept of social enterprise is really a new idea or is it, as the critics claim, nothing more than a new label for tried, tested and failed practices such as community businesses, workers' co-operatives and credit unions.

Regeneration and Renewal looks back to the 1970s and 1980s to similar initiatives which were unsuccessful, and shows that by 1998 less than a third of councils saw community enterprise as a high priority as they simply did not believe it could deliver solutions to the problems faced by disadvantaged communities.

Regeneration and Renewal goes on to ask what, if anything, has changed to persuade local authorities to look again at this idea and asks is social enterprise just a passing fad or do those promoting it have some genuine new ideas?

This article also looks at the Social Enterprise Strategy, which identifies six barriers to the growth of the sector:

❶ poor understanding of the particular abilities and value of social enterprise;

❷ little hard evidence to demonstrate the impact and added value of social enterprise;

❸ fragmented availability of accessible, appropriate advice and support;

❹ difficulty of accessing and making use of what is perceived to be limited appropriate finance and funding available;

❺ limited account taken of the particular characteristics and needs of social enterprise within an enabling framework;

❻ complexity and lack of coherence within sector combined with widely varying skills and knowledge base;

In response the Unit set itself three targets:

❶ to create an enabling environment;

❷ to make social enterprises better businesses;

❸ to establish the value of social enterprises;

It concludes that the Government has given social enterprise practitioners a second chance to get it right and that they must deliver the goods this time, as they won't be asked again.

Regeneration and Renewal magazine[3] went on later in the year to look at the definition of social enterprise and criticisms from those working in the sector about the complex social enterprise rules, which many not-for-profit firms find frustrating.

Regeneration and Renewal explains that the term 'social enterprise' covers a multitude of organisations with widely varying legal structures, including companies with charitable status and companies limited by guarantee. Many organisations have found that differences in structural arrangements can have a crucial effect on financial and operational freedoms.

The article reports that the Government is now looking at a new legal model for social enterprises and identifies

[1] DTI Social Enterprise Unit Seminar
http://www.socialeconomybristol.org.uk/DTIseminar09-10-01.pdf October 2001

[2] Brown, Jim Social enterprise – so what's new? *Regeneration and Renewal* 23 Aug 2002 pp.16-17

[3] Marrs, Colin Strangled by red tape *Regeneration and Renewal* 8 Nov 2002

the advantages and disadvantages of the current system, setting out the pros and cons of company law, with advice from a number of law firms and experts.

The Guardian[4] looks at an example of successful social enterprise as a solution to combating unemployment. It reports on Speke's Jobs Education and Training centre, Jet, which, since 1996, has helped more than 2,000 people into jobs and halved unemployment in Speke. Jet runs a government funded action team for jobs - one of three in Liverpool.

Six years after Jet was set up, it has managed to alter expectations so dramatically, that half the newly created jobs in Speke Garston have been filled by local people. The key to Jet's approach is identified as flexibility.

The Guardian highlights the UK's unemployment problem and the Government's recent suggestion at the Urban Summit at a much wider application of solutions, which are similar to the social enterprise, Jet.

Economic Development Today[5] provides us with an overview of the social enterprise sector, defining social enterprises as trading businesses that combine a strong social mission with economic goals.

It discusses the difference between social enterprises and for-profit businesses, suggesting that a key feature that distinguishes the two is their approach to profit and profit distribution. Social enterprises tend to reinvest profit in the business to enhance service, or perhaps invest in the wider community, whereas many for-profit businesses seek to maximise profit as they distribute their surplus to shareholders.

Economic Development Today suggests that although defining social enterprise is not that important, one needs to understand the sector in order to consider the best ways in which support can be provided. It identifies the difference between a social enterprise and a social entrepreneur, as well as social enterprises and socially responsible enterprises.

The article also looks at the benefits of external support, suggesting that social enterprises are often too afraid or too embarrassed to ask for it. It then goes on to discuss management development and finance for social enterprise.

Economic Development Today concludes that there has never been a better time to set up a social enterprise, due to the considerable amount of advice available and the prospect of more funding, as well as the increasing

interest in mixing enterprise with serving local communities.

New Start magazine[6] reports on one of the more well known social enterprises, Bootstrap, which began as a co-operative in 1977, when two young community development workers decided to tackle soaring unemployment.

Bootstrap was launched in a dilapidated house in Islington with eight unemployed women making draught excluders and clothes using two basic sewing machines. The co-operative eventually took off with more funding and the offer of free workspace in return for training unemployed people. However, they found that few people who came to Bootstrap actually wanted to run their own businesses, they just wanted a job.

In 1990, Bootstrap shrugged off the co-operative model in favour of social enterprises and has since gone from strength to strength. Over the last decade, Bootstrap has focused on providing services to fit the regeneration market, and now leases to some 60 small organisations, some of which it owns, but most of which are separate social enterprises.

Media coverage over the last few months has had a tendency to favour the work of social enterprises, highlighting good practice examples and the benefits that social enterprise can bring to local communities and the wider regeneration agenda. The general message is that the social enterprise sector has great potential if handled proficiently.

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[4] Stewart, Heather Local action heros *The Guardian* 5 Nov 2002 p.24
[5] Irwin, David Social enterprise Economic Development Today Issue 49 Nov 2002 pp.19-21

[6] Harward, Esther Learning to adapt New Start 22 Nov 2002 p.14