

Social Enterprise

What is a social enterprise?

Social enterprises are businesses which exist to pursue social and environmental objectives, as their aim is to benefit the community or a specific beneficiary group. Profit, better called "surplus", is generated and is principally reinvested to achieve social and/or environmental objectives, rather than being driven by the need to maximise profit for shareholders and owners.

Social Enterprises can be seen as a key in addressing specific social needs as they are enterprises with ethical and social objectives, which involve the local community in promoting the creation of wealth. Social enterprises operate in a wide variety of sectors but are particularly prevalent in areas such as social care, health, housing, education, environmental protection and regeneration.

Why setting up a social enterprise instead of a charity?

Charities can trade to pursue their public benefit purposes and many do so very successfully. However, being a charity doesn't suit all social entrepreneurs. Some forms of social enterprise allow the people who run them to combine social purposes with a limited reasonable investment return and also direct management control. The board members of those social enterprises can be remunerated (unlike most charity trustees) and social enterprises can, in some forms, have shareholders able to receive limited dividends. This is not always possible with a charity. Charities are more regulated, but in return receive tax privileges unavailable to other social enterprises.

What type of social enterprise can I set up?

Social enterprise is a descriptive term for different types of businesses pursuing social goals and not a legal form in itself. There are various legal entities that may operate as social enterprises. These include industrial and provident societies (which are community benefit societies or co-operatives), community interest companies (CIC) and in some cases commercial form companies limited by shares. The most common form for charitable social enterprises is the company limited by guarantee. Before you start you need to take time to investigate the different options and possibly seek advice.

Where can I find advice & training?

GLE oneLondon Business Advice Service

This organisation provides a wide range of support to London's micro businesses and small and medium enterprises, including social enterprises. OneLondon's services are available primarily to anyone thinking of starting their own business in Lambeth, Southwark and Lewisham as well as to those who are already trading there, however, they are often able to answer quick direct questions regarding social enterprise on their enquiry line: 0800 032 0946, or e-mail southcentral@gle.co.uk or you can see their website for further information: www.gle.co.uk/onelondon

Business London Central

Free business support for central London entrepreneurs. It includes specialist support for social enterprises, one to one support and free training. For more information, go to: www.enterprisecentral.co.uk or email businesslondon@gle.co.uk

School for Social Entrepreneurs (SSE)

The School for Social Entrepreneurs (SSE) exists to provide training and opportunities to enable people to use their creative and entrepreneurial abilities more fully for social benefit. SSE supports individuals to set up new charities, social enterprises and social businesses across the UK. <http://www.sse.org.uk/>

Where can I find more information?

Social Enterprise London

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

Office of the Third Sector

www.cabinetoffice.gov.uk/third_sector/social_enterprise.aspx

Business Link

www.businesslink.gov.uk/bdotg/action/layer?topicid=1077475650

Social enterprise Coalition

www.socialenterprise.org.uk/

School of Social Entrepreneurs

<http://www.sse.org.uk/index.php>

UpStarts Awards

<http://www.upstarts.org.uk/2009/>

Social Enterprise Training & Support website

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

Adventure Capital Fund

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

Documents showing legal structures for Social Enterprise

Legal Structures for Social Enterprises from Business Link

Trading: Using the Right Legal Form - Information from NCVO

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