



## Social Enterprises

### What is a Social Enterprise?

A Social Enterprise is a particular type of organisation or business: one which has **social aims rather than profit** as its objective.

Social aims include both **social and environmental benefits** and can cover a range of activities. Hence social enterprises can operate in many sectors including, for example, health and social care, housing, regeneration, education, environmental protection or recycling. As such they are a common form of organisation in the voluntary and community sector.

In a social enterprise any profits that are generated by the organisation are not distributed to owners or shareholders but must be reinvested in the organisation, thus promoting the social and environmental benefits further.

Social Enterprise interests are represented at a national level to UK parliament by the [Social Enterprise Coalition](#) and, in Scotland, by the [Scottish Social Enterprise Coalition](#).

According to the 2009 survey commissioned by the Social Enterprise Commission, there are 62,000 social enterprises in the UK contributing £24billion to the UK economy.

### What does it involve?

In defining whether an organisation is a Social Enterprise or not, the most relevant consideration is not really what it does, but how it treats its profits. Within the general definition given above, Social Enterprises can take on a number of legal forms, including:

- unincorporated associations such as housing associations
- trusts or development trusts
- limited companies
- some industrial and provident societies such as community benefit societies, worker or consumer cooperatives, or mutuals
- Community Interest Companies (CIC's), a new form of Social Enterprise organisation that allows a paid Board and limited payment of dividends.
- charitable incorporated organizations or charity trading arms
- Community businesses
- Social firms (a business created for the employment of people with a disability or other disadvantage in the labour market)
- Social businesses
- Intermediate labour market projects

A guide to the different legal forms of social enterprises can be found on the [Business Link](#) web pages.

Wandsworth Voluntary Sector Development Agency is the Council for Voluntary Service in Wandsworth

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Unlike a charity, 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. Board members of Social Enterprises can be remunerated (unlike most charity trustees) and social enterprises can, in some forms, have shareholders able to receive limited dividends. Charities are more regulated, but in return receive tax privileges unavailable to other social enterprises.

## How does it affect the voluntary sector?

Alongside the desire to pursue social aims, a voluntary or community group may wish to set up as a Social Enterprise in order to become eligible for a number of different benefits including grants, awards, or advice, and/or enable access to membership organisations or networks.

Given the variety of different organisational structures covered under the definition of Social Enterprises, it is wise to investigate the options available and constraints of corresponding organisational structure when you first set up your business or organisation. In particular it is important to set up as an organisational type that will permit you to develop or grow in line with your overriding mission. If you are a voluntary group considering what legal form would best suit you, you could make an appointment with us to discuss your options. Contact Cristina on [smallgroups@wvsda.org.uk](mailto:smallgroups@wvsda.org.uk)

## What is happening in Wandsworth?

London Social Enterprise (SEL) group is the London Social Enterprise support agent. It comprises the London Social Enterprise Network, the largest social enterprise network in the UK, and offers support services, training and consultancy.

As of summer 2010, there were 11 members of SEL in Wandsworth. 26 Social Enterprises were identified in Wandsworth in the latest WVSDA *The State of the Sector* report. Copies of this report can be obtained by emailing [policy@wvsda.org.uk](mailto:policy@wvsda.org.uk).

## Read More About it

[Social Enterprise: a Guidance Note from WVSDA](#)

[Social Enterprises and the Law](#); an article in the Guardian Oct 2009

[Keeping it Legal – A Guide to Legal Forms for Social Enterprises](#)

[Social Enterprise Magazine](#)

[Regulator of Community Interest Companies](#)

[Social Enterprise: solving the problem](#). A paper from IDEa



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