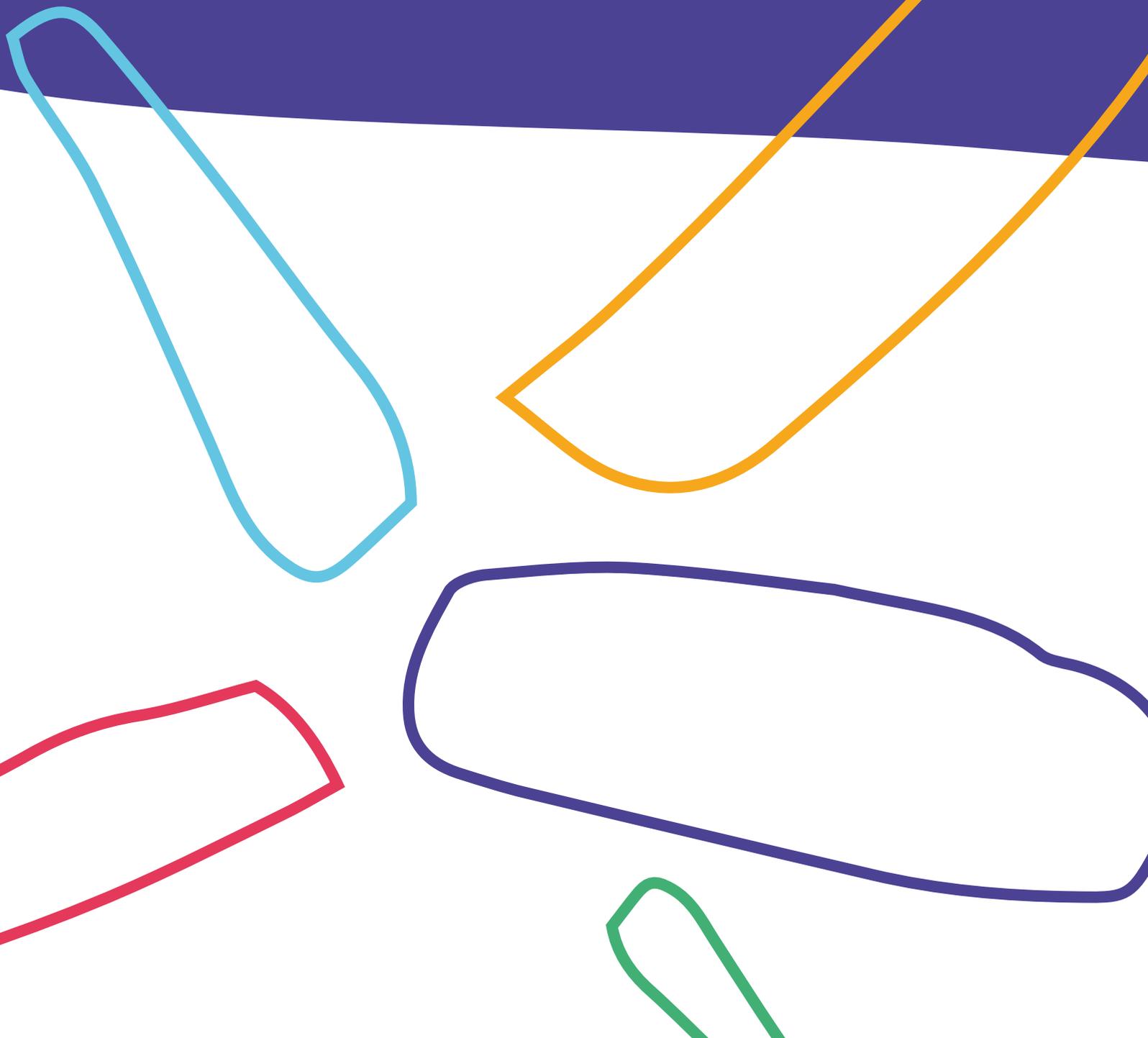


# Enterprising Edinburgh;

A Social Enterprise Strategy  
for Scotland's Capital City

**2019-2023**



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## Who is this strategy for?

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This is a shared strategy for the Edinburgh Social Enterprise ecosystem which includes any individual and organisation involved in, or interested in supporting, Social Enterprise and in creating long term social benefits in Edinburgh. This ecosystem includes network providers, professional and support services providers, capacity builders, research institutes, funding bodies and policy makers, as well as social enterprises themselves.

Edinburgh has a strong Social Enterprise history and is recognised as a world leader in the sector. The city hosted the first Social Enterprise World Forum (SEWF) in 2008 and the SEWF returned here for its 10th anniversary last year in 2018.

Edinburgh is home to the largest Social Enterprise Network (SEN) in Scotland and this is the fourth Social Enterprise Strategy for the city since 2005.

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### Thanks to SESIG Members



# Foreword

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**Social enterprises make significant contributions to Edinburgh through creation of employment, volunteering and training opportunities, supporting vulnerable communities or addressing environmental issues. They do this by reinvesting their profits back into social, community and environmental benefits.**

The Social Enterprise Strategy Implementation Group (SESIG) has a diverse membership, all of whom support the values and principles underlying the Social Enterprise sector. SESIG has been working for the past year on developing the fourth Social Enterprise Strategy for Edinburgh. The strategy aims to be inclusive and supportive of a wide range of organisations within the wider social economy, with a focus towards those who aspire to achieve code compliance.

Building on previous strategies, the key objectives in this edition are to: continue to grow the social enterprise community, increase the sustainability of organisations and the community, and evidence how this community adds value and makes a difference to social and economic outcomes in the city. We will do this through working with the wide range of stakeholders who make up the social enterprise ecosystem in Edinburgh and beyond.

Many thanks to all who have contributed to the production and support implementation of this strategy.



**Emma Galloway,**  
Chair, SESIG

# Methodology

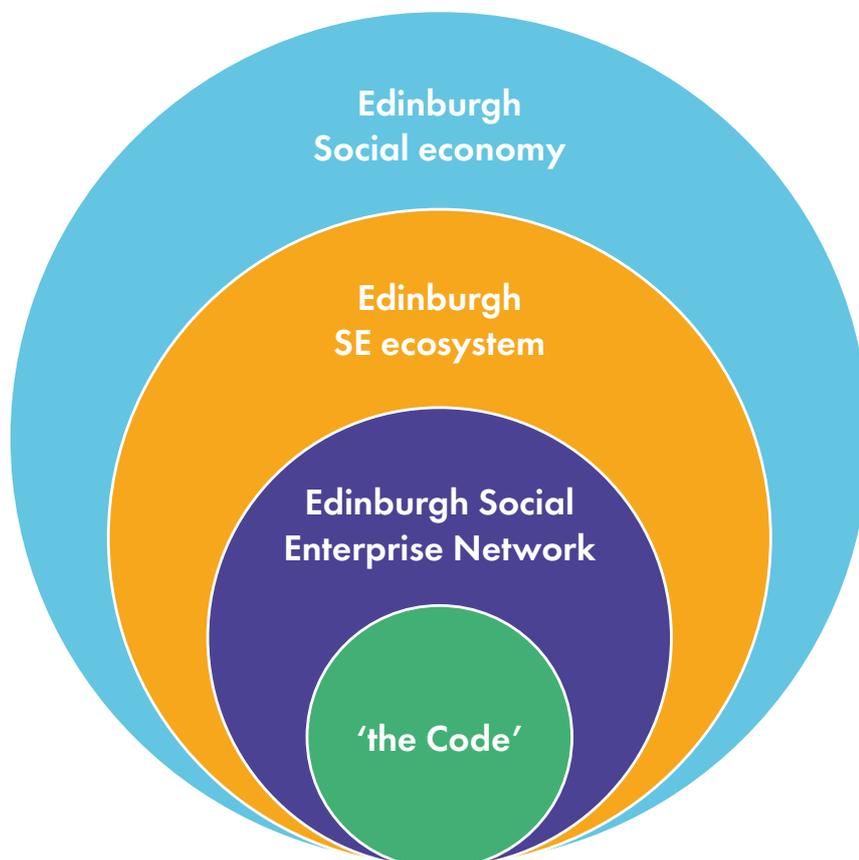
This strategy builds on Edinburgh’s three previous social enterprise strategies: ‘A New Way of Doing Business’ (2005-2008), ‘Adding Value to Business’ (2010-2013) and ‘Enabling Enterprise’ (2013 – 2018). It was developed by the Social Enterprise Strategy Implementation Group (SESIG) led by Edinburgh Social Enterprise (ESE), the member-led networking body for Social Enterprise in Edinburgh. Intelligence has been gathered from the sector through ESE event participants, email and online surveys. The draft strategy was circulated for feedback from the wider Social Enterprise community, ESE members, Edinburgh Compact, Edinburgh Third Sector Strategy Group (TSSG), the wider third sector via Edinburgh Third Sector Interface (TSI) and SESIG members.

The strategy will cover the period to 2023 to align with the National Social Enterprise Strategy Action Plan.

## Social Enterprise Strategy Implementation Group

SESIG membership is drawn from a wide range of stakeholders across all sectors who share a common belief that Social Enterprise is a model through which long term, sustainable social, community and economic benefits can be achieved. Details of SESIG members (2018/19) can be found in appendix 1.

Collectively, SESIG members recognise the importance of working together to realise the aspiration of a stronger, more vibrant Social Enterprise City that has the Voluntary Code for Social Enterprise in Scotland (‘the Code’) at its heart, reflecting the core values and principles of Social Enterprise, whilst acknowledging that there are additional ways in which stakeholders do deliver community, social and environmental benefits as part of a wider social economy.



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**Diagram 1** shows how ‘the code’ is at the heart of the Edinburgh Social Enterprise Network, one of the key partners of the Edinburgh social enterprise ecosystem, which is itself a key component of the wider social economy across the city.

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# Context

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**This Social Enterprise Strategy does not sit on its own. It links to several other key strategies and structures.**

Within the Edinburgh Economic Development Strategy Social Enterprise and the social economy are recognised as key contributors to improved economic outcomes for the city. This is further reflected in ESE's role representing social enterprise and the wider third sector with the City Region Deal governance structure.

The Edinburgh TSI delivers annual outcomes supporting Scottish Government objectives for the third sector and within this ESE reflects how the National Social Enterprise Strategy is supported locally. Through the TSI, the strategy will inform the work of both the Third Sector Strategy Group and the Edinburgh Compact.

It is imperative that this strategy aligns to Edinburgh's Volunteering Strategy due to the high numbers of volunteers involved in governing social enterprises and delivering key services.

## Baseline

Edinburgh Social Enterprise Impact Report is a biennial audit of the local Social Enterprise community. The survey is not restricted, with respondents being self-selecting, therefore results are based on responses from organisations who self-identify as social enterprises. The survey has been conducted 3 times in 2013, 2015 and 2017.

Whilst this is a 'snapshot' of the sector noticeable trends include; continued growth in numbers of paid staff (FTE), numbers of volunteers, turnover, diversity of services and goods offered, numbers of code compliant social enterprises joining the network.

The Scottish Government undertook a national census of Social Enterprise in 2015 and 2017 which estimated a higher number of social enterprises in the city than ESE does, due to using a broader definition.

The national census is based in part on returns from organisations who identify as social enterprises and uses data gathered via secondary means.

Whilst methodologies and data sets differ, the results show some common trends such as growth in number of social enterprises created over last 2 years, increased levels of Social Enterprise income generated via trading and that Edinburgh has higher than national average of social enterprises operating internationally.

Of concern, these surveys show an increase in the negative effects of the current economic climate on Social Enterprises and reflect a fragile sector both locally and nationally with the loss of a number of Edinburgh social enterprises closing due to market forces.

## Vision & Definition

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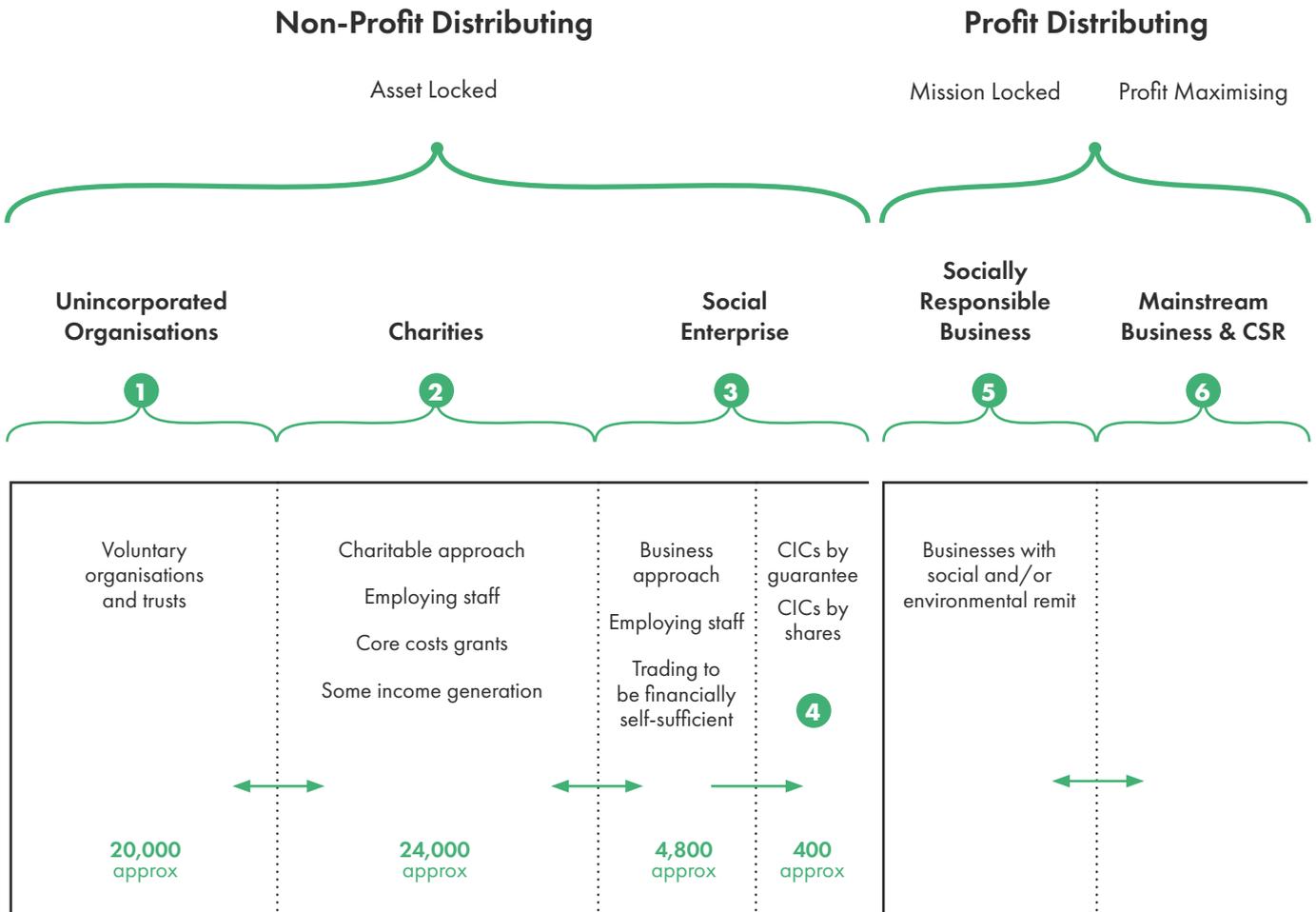


Vision

**Social Enterprises and the Social Enterprise ecosystem are key to a vibrant economy that delivers the best outcomes for the people of Edinburgh, increasing social value and improving lives.**

**Currently in Scotland there is no consistent definition and no regulation of what is and what is not a Social Enterprise. This raises a number of challenges, therefore, for the purposes of clarity and consistency, SESIG has adopted the Code, as detailed in diagram 2. Individual members of SESIG do, however, work with a wide range of business models within the social economy.**

Whilst this strategy does not aim to exclude anyone, it does look to support those organisations with structures closest to the Code and encourages Code compliance as the preferred model for ensuring both asset lock and the locking in of social and community benefits. Through this, SESIG aims to uphold the integrity of the sector, maintain public confidence in social enterprises as ethical businesses and minimise the potential for the values and principles of Social Enterprise to be compromised. SESIG believes the Code helps reduce mission drift and promotes a blend of social and economic value which maximises return for communities over profit for private investors.



**Diagram 2**  
The Voluntary Code of Practice for Social Enterprise in Scotland

- 1) 1,500 are trading in some capacity - accounting for 30% of social enterprises (SEs) in Scotland.
- 2) There are 24,000 charities in Scotland. 67% of SEs are registered charities (approx 3,400 orgs).
- 3) Other SE structures include Housing Assocs. (160); Credit Unions (107); Community Business; and Community Co-Ops
- 4) There were 407 Scottish CICs (270 CICs by Guarantee / 137 CICs by Shares). 5% & 3% respectively of Scottish SEs. Some CICs by Shares have a charity as the shareholders – others have adopted an ‘asset lock’ in their articles – whilst others are made up of private individuals. The first two models are social enterprises.
- 5) Scottish SRB numbers are unknown. They include mission-locked; B-Corps; Employee Owned Co-Ops; CICs by Shares.
- 6) CSR is mainly undertaken by large corporate structures as a way of ameliorating the social, economic & environmental impact of the business.

(Sources: SE Census 2015; SCVO; OSCR)

# Overarching objectives

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Those who support this Social Enterprise Strategy are committed to investing in and reinforcing enabling factors, such as, but not restricted to:

- Policy and research development
- Increasing and allocating resources
- Expanding networking, information sharing, and opportunities for collaboration
- Peer support, mentoring and training
- Providing specialist advice
- Promoting and sharing best practice in sectoral governance and leadership

Together they aim to achieve three discrete objectives:

1

## To grow the Social Enterprise community

To develop business opportunities, grow market share and realise the potential offered by community assets and social capital of communities by supporting:

- The creation of new social enterprises
  - Existing social enterprises to scale up or replicate
  - Social enterprises to access community assets
  - Greater opportunities for Social Enterprise from public sector spending
  - Social enterprises to form partnerships and collaborations
  - The creation of market opportunities for social enterprises
- 

2

## To increase the sustainability of the Social Enterprise community

To achieve greater competitiveness and investment through growing leadership, governance and capacity by:

- Supporting peer networking to strengthen connections between social enterprises
  - Investing in leaders and future leaders of the sector
  - Supporting and enabling good practice in governance
  - Linking social enterprises with market opportunities, social investment and start up support
  - Enabling the sector to identify and capitalise on existing expertise and knowledge from within the ecosystem
  - Encouraging investment of, e.g. time, resources, skills and knowledge in the sector from wider stakeholders
- 

3

## To substantiate how the Social Enterprise community adds value and makes a difference to social and economic outcomes by:

- Developing systematic and measurable key indicators that evidence growth and impact of the Social Enterprise community
  - Demonstrating through marketing and promotion the difference Social Enterprise can make
  - Supporting evidence-based policies that are based on robust evidence
-

## Information available tells us that:

- Support for pre-start up and start up Social Enterprise is in high demand.
- That the vast majority of social enterprises in Edinburgh are micro businesses, operating on minimal resources with extremely small margins, unstable income streams and within very insecure market conditions.
- The rate of failure of small businesses was higher in Q3 2018 than the same quarter in 2017 (KPMG, Nov 2018) reinforcing the need for greater support for small businesses than currently exists
- There is a lack of suitable, affordable workshop space for start-up and expanding social enterprises
- Grant funding opportunities are reducing whilst competition for this funding is increasing
- There is a shift from start-up grants to loan financing which excludes many small and start-up social enterprises
- Demand for services provided by social enterprises is increasing as services elsewhere diminish, i.e. public sector and other third sector providers
- Increasing numbers of young people are interested in working for or starting up an ethical business
- Most social enterprises (nationally) are led by women; the sector is leading the way in diversity and creating opportunities for inclusion.

## Barriers include:

- Cash flow, especially for organisations reliant on one large payment from a statutory body
- Limited access to small, short term loans
- Perceived high risk prevents investment in organisations that have little or no assets
- Current processes for tendering for public sector contracts are inaccessible for smaller businesses
- Increasing demand on ESE services against reducing resources
- Lack of capacity of small organisations to enable them to access support, networking, etc they require
- Lack of understanding of benefits of investing in social enterprise by potential investors
- Complex landscape of national support

Given all this information, this strategy will only make a difference through collective action. No individual organisation can own this, and success relies on collaboration. The strategy sets out high level objectives and intentions for the sector.

## Each stakeholder now needs to identify how they or their organisation change the way they do business to:

- Increase engagement with social enterprises through, for example, mentoring, in-kind support, i.e., pro-bono expertise, access to office, meeting and workshop space
- Create opportunities for social enterprises by, for example, opening up supply chains or simplifying procurement processes
- Sharing risk of start-up and growth through, for example, investment, sponsorship or seed funding
- Recognise and support transition periods (growth, risk, learning, resource, capacity)
- Develop shared values and responsibility for social and economic outcomes
- Collaborate with social enterprises through, for example, partnerships or MOUs to deliver Community Benefit Clauses or Corporate Social Responsibility outcomes
- Be a champion for Social Enterprise and encourage business partners to purchase from social enterprises
- Consider own business model

# How we will report

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Through annual/bi-annual Social Enterprise open forums, organised by SESIG, where all members of the Edinburgh Social Enterprise ecosystem can meet, exchange, report back on progress against the key objectives, review objectives and set priorities for the next period.

## Background reading

'A Social Enterprise strategy for Edinburgh 2013-18; Enabling Enterprise' can be downloaded at:  
[http://www.edinburghcompact.org.uk/wordpress/wp-content/uploads/2013/11/ESES\\_STRATEGY.pdf](http://www.edinburghcompact.org.uk/wordpress/wp-content/uploads/2013/11/ESES_STRATEGY.pdf)

Further information about ESE and a directory of social enterprises can be found at:  
<http://www.edinburghsocialenterprise.co.uk/>

The most recent information regarding the impact of Edinburgh's Social Enterprises can be found here:  
[https://www.edinburghsocialenterprise.co.uk/wp-content/uploads/2017/11/ESE\\_Impact\\_Report\\_2017.pdf](https://www.edinburghsocialenterprise.co.uk/wp-content/uploads/2017/11/ESE_Impact_Report_2017.pdf)

- i. Social Enterprise Network (SEN) <https://senscot.net/resources/senscot-briefings/local-sens-what-are-they/>
- ii. Voluntary Code of Practice for Social Enterprise in Scotland <http://www.se-code.net/>
- iii. Economic Strategy; [http://www.edinburgh.gov.uk/info/20220/economic\\_development/385/a\\_strategy\\_for\\_jobs](http://www.edinburgh.gov.uk/info/20220/economic_development/385/a_strategy_for_jobs)
- iv. Edinburgh and South East Scotland City Region Deal <http://www.acceleratinggrowth.org.uk/>
- v. Edinburgh Third Sector Interface <http://www.edinburghtsi.org.uk/>
- vi. Social Enterprise Strategy for Scotland <http://www.gov.scot/Publications/2016/12/4404>
- vii. Third Sector Strategy Group <https://www.evoc.org.uk/partnership/third-sector-strategy-group/>
- viii. Edinburgh Compact <http://www.edinburghcompact.org.uk/>
- ix. Edinburgh Volunteer Strategy <https://www.volunteeredinburgh.org.uk/find-volunteers/volunteering-strategy/>
- x. ESE Impact Report 2017 <https://www.edinburghsocialenterprise.co.uk/ese-impact-report-2017/>

## Appendix 1

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### SESIG members 2018/19



Edinburgh Social Enterprise Network is a network of social enterprise organisations and individuals, associates and supporters within the Edinburgh area. Full members of the network are also members of Edinburgh Social Enterprise Network Limited, commonly known as Edinburgh Social Enterprise (ESE). ESE is a community benefit society with charitable status and members of ESE elect a committee from the membership to govern the affairs of the organisation.

ESE employs staff to run the network, on behalf of the members. ESE is a partner in the Edinburgh Third Sector Interface and works to support, promote and represent Social Enterprise in Edinburgh and lead the SE Strategy.



The City of Edinburgh Council/Business Gateway is a key strategic partner of ESE participating in the Social Enterprise Strategy Implementation Group (SESIG) which aligns to Edinburgh Economy Strategy and the Scottish Government Social Enterprise Strategy. The City of Edinburgh Council/Business Gateway recognises that social enterprise plays a key role in creating a vibrant inclusive economy.



BG collaborates with partner agencies to support small and medium sized business to strengthen the vibrant social enterprise sector, provide sustainable employment and to supply high quality products and services, whilst delivering positive social impact.



The Link group of housing, support and regeneration social enterprises offers a wide range of services to more than 15,000 families and individuals, primarily in Scotland’s central belt and now extending throughout all 32 local authority areas.

Link comprises a parent company Link Group Ltd – and seven principle operating subsidiaries: Link Property Ltd, Link Housing Association Ltd, LinkLiving Ltd, Larkfield Housing Association Ltd, Horizon Housing Association Ltd, West Highland Housing Association Ltd and Lintel Trust.



The Social Enterprise Academy is Scotland’s leading learning and development organisation supporting social change. Our learning programmes are responsive to need and focus on leadership, enterprise, personal development and social impact measurement. We help people to develop themselves, their teams and their organisations to create sustainable businesses and have greater social impact.



University of Edinburgh Business School has been providing business education since 1919 and is an integral part of one of the world’s oldest universities. As one of the leading business schools in Europe, our international student body represents more than 88 countries.

The School offers undergraduate, postgraduate, and executive education programmes in business and management and provides a platform for research, discussion and debate on a wide range of business issues. Social innovation organisations such as social enterprises are emerging as a key focus of study within the curriculum.



Robertson is one of the largest independently owned construction, infrastructure and support services groups in the UK.

Robertson has joined the Buy Social Challenge. In this ground-breaking initiative, some of the UK’s largest businesses use their spending power to effect positive change in communities, both in the UK and abroad by committing to collectively spend £1 billion with social enterprises by 2020.



Volunteer Edinburgh’s mission is to involve more people in volunteering and active citizenship. Volunteering is a powerful tool for communities, improving personal well-being, building social capital, and for personal development. Volunteering is an integral component in many social enterprises. Volunteer Edinburgh welcomes the new Social Enterprise Strategy and its complimentary connectivity with Edinburgh’s Volunteering and Active Citizenship Strategy.



Edinburgh’s Compact Partnership brings together Edinburgh’s diverse Third sector – charities, social enterprises, local community groups and volunteers – with Public Sector partners so that collectively we can work together to tackle inequalities and build resilient communities across the city.



