

FIFE COUNCIL
ECONOMIC DEVELOPMENT
SOCIAL ENTERPRISE DEVELOPMENT
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Developing the Social Enterprise's in Fife

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Introduction

Social Enterprises (Soc Ents) make a major contribution to Fife's economy. A report commissioned by Fife Council's Economic Development team indicates that in Fife they have a combined income of £27Mn, total spending power of £26Mn and total assets of £15Mn and in total employs over 2,500 people. The most valuable element of their work is often seen as the social impact they provide. Often the Social Enterprises core remit adds value that most private sector companies are unable to provide.

However there are major issues facing the sector; it is economically fragile, rooted in small local communities and still heavily dependent on grant funding to deliver social outcomes. The current profitability ratio of enterprises is very poor, with over half of the social enterprises in Fife relying on grants to continue to operate. A priority is to improve the profitability ratio of the enterprises in Fife and change the landscape from one of asking to one of earning.

Included in the Social Enterprise statistics are the Housing Associations and their large size dominates the results of the report and give a distorted overall picture, but they are important players as their resources can be utilised to help in the formation of collaborations and partnerships and promote supply chain opportunities for the micro social enterprises.

Growing the strength of the social enterprises in Fife is a key element in achieving the three main aims of the Fife Economic Strategy (2013-2023) namely:

- ❖ Assisting the creation of a skilled workforce for the future, including tackling barriers to employability;
- ❖ Making Fife a competitive business location and;
- ❖ Increasing overall business growth with more dynamic businesses.

Fife Council's Economic Development team, in partnership with BRAG Enterprises, Business Gateway Fife and Fife Voluntary Action are working together to grow the economic and social contribution of Social Enterprises in Fife by providing a coherent package of business support at all stages of their development cycle. Recognition has to be taken that in developing the growth strategy there has to be a realistic expectation of the enterprises, their ability to grow in the short and medium term and an understanding that the number of Social Enterprises that are able and willing to grow beyond micro size is limited.

Taking into account national policy and aligning with the aims of the Fife Council Plan (2017) and Fife Economic Strategy (2013-2023), the Development plan for 2016-17 will therefore focus on creating a clear landscape of assistance in Fife in order that we assist enterprises fully to enhance their ability to provide goods or services. The partners will still deliver business support services direct to the management of the enterprises but will co-ordinate activities and information to prevent duplication of effort and wasted resources. The development plan will also include linking and introducing to Fife in a coherent way, the support the national stakeholders provide.

What are Social Enterprises?

Social Enterprise is a relatively recent term. The term recognises that if social projects are organised as sustainable businesses they can achieve financial independence from both the state and philanthropy. Social Enterprises are businesses that trade for the common good rather than the unlimited private gain of a few. They address social needs, strengthen communities, improve people's life chances, enhance culture or protect the environment.

While recognising that 'social enterprise' has no legal definition in Scotland, it is in the main defined using the criteria listed in the voluntary Code of Practice from Social Enterprise Scotland.

The criteria:-

1. A Soc Ent is a business trading in the marketplace, selling goods and services, but whose primary objective is to achieve social and/or an environmental benefit.
2. Regardless of its legal form, the constitution of a Soc Ent will include the requirement that profits are reinvested in the business or in the beneficiary community and not distributed to owners/shareholders/investors.
3. The constitution will always require that on dissolution, the assets of the Soc Ents are reinvested in another organisation with similar aims and objectives.
4. Soc Ents are different from those charities and voluntary organisations which do not aspire to financial independence through trading.
5. Soc Ents are distinct from the public sector and cannot be the subsidiary of a public body.

(Taken together Criteria 2&3 are referred to as the 'Asset lock' - the defining characteristic of a Soc Ent)

National Policy

The Community Empowerment Bill (2014) gave greater prominence and powers to local communities. It allows and enables communities to do things for and by themselves. This includes the delivery of services previously delivered by local or central Government. It is expected that Social Enterprises will use the legislation to access new markets to provide more responsive, locally focused services that will lead to better outcomes for individuals and the communities in which they live.

Empowering communities is reflected in the Christie Commission's report on the future delivery of public services to the Scottish Government, which has a key goal to nurture and encourage many new approaches to provide services locally. These approaches are already harnessing and utilising the resources and energies of a significant number of communities across Scotland.

The Christie report recognises that only by working closely with individuals and communities to understand their needs, inherent talents and their assets and resources, leads to increased self-reliance and high resilience levels.

There is cross party support at all levels of the political landscape for the sector.

Welfare reform

The UK Government's reforms bring the biggest changes to the welfare landscape since the welfare state was created. The strategic aim of the Welfare Act is "to allow people to get back into work". The full impact of the reforms has yet to be realised but it is acknowledged that the changes are already affecting the communities Social Enterprises work with.

The reforms to the welfare landscape are expected to be a catalyst for many communities to investigate forming their own Social Enterprise as the demand for services is unlikely to diminish and indeed is expected to increase at the same time as public sector budgets contract.

The personalisation of social care and the move towards self-directed support should present significant opportunities for Social Enterprises. Opportunities will be created for SocEnts, both large and small, to provide quality niche personal services in their community. SocEnts that are flexible and innovative should be well placed to deliver those services currently delivered by the State. The shift to "service commissioning" and "preventative spend" should also offer opportunities for Social Enterprises to exploit.

Fife Council Plan (2017)

The Fife Council Plan (2017) draws on the framework and the outcomes laid down in Fife's Community Plan 2020 and the Single Outcome Agreement, which strengthens Fife's future by bringing organisations together to benefit Fife's communities. Fife Council's challenge is to meet the growing needs and demands being made on services with a reduced budget.

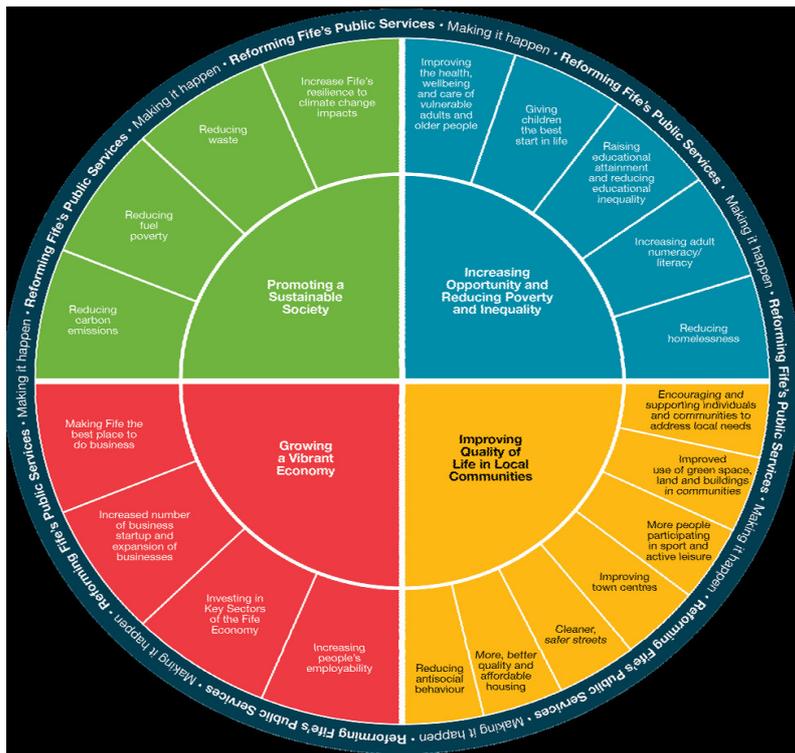
The Council has five strategic aims and has identified 20 outcomes as priorities. These outcomes are based on analysis of the needs and opportunities for Fife, the priorities within the community plan and the contribution that the council can make in delivering the ambitions of the community plan and the Single Outcome Agreement.

The Council has a policy of "Supporting Enterprising Communities" which commits the Council to:-

- Providing support and minimising bureaucratic processes for communities that wish to manage or own land or buildings or deliver services that improve the quality of life for Fife residents;
- Providing additional support to communities to build skills and capacity, or to be enterprising;
- Develop a culture within Fife Council where staff are empowered to listen to service users and communities and investigate new models of delivery;
- Undertake impact assessments and full consultation with stakeholders to look at alternative delivery models where a service is being reduced or withdrawn by Fife Council.

The enhancement and development of the Social Enterprise sector in Fife is critical to helping Fife Council achieve these aims, which are intended to significantly strengthen local communities and economies

Chart 1: Fife Council Aims and Outcomes



The Council has five strategic aims:

- Growing a vibrant economy.
- Increasing opportunities and reducing poverty and inequality.
- Improving quality of life in local communities.
- Promoting a sustainable society.
- Reforming Fife's public services.

Fife Economic Strategy 2013-2023

Growing the strength of the sector is a key element in achieving the three main aims of the Fife Economic Strategy (2013-2023) namely:

- ❖ Assisting the creation of a skilled workforce for the future, including tackling barriers to employability;
- ❖ Making Fife a competitive business location and;
- ❖ Increasing overall business growth with more dynamic businesses

The development of Social Enterprises in Fife will aid the Service to achieve its outcomes of:-

- Improving the ability of local enterprises to compete for Council contracts;
- Increasing peoples Employability;
- Increasing the number of start-ups and aid the expansion of existing businesses.
- Ensure local people have the skills to meet business demand

Issues Facing Social Enterprises in Fife

During 2014/15 Fife Council carried out a mapping survey of the Social Enterprises in Fife. This was followed up in 2015/16 with an economic survey. In addition, during 2015, the Scottish Government commissioned a national census of the sector. Fife Council's Economic Development team has held regular discussions with the Fife Social Enterprise Network (FSEN) members which highlighted a number of recurring themes.

- ❖ **Capacity:-**
 - Management capacity to grow existing Enterprises;
 - Risk adverse management boards;
 - Low levels of commercial awareness;
 - The investment readiness of organisations is low;
 - The capacity to bid for contracts from the public sector is inconsistent.

- ❖ **Finance:-**
 - An over reliance on grant funding;
 - Uncertainty caused by the range of financial products on offer;
 - Access to grant finance is reducing,
 - Fear over the integrity of new investors.

- ❖ **Business Experience:-**
 - Level of bureaucracy, due to legislation, is a barrier to volunteers (legislation including environmental, planning, business rates, H&S, HRMC, etc.);
 - Low levels of succession planning;
 - Organisations are unsure of full impact of the welfare reforms;
 - Fear that increased partnership working will increase workloads.
 - Low management capacity levels within communities to create and operate a Social Enterprise.

Development of Social Enterprises in Fife

The issues have demonstrated that a key area for future development is ensuring that the business support agencies work in tandem to provide specialist and generic business support that encourages and supports growth. The plan below sets out the key activities, and the outputs and outcomes that are the focus in 2016/17.

The objectives, outcomes and actions of the plan are built upon the discussions held with national stakeholders; Fife based business support intermediaries and the Fife Social Enterprise Network (FSEN). Fife Council's Business and Enterprise team will strive to:-

- Stimulate existing Social Enterprises to identify opportunities for growth;
- Support existing SocEnt's to become more enterprising and commercial in nature;
- Align the business support services and;
- Improve awareness of business support services available to SocEnt's;
- Improve the Management capacity;
- Provide advice and guidance to individuals and communities wishing to start up a SocEnt;
- Support the Fife Social Enterprise Network (FSEN).
- Create a co-ordinated pathway for national partners to deliver services in Fife
- Build the number of Schools engaged in social enterprise activity.