

Where can I find out more?

For general regeneration issues:

Scottish Centre for Regeneration

Festival Business Centre

150 Brand Street, Glasgow G51 1DH

Tel: 0141 419 1690

Email: scr@communitiesScotland.gsi.gov.uk

www.scr.communitiesScotland.gov.uk

For issues relating to social economy:

Social Economy Unit

Communities Scotland

Thistle House, 91 Haymarket Terrace

Edinburgh EH12 5HE

Tel: 0131 479 5261

Email: fbs@communitiesScotland.gsi.gov.uk

www.fbs.communitiesScotland.gov.uk

Scottish Enterprise National

5 Atlantic Quay, 150 Broomielaw

Glasgow G2 8LU

Tel: 0141 248 2700

Email: network.helpline@scotent.co.uk

www.scottish-enterprise.com

Highlands and Islands Enterprise

Cowan House

Inverness Retail and Business Park

INVERNESS IV2 7GF

Tel: 01463 234171

Email: hie.general@hient.co.uk

www.hie.co.uk

Scottish Council of Voluntary Organisations

Mansfield Traquair Centre

15 Mansfield Place

Edinburgh EH3 6BB

Tel: 0131 556 3882

Email: enquiries@scvo.org.uk

www.scvo.org.uk

Social Investment Scotland

Level 3, Orchard Brae House

30 Queensferry Road, Edinburgh EH4 2UZ

Tel: 0131 343 7401

www.socialinvestmentscotland.com

Scottish Social Enterprise Coalition

45 Albany Street

Edinburgh EH1 3QY

Tel: 0131 557 1516

Email: admin@ssec.org.uk

www.ssec.org.uk

Highlands and Islands Social Enterprise Zone

www.hisez.co.uk

Social Firms Scotland

www.socialfirms.org.uk

Email: sfs@socialfirms.org.uk

Tel: 0131 225 4178

Co-operation and Mutuality Scotland

www.scotland.coop

Email: cms@scotland.coop

Tel: 0131 229 4186

Employee Ownership Scotland

www.eos.coop

Email: eos@sol.co.uk

Tel: 0141 304 5465

Other sources of information

Useful lists of agencies involved in supporting the social economy are available at: www.senscot.net

European Union involvement

www.europa.eu.int/comm/enterprise/entrepreneurship/coop/index.htm

What are FAQ sheets?

These are short guides to help you improve your understanding of important issues in community regeneration. They give you a quick and easy introduction to some of the main Scottish Executive policies and explain what they mean in practice.

What is social economy?

The whole range of organisations that buy and sell goods and services or compete for contracts, but which do not primarily distribute their profits to shareholders. Their trading activities are undertaken with a clear social aim, and assets are held for the benefit of the community.

Is that the same as 'social enterprise'?

This is difficult to answer since different people use the terms 'social economy' and 'social enterprise' in different ways. Some people say that all activities that are neither in the private sector nor supported mainly by the public sector add up to a third 'social economy' sector. This would include both social enterprises that carry out trading activities and wider voluntary sector activities that are supported by fundraising or the work of volunteers.

In this FAQ we will look mainly at the work of social enterprises. These can be described as businesses which compete in the open market for contracts or sales but combine trading with social, community or environmental aims.

What kind of organisations are they?

Social enterprises can be companies set up by community groups to meet local needs and/or for

charitable purposes. Development Trusts are one form and may be set up to help communities build and use assets. Social enterprises can also be existing voluntary organisations which win contracts, often to provide care for people who need it, from young to old. Major sectors in Scotland include housing associations, community care providers and recycling businesses which are community based.

Co-operative businesses can also be included. They do share out profits, but only to their own community of members or workers. Credit unions are in a similar situation (See FAQs: Financial Inclusion).

Could you give some examples?

There are many to choose from, but these are three different types of enterprise:

- Alloa Community Enterprises, set up in 1984, provides a range of collection services for recycling throughout central Scotland.
- The Isle of Gigha Heritage Trust was established when the local community bought the island, and has set up businesses to run tourist accommodation, a quarry and a wind farm.
- Kibble Education and Care Centre in Paisley is one of Scotland's largest social enterprises. It sells education, training and residential care services for vulnerable young people to local authorities.



Do these enterprises have to be companies?

There are several possibilities. Many are companies limited by guarantee, which means that they have no shareholders. A new option designed for social enterprises, the 'Community Interest Company' has been available since 2005. Housing associations, credit unions, and others all have their own legal structures.

The general principle is that they should be controlled by voluntary members or community representatives. The decision-making power is not based on capital ownership.

Isn't this just a fringe activity?

No – it's huge. The Department of Trade and Industry estimates that there are 1,100 social enterprises in Scotland with 30,000 employees, and a turnover of around £1 billion a year. This only includes enterprises whose income comes predominantly (average 83 per cent) from their trading activities. If you include more voluntary organisations, with a different balance between trading and other activities, it gets much bigger.

Forty per cent of all Scotland's social housing for rent is now provided by housing associations or similar bodies. Over four per cent of the Scottish adult population are members of the country's 131 credit unions.

What activities are involved?

Almost anything is possible. Three major fields are:

- Provision of personal services such as childcare and services for elderly people.
- The development of areas such as remote rural communities, or disadvantaged urban neighbourhoods.
- Businesses whose main aim is to provide employment opportunities for people with a disability or other disadvantage in the labour market. These are often called 'social firms'. When they aim to help people get back into mainstream work by combining waged work experience and training in specially created temporary jobs, this is often called an 'intermediate labour market' (ILM) approach.

Growth areas include recycling and renewable energy, a wide range of social care and childcare provision, often commissioned by the public sector, and action by housing associations to do even more for their areas than provide housing.

Does it mean providing public services on the cheap?

Social enterprises have often proved capable of providing better quality services because they are closer to the people they serve. They are the source of many innovations in services. And they can give more back to their communities than just the services they provide.

Does it mean people getting subsidy to undercut private businesses?

Any public funding to social enterprises must meet the same European Union rules restricting 'state aid' that apply to grants to private business.

Will this replace traditional voluntary organisations?

The voluntary sector is certainly changing and trying to become less reliant on grants and donations. But much of the work it does could never be traded in the market place. Communities will also continue to use their own voluntary efforts and their partnerships with public bodies to find ways of meeting their needs.

What support is available?

A wide range of sources of advice, loans and sometimes grants is available. There are at least 12 significant national level organisations bringing together and supporting different parts of the sector, some of which are listed below.

There is a range of specialist local support units around Scotland. Some mainstream banks have taken a specialist interest in the sector and business gateway services should be able to give advice locally.

There is growing support in the form of 'community development finance'. This refers to loans or investment in communities or markets where other financial services are weak. Social Investment Scotland, a partnership between Scotland's four biggest banks and the voluntary and public sectors, is a major source of loans with a social purpose, directly or through regional initiatives.

What use are loans to a voluntary organisation?

They can help them to acquire premises and other assets that will then bring in new income and reduce costs. Once an organisation owns assets, it is better placed to raise private finance in future. Loans can also bridge troughs in cash flow or delays in release of grants.

What do national agencies do?

Communities Scotland's role includes supporting social economy organisations, including housing associations, so that they can provide training and job opportunities. It does this through the Futurebuilders Scotland investment programme, and also by supporting housing associations to take on a wider role beyond the provision of housing alone.

Meanwhile the Enterprise network will support the growth and sustainability of social enterprise through business development services aimed at increasing income from trading activities. And in its area, Highlands and Islands Enterprise can also help new enterprises to get started.

Is this something new?

Some of the social enterprises established over the last 20-25 years have already proved their staying power. New approaches have developed in recent years, but there was a thriving social economy back in Victorian times – co-operative societies, building societies, mutual assurance companies and others.

What plans are there for the future?

Much will depend on the ideas and efforts of individual enterprises. But Communities Scotland began a consultation on a national social enterprise strategy in June 2006. It is establishing local social economy partnerships across Scotland. A Social Economy Advisory Board has been established to advise Ministers.

