

**EXETER CITY COUNCIL**  
**SCRUTINY COMMITTEE – ECONOMY**  
**11 MARCH 2010**

**SOCIAL ENTERPRISE SUPPORT**

**1 PURPOSE OF REPORT**

- 1.1 To inform Members of an initiative of the City Council to establish appropriate support within Exeter to assist in the creation and development of social enterprises.

**2 BACKGROUND**

- 2.1 Social enterprises are businesses that principally have social objectives, with any surpluses achieved ploughed back into the business or into the community. A range of stakeholders normally own a social enterprise with trading activities providing 50% plus of their revenue.
- 2.2 According to the European Commission on Enterprise and Industry, the social economy within the EU consists of around 2 million enterprises – 10% of all European Union (EU) businesses, employing 11 million people – 6% of the working population.
- 2.3 Social enterprises operate across most sectors within the EU including banking, insurance, agriculture, craft, various commercial services, and health and social services. Most are small and medium sized enterprises (SMEs).
- 2.4 The Annual Survey of Small Businesses in the UK in 2007 estimated there were around 62,000 social enterprises with a combined turnover of £24 billion, employing some 800,000 people. A further report, 'The State of Social Enterprise Survey' (November 2009) found that "since the economic downturn began, 56% have increased their turnover from the previous year whilst less than 20% have seen it go down. This is a considerably better performance than SMEs in the UK, where only 28% increased their turnover and 43% saw it go down."
- 2.5 This 2009 survey also reported that social enterprises offered greater opportunities for women to advance in comparison to many other businesses; "26% of social enterprises could be described as 'women-led' - almost twice as many compared to small businesses (at 14%). Furthermore, 41.1% of all board members are women, compared to just 11.7% of board members in FTSE 100 companies.
- 2.6 A report published by the London Business School on social entrepreneurship (2006) suggests that the highest level of social entrepreneurial activity is amongst the youngest age group, aged 18-24, with 4.4% of the population in that age group estimated to be involved with starting up or running a social venture.
- 2.7 According to a survey carried out in 2005 by Roger Tym & Partners for RISE, a regional network for social enterprises, there are over 5,500 social enterprises in the South West. The survey concluded that amongst several outcomes, social enterprises increased productivity and competitiveness, supported social inclusion and benefited neighbourhood regeneration in deprived areas. The report also recommended that "the region needs to build on existing structures, to enhance support for social entrepreneurs."
- 2.8 As is the case nationally, local social enterprises can play an important role in an area's economy: -

- helping to diversify its employer base and thus strengthening the economy
  - reaching out to deprived communities with services and support
  - providing a source of employment and/or opportunities for voluntary work for people that may be a long way from being job ready
- 2.9 By way of example, a social enterprise called Sunlight Development Trust, Kent was established in 2003 and has created since then 30 new jobs, including the establishment of a number of complementary 'sister' social enterprises that provide training, job creation, voluntary work and support for others to create social enterprises through:
- catering and community cafes
  - digital recording studios
  - parent training courses
  - new media, marketing and design
  - training, workshops, and consultancy.
- 2.10 Local examples include, Exeter Community Initiatives (ECI). ECI is a well known social enterprise that employs around 15 people, some of which run a range of community based projects, services and facilities within Exeter, including opportunities for volunteers to assist in delivery of activity. In East Devon, COSMIC is a website design, consultancy and IT training social enterprise that offers a range of high quality I.T. services to clients and organisations across the South West and the whole of the UK. Currently they employ around 10 people.
- 2.11 In terms of support for small business, in June 2008, the City Council created Exeter Business Support (EBS) with Business Link, the University of Exeter, and Peninsula Innovations (which manages the Innovation Centre). In 2009, Exeter College's Business School and employer engagement services joined the partnership. EBS assists and supports mainstream commercial businesses to start up, grow, and survive in the city.
- 2.12 However, Exeter does not have in place a coordinated and focussed programme of business advice and support for social enterprise pre-starts, start ups and existing businesses which complements existing provision where possible and plugs the gaps that exist. Whilst there are a number of fledgling social enterprises within Exeter, they also lack a concerted city-wide effort to promote and support this potential integral part of the local economy.

### **3 SOCIAL ENTERPRISE SUPPORT**

- 3.1 EBS provides support to commercial businesses and sole traders in Exeter which addresses one aspect of the local economy. EBS does from time to time provide advice and guidance to city based social enterprises, but is unable to support them with the specialist advice on the legal structures and other characteristics particular to social enterprises.
- 3.2 In terms of social enterprise support, Business Link does provide an extensive range of limited information on line regarding starting up, runs quarterly awareness events for pre-starts and also provides limited one to one sessions for existing social enterprises at given locations and dates. However, there is no generally available support for social enterprises, other than within Plymouth and Torbay. A limited amount of telephone support is available jointly via a contract with Business Link and a social enterprise company located in Plymouth called, Co-active.
- 3.3 In addition and complementing Business Link's activities, Devon County Council has established via Co-active a county wide social enterprise business development voucher scheme, excluding Plymouth and Torbay. A total of £35,000 is available (up to £2,000 per applicant) for the eight District Local Authorities spread across the whole county. Subject to demand, the scheme runs until the end of 2010. Applicants must be existing Devon-based

social enterprises that are already trading and the maximum amount of funding is 50% of costs.

- 3.4 Within the city, organisations signpost those needing social enterprise support to the Community Enterprise Unit (CEU). Established 11 years ago, CEU is an independent social enterprise providing advice, guidance, and training to social entrepreneurs.
- 3.5 However, the CEU does not have separate financial resources that enable it to provide free advice and guidance, extended support, and workshops to new or existing social enterprises focusing on Exeter, unlike the provision delivered through EBS. Social enterprises have differing needs from commercial mainstream business needs, particularly in the areas of legal structures and governance, accessing finance and achieving sustainability.

## 4 PROPOSAL

4.1 In looking to bridge the gap in support for developing social enterprises in Exeter, Officers have discussed initiatives with the CEU. This has resulted in the following outline proposal to commission CEU for a trial 12 months basis to boost the development and growth of social enterprises in the city. This would complement and integrate with existing EBS activities as follows.

- Pre-start social enterprises
  - individuals interested in exploring the idea of establishing a social enterprise will attend an EBS pre-start workshop, which will have a specialist element provided by the CEU on social enterprise business models.
  - for those interested in pursuing the social enterprise model, the offer will be two fold; they can either attend a quarterly 'Developing a Social Enterprise' introductory workshop and/or be provided with bespoke support to develop their business model idea further prior to follow on one-to-one support
  - when required one-to-one support will be provided with follow up sessions to those committed to developing their social enterprise and needing specific support. Clients will have progress review meetings against an agreed action plan.
- Start-up social enterprises (up to 12 months trading)
  - support will be available via quarterly review meetings for start-ups and will include a target to increase their turnover by 10%.
  - clients will be offered participation in a half-day social enterprise training course which will be synchronised with Business Link workshops.
- Existing Social Enterprises
  - there is support offered via Business Link through Co-active for Social Enterprise Clinics, some of which are delivered in Exeter. The clinics are only for established social enterprises or community organisations.
  - one-to-one support will be provided in similar a way to the provision of EBS, but tailored to the need of social enterprises.

### Sector Specific Support

4.2 Important to the diversification and strengthening of Exeter's economy is provision to support the development of forecast growth sectors. Creative industries and the care

sector can often have a social enterprise bias and in this context, it is proposed that all levels of support outlined above will also be made available to support these sectors.

### Promotion

- 4.3 Promotion and marketing will complement the existing EBS brand, which through the partnership is seeking to promote the joint provision of an Exeter enterprise and business development programme. A quarterly feature on social enterprises in Exeter will be run through the local press and, marketing will also be through the CEU's database, EBS, Business Link and via such organisations as Exeter CVS and ECI. In order to extend the level of awareness of social enterprise as a real and potential option across different groups within Exeter, it is also proposed to run a 1 day course for up to 12 community workers who in their day to day activities could act as 'Ambassadors'.

### Outputs

- 4.4 The following minimum outputs/outcomes are anticipated in 12 months:
- support and advice provided to 10 new start-up social enterprises; a minimum of one paid employee per start-up will also be secured
  - support and advice provided to 10 existing social enterprises and increase their turnover by a minimum of 10%; based on an average turnover of £60,000 per social enterprise; jobs maintained or created will be monitored
  - a network of community workers established to encourage social enterprise in the more disadvantaged parts of the city
  - an evaluation report by CEU for the City Council on the social and economic return of this initiative.

## **5 FINANCIAL IMPLICATIONS**

- 5.1 The cost to the City Council of funding the proposed enhanced level of support from the CEU to promote the development of social enterprise is £25,000, which can be met from the Economy and Tourism Budget 2009/2010.
- 5.2 CEU will commit to secure an additional £10,000 from other sources to further resource their dedicated support for social enterprise in the city.

## **6 RECOMMENDED that:**

- 6.1 Members note the report.
- 6.2 Members support the release of £25,000 from the 2009/2010 Economy and Tourism Budget to fund a new initiative to promote and support social enterprises in Exeter.

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Local Government (Access to Information) Act 1985 (as amended)

**Background papers:**

None