

EXECUTIVE SUMMARY

This research was supported by the Competitiveness Development Fund. The aim was to identify the number of active social economy organisations in the Eastern Region, what areas of the region, what business sectors and in what types of structure these organisations are operating and the total size of the workforce and turnover. We also sought to establish from where they obtain business support, what issues they face regarding staff recruitment, retention and training and opportunities for future growth.

For the purposes of this research we have defined the social economy as organisations possessing some or all of the following criteria:

- They have economic and social purposes these should be clearly written in to the constitution
- They should be democratic – there should be equity of participation and accountability. Individuals or community members benefiting from the activities of the organisations may have the opportunity to exert influence through representation in their membership and board of management.
- They should be independent organisations
- Their activities should be based in and for the benefit of communities of place and/or interest
- They should trade or otherwise earn some proportion of their income although they may be in receipt of grant support from the public or charitable sector

This would exclude, for example, businesses that trade for profit as sole traders, partnerships or companies, but which have social benefits, for example private day nurseries. It would include organisations that operate as non-profit-distributing companies or co-operatives that operate for the primary benefit of the members.

Some social enterprises have been developed through registered charities as part of the traditional voluntary sector and we have attempted to identify these. Others have been established to trade under a wide range of what are beginning to be described as 'non-profit-distributing' organisations. This replaces the previously used misnomer of non-profit-making or not-for-profit. These businesses can and should make profits or surpluses, but do not distribute them to individual members. Rather the profit is used to re-invest in the organisation, to build an asset base in the community or to develop other socially beneficial work.

Social enterprises provide benefit to the communities they serve in two major ways. They create employment, often but not exclusively for people who are, for one reason or another, facing barriers to the mainstream labour market. They also provide goods and services to communities that can be socially excluded, or alternatively trade elsewhere and re-invest profits to provide services in disadvantaged areas.

The research had three phases, to compile a comprehensive database of all the identified social enterprises in the region, to carry out a postal questionnaire with all identified enterprises and to conduct telephone interviews with a sample group of respondents.

Database and response figures

- We Identified 1187 social economy organisations (1103 valid and current)
- There were 368 responses to the postal questionnaire (33.3%)
- 326 responses were valid (defined as within the social economy)
- Extrapolated to whole database this means there are 989 social economy organisations in the Eastern Region

Key Findings

- The turnover of the social economy in the region is estimated to be £3 billion per year
- Nearly 27,000 people work full time and 13,500 work part time in the social economy, plus there are nearly 1000 trainees and 26,000 volunteers
- The business sectors where most groups were active were housing, training, retail, care, the arts, gardening and horticulture, transport, agriculture, recycling, finance, catering, the environment and manufacturing
- 72% of the sample group interviewed by telephone anticipate further growth in the next 12 months
- Few social enterprises seek business advice from mainstream business agencies
- There is a low turnover rate of staff and a high investment in training and development
- Social enterprises experience skill shortages both for specific social economy skills and experience and in general areas such as ICT, particularly in the Cambridge area
- Values are very important in social enterprises and staff are often recruited because of a shared set of values and then trained to do the job
- There is a high commitment to networking and some organisations are inter-trading with other social enterprises – many groups expressed an interest in future inter trading or business cluster opportunities

Key Issues

- The social economy sector is large, rich and growing
- It is providing services and employment opportunities where gaps exist in the economy
- Social enterprises are not using mainstream business support they are seeking advice through voluntary sector agencies and local authority departments where there is often a lack of business skills – specialist agencies such as co-operative support organisations are under-resourced
- People in the sector view themselves as different from the mainstream
- There is a lack of self-identity as ‘the social economy’. People are unfamiliar with the term and this causes difficulties in promoting services towards them
- Some groups and individuals lack understanding of the legal structures under which they operate. This could mean they are acting outside their legal powers as trustees or directors
- There is a high level of entrepreneurial skills in the sector, people are innovative, flexible and able to spot new opportunities – there is some concern about over-dependence on individuals
- Social enterprises, like mainstream businesses will need to adapt to survive in 21st century

Recommendations

Based on the data collected as part of this research we would make the following recommendations for future action.

1. Promote the social economy as a sector
2. Develop practitioner and support body networks at local and regional levels - link with each other and the UK Social economy coalition
3. Specialist social enterprise support funded - linked to mainstream business support agencies but additional to it
4. Identify market opportunities for social enterprises. Through planned externalisation of public services and private sector businesses Social enterprises and other partners encouraged to identify and encouraged to identify how they can add value to contracted services by working with social enterprises.
5. develop opportunities for inter trading and forming trading clusters.

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MAPPING THE SOCIAL ECONOMY IN THE EAST OF ENGLAND

Report from The Guild

Introduction

This research was undertaken in spring 2001 and was funded by the DTI's Competitiveness Development Fund. It was commissioned by the East of England Development Agency (EEDA) in order to identify the size and scope of social economy activity in the region.

There were four phases of the research

1. **Outline scoping**
To compile a list of names and addresses of target organisations.
2. **Quantifying the sector**
To design and undertake a postal questionnaire to all those identified organisations.
3. **Identifying skills and training issues**
Conducting a series of telephone interviews with a sample group selected from the database.
4. **Analysis**
The findings from tasks two and three would be analysed and mapped.

For the purposes of this research we have identified social enterprises as possessing some or all of the following characteristics:

- They have economic and social purposes these should be clearly written in to the constitution
- They should be democratic – there should be equity of participation and accountability. Individuals or community members benefiting from the activities of the organisations may have the opportunity to exert influence through representation in their membership and board of management.
- They should be independent organisations
- Their activities should be based in and for the benefit of communities of place and/or interest
- They should trade or otherwise earn some proportion of their income although they may be in receipt of grant support from the public or charitable sector

This would exclude, for example, businesses that trade for profit as sole traders, partnerships or companies, but which have social benefits, for

example private day nurseries. It would include organisations that operate as non-profit-distributing companies or co-operatives that operate for the primary benefit of the members.

Some social enterprises have been developed through registered charities as part of the traditional voluntary sector and we have attempted to identify these. Others have been established to trade under a wide range of what are beginning to be described as 'non-profit-distributing' organisations. This replaces the previously used misnomer of non-profit-making or not-for-profit. These businesses can and should make profits or surpluses, but do not distribute them to individual members. Rather the profit is used to re-invest in the organisation, to build an asset base in the community or to develop other socially beneficial work.

Social enterprises provide benefit to the communities they serve in two major ways. They create employment, often but not exclusively for people who are, for one reason or another, facing barriers to the mainstream labour market. They also provide goods and services to communities that can be socially excluded, or alternatively trade elsewhere and re-invest profits to provide services in disadvantaged areas.

The hypothesis we were testing was that many organisations active in the social economy have traditionally been hard to identify because they do not identify themselves as such. We have therefore, aimed to identify them both in assembling the original database list of organisations and by asking questions that would help us to identify them, even if they did not identify themselves.

As described below, we created a database of 1187 organisations to which we sent the questionnaire. This was established by contacting a number of umbrella agencies and amalgamating their lists. The list of organisations that contributed names to the database is appended to this report (Appendix 1). We received:

58	Arts organisations
43	Credit Unions
169	Housing Associations
507	Social Enterprises
157	Industrial and Provident Societies
253	Miscellaneous networks

The category social enterprise covers co-operatives, social firms, voluntary and community organisations and community enterprises.

Across the region, the breakdown of the addresses reveals that of the total 1187 organisations:

114	were from Bedfordshire
216	were from Cambridgeshire
217	were from Essex

218 were from Hertfordshire
277 were from Norfolk
121 were from Suffolk
23 had addresses from out of the region.

Although we made efforts to contact equivalent organisations throughout the region, we did find that the response was better from some areas than others. This was due to a number of reasons. In some areas the contact people were not able to respond to our request within the time scale of the research project. We accept that local knowledge of the researchers assisted the response level in Norfolk. It would appear from sector lists such as for co-ops or the Humberstone Network, that there is in fact more activity going on in some areas than others and we think that this reflects our final list.

Findings from the Social Economy questionnaire

Numbers

Originally 1187 organisations were identified as likely targets for the questionnaire. Of these, 84 have been eliminated as duplicates, or where questionnaires were returned stating that the organisation had ceased to trade, or (in two cases) where the respondent had returned the questionnaire simply stating that the organisation was not in the social economy.

In some cases there are questions about whether an organisation actually has a trading activity: a few returned questionnaires stating that they were not, but we have left some of these in the total because, in our view, the balance of probability is that they have a trading activity but have not recognised it as such. In other cases there could be a debate as to whether two organisations are in fact a duplicate of the same organisation, or whether they are two separate projects or subsidiaries of the same organisation. Obviously the important issue is that turnover etc is not double-counted.

Of the remaining 1103 organisations, 368 replied to the postal questionnaire - a response rate of 33.3%.

Question 1 Defining characteristics

The questionnaire (see appendix 2) included 5 questions about 5 “characteristics” which are typical of social-economy organisations. Where an organisation has given a *negative* answer to some of these questions, there may be cause to doubt that that organisation is in fact part of the social economy. This section of the report considers those negative answers and considers how many of our respondents might thereby be excluded from the social economy.

Of the above 368 valid replies, the numbers of *negative* answers to each of the 5 questions were:

Does your organisation have economic and social purposes clearly written into its constitution?	70
Is your organisation controlled by those who benefit from its work?	180
Is your organisation independent - does it have its own local board of management committee / trustees	34
Are your organisation's activities for the benefit of communities of place and/or interest?	53
Does your organisation earn some proportion of its income through a trading activity?	78

Economic and social purposes

Our experience in the telephone interviews was that negative answers to this question were sometimes misleading. For instance, some registered charities had answered "no". It may be that, while their constitution specified social purposes, it did not mention economic ones; yet on reflection this should not

exclude an organisation which actually is trading from being considered as part of the social economy.

Some types of organisation are more problematic, notably housing associations. Some housing associations are charitable, in which case they must have adopted social purposes, but others are not, and in theory could choose to behave more like commercial landlords. Smaller Housing Associations are often clearly part of the voluntary sector and work with disadvantaged groups such as lone parents or homeless people. Larger Associations and Groups often behave more like traditional businesses but remain non-profit distributing organisations. The official title for Housing Associations is Registered Social Landlords, and, whatever their practice, many of the larger agencies take on local authorities' statutory responsibilities for housing.

Another problem area is co-ops such as farmers' co-ops, which tend to identify themselves as not having a social purpose, but would clearly fit within our definition of the social economy because of their mutual status. In addition, the co-ops themselves are often non-profit distributing even though the member businesses do trade for profit.

However, if we were to treat all registered charities, Industrial and Provident Societies, companies limited by guarantee, and organisations which do not distribute a profit, as having a social purpose, only one of our respondents (Gipping Valley Growers) would fail this test.

A further factor that may account for some confusion among respondents is that they may not be clear about the structure and constitution they are using. They may also be using their structure inappropriately.

Control by those who benefit from the organisation's work

Many more organisations answered no to this question. In this report we have not excluded organisations which did so. This criterion is one that is often cited as being critical in defining the social economy. It is one of the basic principles of common ownership that defines co-operatives and mutuals. However, in UK charity law it has traditionally not been the practice to have charities controlled by user groups and it is often seen as a conflict of interest with the probity of the charity's governance. In particular older charities are less likely to have user involvement as part of the constitution. Trading activities established by charities have tended to follow this pattern although in principle, there is no reason why they should not build in user involvement at that stage.

Independence

Some respondents appeared to be effectively subsidiaries of a local authority. In some cases it can be difficult to distinguish between an independent organisation which exists wholly to fulfil a service level agreement with a local

authority, and a subsidiary of a local authority. One important test may be whether the organisation is incorporated in its own right. On this basis our best judgement is that 6 of the above respondents were controlled by local authorities. The other respondents who answered "no" to this question were mainly projects of other, independent organisations, which would not preclude them from being counted as part of the social economy. Also, some farming co-ops answered "no" to this question. It would seem that, although these co-ops are clearly independent, some possibly omit to hold management board meetings!

We also specified that organisations should have local management. Some larger charities have local branches that are controlled by a national committee, although many now run as federations of local branches. Funders now often specify that the organisations they support should have local accountability and we have recognised that organisations need to be part of the regional economic infrastructure in order to be seen as contributing to the regional economy.

Benefit to communities of place or interest

This question appears to have been widely misunderstood. In particular, co-ops (especially agricultural ones) which exist to benefit their members, do not identify those members as a community of interest. Also, some voluntary organisations can clearly identify the group they exist to serve (e.g. people with mental health problems), but again do not identify them as a community of interest. Only one organisation was a possible negative, being an organisation whose aims were more to protect the environment rather than people.

Income from a trading activity

This was the question which removed the largest number of respondents from our list. 78 respondents answered no. Many of these were organisations which appeared from their names to have a clear trading function, such as housing associations and credit unions. Several also quoted very significant income from sales or from an "other" category which is in fact an earned income! However, in 32 cases no such assumption could easily be made. It might be that further telephone surveying would enable us to establish that some of these organisations did in fact have a trading activity.

In some cases, additional comments written on the forms suggest that some respondents view trading as a negative concept. They see themselves as being different to traditional businesses (which, in many respects they are) without also recognising where there are similarities. In particular, voluntary organisations often come from a cultural tradition of philanthropy, and resent what they see as the imposition of business culture and values. This is not the case within the social economy but clearly these respondents do not identify themselves as social enterprises

Conclusion on defining characteristics

As noted above, 1 respondent was disqualified as having no clear social purpose; 6 as not independent; 1 as not benefiting a community; and 32 as not having a trading activity. There was some overlap between these, and in all, 38 organisations failed one or more of the tests, leaving 326 valid respondents.

This figure represents 10.3% of our 368 respondents. If we assume that this is typical of the sample as a whole, we can estimate that 114 of our 1103 identified organisations might fail one or more of the criteria, leaving **989** qualifying organisations. This represents 0.28% of the region's 352,200 businesses. Since almost all of the social enterprises are SMEs they also represent 2.8% of the region's 351,595 SMEs.

Breakdown by county was as follows:

County	Number in 1103 qualifying organisations	Number in 326 valid respondents
Beds	106	21
Cambs	196	62
Essex	197	49
Herts	209	59
Norfolk	252	95
Suffolk	119	36
Other / not known	24	4
Total	1103	326

Question 2 Turnover

The following table shows the totals of the turnover figures given by respondents on the questionnaires. This was compiled after we moved some of the income quoted by some respondents as "other" to more appropriate headings including the new "subscriptions" heading.

Total Turnover	£4,745,659,261
Grants	£41,050,333
Loans	£478,294
Contracts / SLAs	£42,211,678
Sales, rents etc	£4,468,377,111
Donations	£5,428,207
Investments	£8,276,520
Subscriptions	£389,402
Other	£863,006

It will be noted that the sum of the "total turnover" quoted by respondents (£4,745,659,261) is not the same as the sum of the constituent parts (£4,567,074,551). There were over 150 individual replies where these were not the same. Some were obvious clerical errors which we therefore

corrected, but others could not so easily be dealt with. In some cases the respondent had given a total figure but no breakdown. In other cases there was a breakdown but no total, and it seemed unsafe to assume that the breakdown given accounted for the organisations' entire income. And in the majority of cases the total and the breakdown were different, sometimes by a small amount but sometimes very significantly. Sometimes this seemed to imply that there were other categories of income which the respondent had not included in the breakdown, and in other cases the respondent appeared to have misunderstood the term "turnover".

More work could be done to validate the figures. Meanwhile it seems safe to assume that either of the above totals is an understatement of the income of the respondents.

In addition, 28 of the 326 valid respondents (8.5%) gave no financial figures. Of these, 4 were not yet trading and 1 was dormant. The remaining 24 represented a cross-section of types and sizes of organisations, including the Co-op Bank. It is therefore safe to assume that the true total turnover of the respondents will be at least £5Bn, and probably much more.

Another area in which more work may be needed is that, where organisations serve a national customer base, some or even most of the income quoted may relate to activity outwith the Eastern Region. There are 23 such organisations; most are either friendly societies or farmers' coops, and may therefore employ most of their staff etc within the region, even though they are selling to wider markets. There are however exceptions, notably the CWS and possibly the Wine Society (turnover £43.5m).

The £4,745,659,261 *quoted* by the organisations as their "total turnover" can be broken down according to some broad "sectors" as follows (these sectors reflect the source from which we heard about the organisations)

Sector	Number of valid respondents	Total turnover of valid respondents
Arts	17	£12,990,103
Co-op Bank	1	0
Credit Unions	15	£372,789
CWS	1	£3,750,000,000
Housing Associations	64	£372,754,814
Regional Co-ops	4	£301,132,096
Social Enterprises / Other	224	£308,409,460
Total	326	£4,745,659,262

The figure for Credit Unions should be treated with extreme caution as these organisations in particular found it hard to give turnover figures. Some quoted their total assets while others only quoted running costs. It has become clear during the analysis of this data, that the questions inadvertently precluded credit unions from accurately representing their organisations to us. This

issue did not emerge in the pilot study even though credit unions were included.

The total income for the entire social economy sector can be extrapolated by multiplying the turnover in each sector by the ratio of respondents to all organisations in that sector, giving the following figures:

Sector	Extrapolated income
Arts	£31,884,798
Co-op Bank	£0
Credit Unions	£1,093,514
CWS	£3,750,000,000
Housing Associations	£937,711,329
Regional Co-ops	£602,264,192
Social Enterprises / Other	£976,039,132
Total	£6,298,992,966

As noted above, this figure needs to be adjusted in a number of ways

- to disregard that proportion of income which may relate to economic activity outside the region, notably in the case of CWS;
- to add the income of those organisations, notably the Co-op Bank, who have given either no financial figures, or no "total turnover" figure
- to adjust the incorrect figures given by Credit Unions
- to correct the figures given by organisations where the total they gave did not match the breakdown they gave.

Nevertheless it is clear that the turnover of the social economy organisations we have identified in the Region is in excess of £3Bn per annum. £3Bn would be equivalent to 1.6% of the £184Bn turnover of the region's businesses. It is harder to estimate what proportion of this income will come from social-economy SMEs, but it is likely to be somewhere between £1Bn - £1.3Bn. This would represent between 1.1% and 1.4% of the £90Bn turnover of all SMEs in the region.

Question 3 Staff

Many of the same caveats which we have made in relation to turnover apply equally to staff figures.

The following is the sum of the figures given by respondents:

Sector	FT staff	PT staff	Trainees	Volunteers
Arts	189	335	19	721
Co-op Bank	4,000			
Credit Unions	2	16	0	197
CWS	50,000			
Housing Associations	5,166	945	88	663
Regional Co-ops	1,053	1,644	0	1
Social Enterprises / Other	2,284	2,200	225	6,967
Total	62,694	5,140	332	8,549

The same process of extrapolation as was used for the turnover figures suggests the following for the entire social economy sector:

Sector	FT staff	PT staff	Trainees	Volunteers
Arts	464	822	47	1770
Co-op Bank	4,000			
Credit Unions	6	47		578
CWS	50,000			
Housing Associations	12,995	2,377	221	1,668
Regional Co-ops	2,106	3,288		2
Social Enterprises / Other	7,226	6,962	712	22,048
Total	76,798	13,497	980	26,066

Even adjusting for the effect of the CWS' apparently national figures, we can still assume that there are at least 30,000 full-time staff, 13,500 part-time staff, 1,000 trainees and over 26,000 volunteers working in the social economy in the Eastern Region. Excluding volunteers this represents 3.4% of the region's workforce of 2,669,000.

The figure for volunteers, in particular, would appear to be a significant underestimate. For instance, none of the LETS and Timebank schemes which replied to the questionnaire neither counted their members as volunteers nor as anything else. Yet LETS and Timebank members will be undertaking useful economic activity which forms part of the social economy.

It is important to note that the turnover figure quoted above does not include the value of unpaid labour within the social economy. Any estimate of the value of the social economy should take this unpaid work into account. For instance, if there were 30,000 volunteers each working an average of 1 day a week, their effort would add at least 15% to the activity of the sector.

The Deakin Report into the future of the voluntary sector in England¹, calculated that according to the 1991 census, 23 million people were undertaking some sort of unpaid work within some kind of structured context and that this work has a value of £25 billion. A study undertaken in Norfolk in

¹ Commission on the future of the Voluntary Sector, NCVO, 1996

1999, the 'Voldata' survey², found that within the 806 organisations that responded to their questionnaire, 31,500 volunteers were supported. This was calculated to represent just under £10 million per year.

Question 4 Company Types

Of the 326 valid respondents, the following types of company were claimed:

Company type	Number of respondents
Community enterprise	9
Company Limited by Guarantee	110
Company Limited by Shares	25
Co-op	23
Credit Union	15
Development Trust	1
Industrial and Provident Society	90
Registered Charity	144
Social Firm	7
Unincorporated association	7
Total	431

Respondents were asked to tick boxes to identify the legal status of their organisation. They could identify more than one option. The options given covered both the legal definition of the organisation (company limited by share, company limited by guarantee, industrial and provident society, registered charity or unincorporated association) and also how they operate (development trust, co-operative, community enterprise, credit union or social firm). So, for example, an organisation operating as a co-operative would be registered as a company limited by guarantee or an industrial and provident society (occasionally as a company limited by shares). A social firm or development trust might be a charity AND an I&PS or a company limited by guarantee. Some trading organisations are wholly owned subsidiaries of registered charities; others are separate companies that covenant profits back to a charity. The question was designed to elicit as much information as possible about how organisations on the social economy are constituted. Of the twenty-five organisations claiming that they were companies limited by shares, only thirteen proved to be so. Most of these are agricultural co-ops, two are wholly-owned trading wings of charities, which only have one share – that of the parent charity. The remainder are small housing associations, voluntary organisations and friendly societies. Friendly societies, as mutuals cannot be limited by shares, the two things are legally incompatible. It is likely therefore, that the respondents did not fully understand the question – as mutuals, each member has a share but it is an equal share of a pound, they will in fact be limited by guarantee as an Industrial and Provident Society. Some organisations claimed more than one type of legal status, so the above figures add up to more than 326.

² Voldata – a snapshot of Norfolk's Voluntary and Community Sector, NVS, 2000

There is some concern regarding the answers to this question compared to those of question 1, above. If answers are contradictory, then it might be that at least some of the information is wrong. While this is of concern in the context of the accuracy of this research it also indicates another potential underlying problem. If individuals do not understand the constitution of the organisation they represent, then they may be inadvertently working outside the powers given in the governing document.

Question 5 Beneficiaries

Of the 326 organisations, the following were stated to be the beneficiaries of the trading activity:

Beneficiary	Number of respondents
Employees	78
Users of the service	228
Those who pay for the service	164
Another charitable activity	31
None of these options ticked	34
Total	535

Some organisations ticked more than one of the above, so the figures add up to more than 326.

Question 6 Primary Beneficiaries

When asked which sections of society were the primary beneficiaries of their activities, many organisations ticked several of the available options, and some ticked all of them. This suggests a misunderstanding of the question, which had been intended to discover whether they were aimed at some particular section of the community rather than at the community in general. It is tempting to ignore answers to this question from organisations who ticked more than 2 or 3 or 4 of the options, but looking at the data it is not clear exactly what this cut-off point should be. Instead, the following analysis offers a "count" of 1 to each organisation, but divides that "count" by the number of options ticked.

Primary Beneficiaries	Total "count"
Members	52.1
Live / work in the area	42.4
Older people	33.1
Children	27.7
Learning disabilities	24.6
Health	19.2
Physical disabilities	19.0
Unemployed	17.6
Homeless	16.7
Black / minority ethnic	5.2
Refugees	1.8
Other	42.6
Total (= organisations who answered question. 24 of the 326 did not tick any options)	302

The categories given in this section were selected to identify the groups of people in the region most likely to be disadvantaged or socially excluded. The misunderstanding of the question by many respondents (which is typical of this type of question) coupled with the high proportion of people who ticked the category of 'other' means that no meaningful conclusions can be drawn from this table.

Question 7 Business Sector

The following lists the responses of the 326 organisations to a predefined list of business sectors. Some organisations ticked more than one.

Sector	Number of orgs
Other	78
Housing	76
Training	54
Retail	37
Care other than childcare	33
Arts	32
Gardening/Horticulture	30
Transport	27
Agriculture	25
Childcare	24
Recycling	24
Finance	24
Catering	21
Environment	21
Manufacturing	16
No options ticked	17
Total	539

Question 8 Size of area covered

The following lists responses to the size of area covered, from a predefined list of choices. Some organisations ticked more than one, in which case the larger was counted.

Size of area covered	Number of orgs
International	2
UK	21
England	3
Region	60
County	60
District	59
Town	39
Local	50
Other	5
Unspecified	27
Total	326

Question 9 Distribution of profits

The following lists responses from the 326 organisations to the question about how profits are distributed. Some organisations ticked more than one.

Means of distributing profit	Number of orgs
Invested back in organisation	259
Distributed to individual members	40
Donated to another organisation	17
No options ticked	48
Total	364

Some organisations ticked more than one option, hence the total is greater than 326.

The 40 who distributed profits to members was surprising given that only 11 of the 326 are companies limited by shares. They include

- 13 credit unions
- The CWS and 3 regional co-operative societies
- 23 “social enterprises”

Analysis of the telephone survey

In order to obtain more in depth information about the situation of social enterprises in the region, we held telephone interviews with a sample of the respondents. We interviewed representatives of fifty enterprises, selected to meet 5 criteria:

- There should be a cross section of different types of organisation (arts organisations, agricultural co-ops, etc.)
- There should be an even geographical spread of organisations throughout the region
- There should be groups from rural and urban areas
- There should be a range of organisations of different sizes
- They should all fall within our definition of social enterprises, as identified in the questionnaire returns

We pre-booked the telephone interviews, which were scheduled to last for approximately thirty minutes. We are extremely grateful to all the interviewees for making time to talk to us and for the generous support they gave to our research.

Section 1 Trading History

How long has the organisation been running?

100+ years	4
90-99	0
80-89	1
70-79	0
60-69	0
50-59	4
40-49	2
30-39	7
20-29	3
10-19	8
0-9	14

The largest number of organisations had been running for less than 10 years, but 24, nearly half the sample had been trading for between 10 and 60 years. The majority of organisations trading for over 100 years were large national bodies such as co-op societies and the Women's Institute.

Have you always traded?

Thirty-two of the organisations had always traded. In one instance the trading activity had changed and in another the trading organisation had grown out of a pre-existing charity. Others had established trading activities as a result of

changing circumstances – such as the introduction of contracts or service level agreements with local authorities under purchaser/provider frameworks.
Are the people who set up the enterprise still involved?

In 11 organisations no founder members were involved. In one case a founder member owned the premises but did not have an active role in the business. 16 organisations did still have founders involved, in some cases this covered a long period of time. A further 6 groups still had one member involved and the remainder had some founders who remain active. In one case the chief executive was from a family, who had established the trust, and in another the organisation had been set up by service users of a statutory provider, and who were still active.

We found that there is a great deal of continuity of vision and service within the social enterprises that we spoke to. This can create security and enable organisations to establish a firm footing from which to develop and grow. However, it can sometimes mean that the organisation is held back by people who have not responded to the changes to the trading environment that have affected all businesses within the last ten years.

Section 2 Business Support

We asked whether groups had received any business advice when they started trading and whether they receive any on-going advice. Organisations received start up advice from 6 main sources. Many received support from more than one agency.

- Professionals i.e. accountants, solicitors, bank manager (15 organisations). These were mostly larger groups and in some cases they have professional members on the board or employ company accountants and other professionals
- Local authorities (16 organisations). It is not clear that the support received was actually in the form of business advice. In some cases the advice came from social services departments regarding contract arrangements, in one case the local authority was the landlord
- Generic business support agencies (3 organisations). One group had used an enterprise agency, another had used Business Link (although until April 2001, Business Links did not provide start up advice) another had used CoSIRA (the predecessor of the Rural Development Commission).
- Voluntary and third sector support agencies (7 organisations). Again it is not clear as to what extend business support was provided, although respondents specifically mentioned getting help with legal structures such as charity registration
- Federations for activities/sectors (6 organisations) These were mostly national groups such as the Housing Association or the Association of British Credit Unions Limited (ABCUL). One group cited the Voluntary Hostels Group, which is a regional body

- Peers (2 organisations). One group had visited other projects when they were starting in order to get advice; another had been supported by a parent organisation in the sector.

Additionally, one group cited self help, at the dawn of the co-op movement; nine people did not know whether the organisation had received start up help as it was so long ago or they had personally not been involved at the time. Five groups had received no help at all. Two of these had brought in managers with commercial skills. This raises some concerns about the accountability of staff to a management committee if only one person has business skills. It also suggests an imbalance between the caring/service delivery aspects of the enterprise and its sustainability as a business. The same organisations were identified as providing on-going support to social enterprises.

- Professionals (27 organisations). This time the list included private consultants
- Statutory authorities (9 organisations). In seven cases this was the council but one group mentioned the Benefits Agency and another the Housing Corporation as regulators
- Generic business support agencies (7 organisations) Four groups had used TEC/Business Link
- Voluntary and third sector support agencies (9 organisations). Six groups had used voluntary sector support agencies such as councils for voluntary service or rural community councils. Three groups had used co-operative development agencies.
- Federations for activities/sectors (10 organisations)
- Peers (5 organisations)
- Self help (9 organisations). Larger organisations had paid staff who were members of professional bodies such as the Chartered Institute of Personnel Development, or have staff who are qualified professionals. In some instances, small groups claimed to have no need of external expertise because of their own experience.

In general organisations complained about the lack of affordable support available to them. Some smaller voluntary organisations tended to use support only when it was offered or through the 'beg, borrow or steal' approach. One organisation was using the internet to look for advice. The areas of support used by organisations for both start up and on-going development cover the whole range of business and management support, including:

- Management advice
- Accounts
- Legal
- Personnel
- Structure of the organisation
- Training
- Property services
- Writing a business plan

Also mentioned by individual organisations was:

- Business plan evaluation
- Marketing
- Lobbying
- Information on new legislation
- Tax
- Fundraising
- IT

Section 3 Staffing, Recruitment and Training

Recruitment and retention

We asked interviewees about the staff turnover in their organisations. The responses were very varied and in many cases, the reasons given for a particularly high or low level of turnover were not connected to the structure of the business – that is, they are common problems in the wider economy, not specific to the social economy.

In particular, organisations employing care and catering staff said that high turnover was typical for their industry. An agricultural co-op that provides part time employment in a rural community tended to recruit women with older families and had an exceptionally low staff turnover. This was thought to be because there are few other opportunities in the area and they offer the kind of work people wanted to do in their local area.

In a number of cases no staff had left during the last twelve months and this was not unusual. 17 respondents said that there was a very low staff turnover in the organisation.

“It’s very low, but we give lots of support to staff as the work is very demanding.”

“Last year we lost two staff out of a total of thirty. Some people have worked here since we started [in 1971] and we’ve only had seventy staff in total.”

“It’s quite low, I haven’t got the percentages to hand. We made 18 people redundant last year [of over 2000] but lots of staff retire after twenty-five years.”

“It’s very low, most people stay here for over fifteen years.”

On the other hand, some organisations said it was not unusual to lose 50% of the staff each year. In the light of some of the training issues discussed below, this is a cause of some concern.

We asked if organisations found it easy to recruit staff with the right skills. Again there was a mixture of responses. Some organisations found some posts more difficult to fill than others did. Some had no problems at all. Some respondents identified the reasons for difficulties as being a general reflection of the current labour market, especially those working in or near to Cambridge.

“We used to get 50 applicants for a job, now we get 5 or 6. Our wages can’t compete with the local norms in Cambridge – the average wage is £30,000 and we pay £12,000”

“No, we’re very close to Cambridge and it’s very hard to recruit – our last advert got no responses”

“No, the proximity to Cambridge, it’s difficult to recruit and retain people with hi-tech skills”

“It’s not as easy as last year because of the Cambridge job market”

Others, especially those based in the south of the region where people have easy access to jobs in London, reported problems recruiting because of full employment.

“It’s more difficult to recruit now than last year. It’s more difficult to compete with other retailers in a situation of full employment”

“We rely on volunteers as drivers, it’s easy when unemployment is high but very hard now”

Some respondents mentioned the problems of recruiting people with skills that are more specific to the social economy sector

“We have problems recruiting community development staff – there are so many government initiatives that there is a shortage of trained community development workers”

“The job is hard to define: we’re looking for teaching skills, but in the workplace not the classroom. Many people apply but haven’t understood what’s involved. This is exacerbated by low salaries, which means that people with experience of similar roles don’t apply.”

Several said that they used to recruit people who wanted to work for a good cause and now find that people will not work for lower wages for social reasons. This is a matter of concern for the sector as a whole and one that will need to be addressed.

“People used to work for ethical and ideological reasons but not any more”

“It’s harder now to find people willing to work for a good cause rather than money.”

On a more positive note, some organisations recruit staff who might face barriers entering the mainstream labour market.

“We don’t have any real problems recruiting because the terms and conditions tend to attract returners and we do aim to recruit from the local area.”

“We try to offer employment to service users”

“We recruit volunteers to do the jobs; we provide them with training and support”

We asked how long it took on average for new staff to be able to do their job well. Unsurprisingly the answers were very varied, the times being different according to the type of work done and the level of the job. There were big variations both between and within organisations. However, we were chiefly trying to ascertain what level of skill is required by a particular business and the impact of their staff turnover levels upon the organisation.

One distinction made by several organisations was that the amount of time varied according to whether a job was openly recruited or whether it was performed by a client or service user who had opted to work in the social enterprise. These organisations, usually established to create work opportunities for their clients, were able to be much more flexible about how long it took for staff to acquire skills. In one case the comment was:

“Service users usually start by just helping out and gradually do more. They go at their own pace and sometimes it’s difficult to tell when they’ve started working.”

Some organisations that recruit openly for jobs that are generally recognised to be casual or for short term employment such as bar staff. These people would be expected to be fully skilled on appointment. At the other extreme, some businesses recognised that it took over two years for staff to be performing at full capacity. In the most extreme case a business spent two years training staff to full capacity and the average length of service was also two years.

Skills needs and in-house training

We then asked whether they expected or required staff to have a set of skills on appointment or whether they expected to train up new recruits.

A small number of organisations require new recruits to come with a formal qualification, such as college graduates or NVQ level 3 in childcare. Others have a general requirement for people to have a high level of skills IT and technical skills were particularly mentioned. Some organisations said they

preferred to recruit fully trained people but often they did take on people without the required level of skill and trained them up.

However, the majority expect to provide training to new staff. The main reasons were:

- Needing to train staff in the particular systems and/or approach of the individual organisation
- Offering a route back into employment for specific groups including returners
- Providing placements for people doing college courses and then employing them at the end of the course
- Having a specific aim to train people up

Skills Gaps

We asked what particular skills the organisations needed staff to learn. There was a very wide range of skills identified and we have divided the responses into six categories:

- Management
- Job – specific
- Organisation/location – specific
- Generic job skills
- Organisational culture skills
- Life skills

The main skills listed under the heading of management were financial management including fund-raising, policy and strategy issues, equal opportunities and general management. Although some of these are generic management skills, it should be noted that many social enterprises must have a clear knowledge of public policy issues. Voluntary organisations working in the care sector are often subject to the impact of national and local government decisions. Managers must have a knowledge of how these systems work and how best to respond as an individual organisation and as a sector (see the section on networking below).

The skills listed as job specific were extremely varied and include childcare, minibus driving, horticulture, counselling, using print machinery, stock control, furniture restoration and knowledge of the benefits system.

Under the heading of organisation-specific skills, many respondents stressed the need for staff to learn the specifics of that organisation. Issues ranged from knowing the answers to the most frequently asked questions; knowing internal procedures and systems, knowing the district (for drivers), knowing what's going on in the area, knowledge of how to use particular equipment and understanding the structure and implications for the particular organisation.

Generic job skills covered areas that many organisations demand of staff and some that are statutory requirements for people doing that job. These include food hygiene, health and safety (mentioned by six respondents), manual handling of patients, first aid (mentioned by seven respondents) and use of fire extinguishers. Other generic skills included IT (mentioned by five respondents), communication and people skills, administration, security, supervisory skills and dealing with challenging behaviour.

Many of these skills reflect the fact that a large number of organisations in the social economy sector are working in one way or another with vulnerable people, either through the direct provision of services, such as health, childcare, housing, etc or indirectly by providing jobs for or services used by vulnerable or disadvantaged groups of people. This is also reflected in the category of organisational culture skills

Four respondents mentioned that it was important for staff to learn the “philosophy of the organisation”. Phrases used include:

“The community focus”

“The stuff that doesn’t come with the salary”

“How we behave”

“The quality of care we give to older people”

“It’s about seeing people as individuals”

“It’s both solving the customer’s problem and actually caring about them”

It was recognised that the different culture of working in a social enterprise can be difficult for staff to adjust to, in particular where the organisation is working in a sector that is traditionally based in the mainstream of industry. The last remark quoted above was said of an IT service organisation. An insurance organisation referred to their sales methods as:

“Being interested in the customer, understanding the customer’s real needs. We have no quotas on sales or time limits on calls which can take seven or eight minutes rather than the ninety seconds our competitors take.”

Several respondents pointed out that the most difficult quality to find when they were recruiting staff was someone who was in sympathy with the aims and values of the organisation.

The category life skills, covers skills identified by organisations providing work opportunities for particular disadvantaged groups. In the main, these were people with no work experience at all and for whom social and life skills were an important part of developing individuals. Specific skills mentioned were:

- Turning up on time
- Taking responsibility for your own work
- Being part of a group
- Making decisions
- Understanding how your work relates to the company's bottom line
- Taking tea/lunch breaks

The employees in these organisations include adults with profound learning disabilities and others for whom local authorities have a statutory responsibility. Many of them have evidently expressed an interest in having a job, rather than just attending training courses, which is why some of these enterprises have been established.

Sources of Learning

We asked how people acquired these skills:

- 12 organisations provided formal induction (24%)
- 18 organisations provided on the job training (36%)
- 10 organisations sent people on external training courses (20%)
- 6 organisations provided formal training (12%)
- one organisation provided coaching
- 2 organisations provided an appraisal process
- 2 organisations provided supervision
- one organisation built programmes round individual needs
- one organisation visited other projects

It would appear that these organisations invest a substantial amount in ensuring staff acquire the skills that they need to do the job. Although 'on the job' training can be code for 'just letting them get on with it', many respondents described in detail the support that is available for new staff.

We asked whether the businesses had a training plan. Seven organisations said they did. Additionally, six organisations had training plans that were linked to an appraisal process. Two organisations said they had but their descriptions rather negated this claim. In one case the plan wasn't written down anywhere and in the other case it largely consisted of ad hoc training attendance.

A further five organisations did not have an organisational plan but individuals had their own plans. Two organisations had a standard programme of training for all staff. Two organisations were linked in with the training plans of other agencies, in one instance a parent charity, in the other a funding organisation. Eighteen organisations did not have a plan although one was thinking about developing one.

Overall, then, 22 organisations (36%) had some kind of plan while 20 appeared not to. This compares with the finding of the East of England Regional Employer Survey 1999-2000 that 29% of all SMEs have a training plan.

We asked if organisations had a training budget. Twenty-seven (54%) said they did (more than had training plans), thirteen did not. This compares with the finding of the East of England Regional Employer Survey 1999-2000 that 29% of all SMEs have a training budget.

Among the reasons given for not having a training budget were:

“Things are too unpredictable to plan for”

“Nearly all our training is on the job”

“We have no money available, there’s no time and we can’t find any suitable courses”

“We don’t do training, it’s too expensive”

We wanted to know if groups had received any external funding support for training staff. Fifteen respondents said no, one of these said they probably could but it could take longer to investigate than the training was worth. Others had received funding from a wide range of sources, from European Social Fund capacity building to subsidised college courses (probably also ESF supported), free places on local authority courses, from funders as part of a contract (one group specifically writes in the training costs to grant applications), from voluntary sector umbrella agencies and local trusts. All of the above would only be available to social enterprises or the wider voluntary sector, and would not be available to mainstream businesses.

Other sources of training support mentioned were EEDA, a TEC, and the Chamber of Commerce. Four organisations had used Individual Learning Accounts to boost their small training budgets. The number of organisations accessing support available to mainstream businesses was minimal. This could be because they do not know about business training, they do not identify themselves as being eligible for business training or that there is sufficient support available to them as social businesses.

We asked if they knew about available funding for training even if they hadn’t used it. Many knew of sources, some weren’t sure if they met the criteria and others thought that there was too much effort involved in finding out. There was understandably some confusion about the closure of Training and Enterprise Councils and the establishment of Learning and Skills Councils, some people were aware of the change but did not know how it would affect them. One Housing Association had attempted to approach TECs and Business Links a few years ago but had been unsuccessful, which they thought was because they were a social enterprise.

We asked what training providers the organisations had used and whether the training was appropriate, i.e. that it was in an appropriate location, at the right level and in a style with which they were comfortable.

There were eight main sources of training given:

- Private trainers/professionals
- Statutory organisations
- Colleges
- Sector specific federations
- Peers
- Self-help
- Generic business support agencies
- Voluntary/3rd sector support agencies

By far the biggest sources were private trainers (12) and F.E. Colleges (11). Fourteen different sector specific federations were mentioned. Four organisations had in-house training departments and two others had members of their own staff who were qualified as trainers, clearly these would be among the larger organisations interviewed. Only six people mentioned voluntary sector support agencies, three mentioned TECs and two others used other business support agencies.

Twenty respondents said that the training they had received was satisfactory and appropriate. Comments included the following:

“We worked closely on the training brief with the private trainers we commissioned.”

“We ask staff to give feedback on the training courses they attend so that we know in future whether it’s worth sending other people.”

“The courses are well researched in advance, we don’t want to waste money or the time of staff, especially part timers.”

“The training was good because it was tailored to our needs, taking into account the co-op culture and delivered in house.”

A small number of organisations were not happy with some of the training they had received because it had been pitched at the wrong level or had been too expensive. The main complaint however, was travel. People felt training courses were too far away and this added time and cost commitments that they were unwilling to meet, but felt that they had no choice.

A critical comment was about time.

“The problem about doing any training is to release staff in a place where few staff are on duty at any one time. We need to consider supplying locums to cover generic administration tasks to cover training – and also holidays and sickness.”

We asked about skills that the organisations currently lack. Nine respondents said that there were none, although one group said they were constantly required to learn new things in order to be responsive to their trainees. Another group buys in consultants when necessary. Of the remainder, responses fell into four main categories:

- Management
- Generic job skills
- Job specific skills
- Organisational culture issues

In general needs related to changes in legislation or circumstances of changes in the industry. Technical skills were mentioned and in one case language skills for working with overseas distributors.

Several respondents made interesting general comments on the subject of acquiring skills:

"We have problems with the corporate issues like personnel, IT support, audit: we're too small to employ in-house people, but too big for it not to be a problem. It's the same for most organisations our size."

"All these professional skill areas worry me the whole time – the people who set up the organisation (from the Local Authority) didn't give enough thought to these skills."

"Small organisations need to know as much as big ones"

Section 4 Networking

We asked if the organisations undertake networking activities, the majority said that they did. A few organisations said they didn't, mostly because they do not have time but only one said they did not network at all. The networking took several forms, including attending meetings, working in partnership, attending international conferences and exhibitions and going to seminars. Respondents identified five types of network in which they participate:

- Voluntary/social economy networks
- Sector specific networks
- Links with customers, suppliers and competitors
- Statutory organisations
- Business networks

Voluntary and social economy networks include local regional and national groupings, in particular councils for voluntary service, social firms networks, ICOM and the Co-op Congress and informal networking with other organisations in the area or same sector.

Thirty-eight different networks were listed under the heading of sector specific networks. Again these were local regional and national groups, formal and informal.

Only three groups listed networks that include customers, suppliers and competitors and these were all informal in nature. Some organisations mentioned networking with statutory agencies but this largely relates to individual organisations with which they work.

Two organisations are members of business networks.

When asked about the benefits they derive from networking, one organisation said 'none'. In general however, there was a genuine belief that the mutual sector can only survive and prosper by working together. The main benefits recognised by respondents fell under the following headings:

- Knowledge, ideas and information
- Inter-trading
- Marketing
- Influencing policy

Eight respondents said that they exchange ideas, technical and organisational; the same number share information about funding opportunities. Three groups share good practice, two share problem solving and two gain a wider perspective on their work. Specific gains included, gaining more awareness about the needs of the client group, keeping on top of the latest technology, choosing the right minibus, risk management and sharing local knowledge. One person summed up their perspective on networking as:

“We couldn’t function without it”

Under the heading of inter trading, people again mentioned both formal and informal networking arrangements. These range from sharing the costs of training and other activities, mutual referrals, avoiding unnecessary competition and lending staff between two organisations to increase their flexibility to respond to peaks and troughs of work.

The benefits of joint marketing included improving the profile of the individual organisation, keeping an eye on the competition, developing trading contacts and building up goodwill with local suppliers.

Organisations networked to influence policy by means of developing their strategic awareness, getting together with other providers to maintain a united front regarding funding issues, having an input into public policy and lobbying around issues such as the Black and Minority Ethnic agenda.

We asked if organisations did any specific business networking, including joint trading activities and forming supply chains. Seventeen said that they did not. Of the remainder, seven groups undertake some form of joint purchasing, Four groups currently market their service with other organisations and a further three have considered it at some time. Other groups share training and premises with other organisations. One group mentioned working on joint projects with other organisations.

Seven organisations (14%) specifically mentioned inter trading activities – five of these examples include housing associations as one of the trading partners, the jobs include management, maintenance, gardening, cleaning and furniture restoration. One group uses other social enterprises to provide childcare and catering when they are running events; the other group described mutuals supplying insurance products to each other.

There appears to be a very strong commitment to networking in this sector. Many respondents are undertaking a great deal of networking, far more so than would be found in the mainstream business sector. People seemed willing to share ideas and recognise when, as largely small organisations, they had strength in numbers. Although there is currently very little inter trading or supply line activity going on, it would seem that the potential to do so is great. Many people, even if they are not currently engaged in this activity were well disposed to doing so. Even from the very small sample here, it would seem that there is potential for housing associations to be a catalyst in this market.

We asked if organisations trade with other social enterprises. Sixteen groups said they did not, one of them pointed out:

“In some ways we run like any small business”

Some did not trade specifically with social businesses but made other choices about their trading relationships.

“We try never to deal with shareholder companies”

“We would like to support other organisations that employ disabled people”

“We do prioritise local businesses”

“We have an ethical policy on purchasing and investing”

Twenty-two organisations of our sample (44%) are currently engaged in some kind of trading activity with other social enterprise. Seven others said they would like to or are currently considering doing so. Several mentioned that they made the decision on the basis of quality and/or cost rather than simply because the other organisation is a social enterprise. One person said that their organisation is considering using a phone co-op on the basis of quality and cost rather than social conscience – however, when pressed, admitted that he loathed the working conditions of their competitors.

One organisation offers a price discount to other social firms, understanding that the sector is often short on resources. This can however lead to the response of one organisation, where the interviewee talked about getting free goods from a multinational business and that they were always interested in free goods. Although we would not disregard the contribution that private businesses can make to small charities, in cash or in kind, this was not the relationship we were trying to identify. Most social enterprises make decisions as the providers and purchasers of goods and services and their consumer power can be channelled into the social enterprise sector, developing equal relationships with suppliers and the opportunities to develop supply lines and business clusters.

Section 5 Future plans

Thirty-six out of fifty respondents (72%) said that they anticipated that their organisation would grow in the next twelve months. This compares with 54.4% of SMEs surveyed in the EEES) Two said they had recently undergone rapid growth and now needed to consolidate. One said they were more likely to change direction and specialise. One respondent said their organisation would probably not grow next year and only four said that no they would not. Finally we asked if the organisations had a current business plan. Twenty-eight (60%) said they did and a further two said they had a plan but it was quite old. One group had a three-year strategic plan, one group is currently developing a plan and one has what was described as a 'flexible' business plan with 'no bottom line.' This compares with 51% of all SMEs in the region. In the cases where groups did not have a business plan it was mostly because they had made a decision not to write one as they felt that so many events were outside their control, or they develop budgets every year and work to those instead of writing a plan. Only six organisations said they do not have a business plan.

Implications of the findings – summary

The immediate and headline findings from this research show that the social economy is much larger, richer, more powerful and more active than most people would previously assumed. For the first time we have been able to quantify the social economy and demonstrate impressive rates of turnover, staffing levels and trading activity.

However, behind the headlines we have also begun to identify other issues relating to values, practices, markets and opportunities that are more specific to the social economy.

People working in the social economy clearly see what they do as being different from the mainstream business sector. They base their working practices on a value system and benefiting a community of some sort – whether that is the workforce, a local neighbourhood or a particular group of people.

This was summed up by one respondent:

“Man does not live by bread alone – in many communities business is not just about money, if we assume it is, we can't recognise their values”

Many wanted to extend opportunities beyond their immediate community of interest, to suppliers for example, especially in developing countries, or for the local environment.

As such, they do not use services provided for traditional small businesses and in some cases were quite negative about their experiences with some of

the support agencies. They are more likely to seek help from voluntary sector agencies and local authorities, where the culture and the value systems are more sympathetic to their work – they may even see themselves as voluntary organisations first and foremost. This can lead to problems as in many cases those agencies will not be able to supply the business advice the social enterprises need. It's possible that some are getting assistance from local authority economic development officers, but this was not specifically stated by any respondent. The more common experience was that local authority help was coming from social services departments or community development staff, where it is not usual to find business expertise.

The agencies that can support social enterprises, CDAs and some consultancies were mentioned, are massively under resourced in terms of providing any kind of universal access. Cambridge CDA, mentioned by several respondents as providing useful advice is only open one day per week and only able to support businesses in the Cambridge district. One clear issue to emerge from the questionnaire was the lack of self-identity as the social enterprise sector. Groups in the main saw themselves as charities, arts organisations, community development practitioners or as an extension of public service provision. There was very little shared identification with others as an identified independent, sustainable sector that brings social benefits and has considerable economic impact. The organisations that identified most strongly with this sector were some of the larger, long-standing mutuals such as the co-op society and agricultural co-ops.

However, there was a strong commitment to networking and a willingness to explore other practical ways of working together through trading and creating supply lines and clusters. This might be one of the ways in which greater self-identification can be developed in future.

There are some grounds for concern about some smaller worker co-ops, in that many were established within a certain culture, in which people were prepared to work for low wages for a good cause. There would appear to be a need to adapt to the current climate or risk the long-term future of the business. Some have already come to this conclusion and are reviewing wage structures and recruitment policies.

Clearly there are many individuals with highly developed entrepreneurial skills working in the social economy. The overall sense of optimism about future growth and development of a wide range of innovative solutions to social need, create an extremely positive impression of the sector. There is concern in some cases that without appropriate business support, this growth is not sustainable in the long term and that it is dependent on the drive of an individual rather than being embedded in the culture of the organisation. We remain concerned about the lack of understanding as to the legal structures of the organisations that was displayed at some points in this survey.

We must also point out that although we were extremely encouraged by the number of social enterprises identified by this survey, we are necessarily

looking at a self-selecting group of successful organisations – those that exist. We must ask ourselves how many good ideas never got started because people couldn't find the right support or ran for a year or so and then went broke.

There are many, many examples of inspiring social enterprises working in this region, but many of them are struggling unnecessarily. With the right support in place, not least from one another, sharing ideas and opportunities, social enterprises can grow and continue to provide a sustainable future for many in our region.

Recommendations

Based on the data collected as part of this research we would make the following recommendations for future action.

1. That actions be taken to promote the social economy as a sector, initially to practitioners who do not self-identify as being part of it. That the findings of this research be used as a tool to promote to public and private sector organisations, the significant size and impact of the social economy.
2. That appropriate bodies should develop practitioner and support body networks at local and regional levels and that these link with each other and the UK Social economy coalition
3. That specialist social enterprise support is funded, consistently and universally across the region. This should be linked to mainstream business support agencies but additional to it, recognising the particular needs of social enterprises.
4. That initiatives are supported to identify market opportunities for social enterprises. In particular through the planned externalisation of public services. Also that private sector businesses are encouraged to identify how they can add value to contracted services by working with social enterprises.
5. That social enterprises and other partners are encouraged to identify and develop opportunities for inter trading and forming trading clusters.

Nicky Stevenson
Tully Wakeman
7.01

Organisations that supplied information for the database

Age Concern Norfolk
Basildon, Billericay and Wickford Council for Voluntary Services
Bedfordshire County Council
British Trust for Conservation Volunteers
Cambridge Co-operative Development Agency
Cambridgeshire County Council
Chelmsford Council for Voluntary Services
Colchester District Council
Database information sources
East Cambridgeshire District Council
East of England Arts
Eastern Region Social Firms Network
Essex Rural Community Council
Greater Peterborough CCTE
Hertfordshire County Council
Hertfordshire Probation Service
Housing Corporation Eastern Regional Office
Huntingdonshire District Council
Industrial Common Ownership Movement
Ipswich and Suffolk Council for Racial Equality
National Housing Federation
Norfolk County Council, Social Services
North Herts Council for Voluntary Services
North Herts District Council
Norwich – a Learning City SRB
Norwich and Norfolk Voluntary Services
Registry of Friendly Societies
South Bedfordshire District Council
The Humberstone Network
Thurrock Council
Thurrock Council for Voluntary Services
Voluntary Action Luton
Watford Council for Voluntary Services
Watford Council for Voluntary Services
Waveney District Council
Welwym Volunteer Bureau
Welwyn and Hatfield Council for Voluntary Services
Wilson, Lee & Partners

Social Economy Questionnaire

Name of organisation:		
Name of contact person:		
Address:		
Telephone:		
Email:		
Does your organisation have economic and social purposes <i>clearly written into its constitution</i> ?	Yes / No	
Is your organisation controlled by those who benefit from its work?	Yes / No	
Is your organisation independent – does it have its own local management committee/trustees?	Yes / No	
Are your organisation's activities for the benefit of communities of place and/or interest?	Yes / No	
Does your organisation earn some proportion of its income through a trading activity ? (eg rents, sale, or contracted goods and services)	Yes / No	
Which of these Sectors best defines your trading activity ? (You may tick more than one category)	Agriculture Arts Catering Childcare Other Care Environment Finance (eg credit unions) Gardening/Horticulture	Housing Manufacture Recycling Retail Training Transport Other (please state) _____
How many Full-Time staff does the trading activity employ?		
How many Part-Time staff?		
How many people on short-term work placements?		
How many volunteers?		
What is the legal status of your organisation (you may tick more than one)	Company limited by guarantee Company limited by shares Industrial & Provident Society Registered Charity Unincorporated Association	Development Trust Co-operative Community Enterprise Credit Union Social Firm
Does your constitution make you accountable to a member group?	Yes / No	
If yes, is it	Staff Community	Client group Other (state) _____

What was your organisation's turnover in your last full-year accounting period?		£
Please break down the above into your income from:		
• Grants (from government, charitable foundations, ESF etc)		£
• Loans		£
• Contracts / Service Level Agreements		£
• Sales of goods and/or services		£
• Donations from the public and/or companies		£
• Investments		£
• Other (please state) _____		£
Who are the beneficiaries of your trading activity ? (you may tick more than one)	Employees or people gaining work experience The people who use the service The people who pay for the service Another charitable activity	
What size of geographical area does your trading activity serve?	A local community / neighbourhood A town or city A District (including unitary authorities) A County A Region The UK Other	
Please name the community / town / county / etc served		
Are the primary beneficiaries of your trading activity :	Children/young people Older people Unemployed people Homeless people Refugees and asylum seekers Members People who live/work in the area	People with a physical disability People with a learning disability People with health problems, including mental health Black/minority ethnic communities Other (please state) _____
If you make a profit/surplus – how is it distributed?	Invested back in the organisation Distributed to individual members Donated/covenanted to another organisation	

Are you a member of any networks, associations, umbrella groups etc? If so, please list them.	
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Thank you for your help. Please return this form to:

The Guild, Burlington Buildings, 11, Orford Place, Norwich, NR1 3RU