




# Transitions

An introduction for public sector staff, showing how making the transition to social enterprise could transform your public service

Written by Matt Jarratt





Social Enterprise London (SEL) is the leading social enterprise support and development organisation in the capital. It runs a network of over 2,100 social enterprises and social entrepreneurs, and delivers a world leading programme of training, advice and guidance.

SEL is also a policy and lobbying organisation, and has developed cutting edge thinking on impact measurement and reporting, social enterprise business planning and the social enterprise delivery of public services.

For more information on the work of Social Enterprise London visit [www.sel.org.uk](http://www.sel.org.uk)



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# Foreword

## Derek Myers

Chief Executive, Royal Borough of Kensington and Chelsea  
and former Chair, Capital Ambition”

The way our public services are governed is changing. In July 2010, London Councils, the Mayor of London and the London Assembly sent a joint letter to the Secretary of State for Communities and Local Government, detailing joint proposals for the devolution of key public decision making functions to London. Their view is that the decentralisation of public service design and delivery is not only necessary but crucial, and social enterprise has a fundamental role to play in facilitating that process. As the Chief Executive of a local authority, I'm in full agreement.

This introduction, written for public sector workers by Social Enterprise London was inspired by Capital Ambition and supported by London Councils. It provides timely information on how establishing a social enterprise works. It is intended to communicate how positive a process social enterprise development can be, whilst addressing some of the challenges and uncertainties associated with it.

London is home to some of the most outstanding local authorities and public services in the world; and we believe that the strategic use of social enterprise is an important contribution to making their design and delivery even better. This introduction explains why, and I urge you to read it.

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# Foreword

**Allison Ogden-Newton**

Chief Executive, Social Enterprise London

The UK benefits from world beating public services. Going into public service is a very deliberate choice for many dedicated service delivers, which has led to excellence being commonplace. That being the case, where does social enterprise fit in?

I speak to people every day who work in the public sector but want to take control and do things differently. Many can see the potential for their service to extend beyond their current contractual boundaries, and some see that with a free hand they could make the service even better. Social enterprise offers a means to achieve this.

Through social enterprise, public service workers can take control of service design and delivery and create organisations which deliver real, long lasting solutions for the people who need them most. This guide will introduce you to what you might achieve if you decide to become one of them.

I believe that the time is right for a new generation of public service social entrepreneurs who will remove the barriers between the state and the 'service user'; and enable communities including teachers, doctors and refuse collectors to get back in the driving seat.

I am very grateful to London Councils for enabling us to create this guide, and to the many outstanding social entrepreneurs and public servants who have contributed to its development and are the embodiment of what it promotes. I hope it empowers you and your colleagues to consider what you might achieve, together, through social enterprise. My hope is you read it and think, 'this could be us'.



Could your department, school or service do better with you in charge? Are you up for working in partnership with your local authority, colleagues and community to create a new organisation that meets the needs of your users in creative and exciting ways? Do you want to be your own boss? This document shows you how it can be done.

## Introduction

The government has committed to put more power into people's hands by: "giving public sector workers a new right to form employee-owned co-operatives and bid to take over the services they deliver. This will empower millions of public sector workers to become their own boss and help them to deliver better services."

Building the Big Society  
(May 2010)

This booklet shows you how to make it happen. It is written for you, the staff of London's local authorities and schools. It gives you the tools you need to make the most exciting and rewarding decision of your career, taking direct control of your service by establishing a social enterprise. You take charge of the design and delivery of your public service, involving your community and working in partnership with your local authority to create a service that really works for the people you serve.

This booklet explains what social enterprise is and introduces the information you need to decide whether it might be right for you.



It also addresses some of the barriers and challenges that might hinder you in establishing a social enterprise, guides you through the process of establishing your business and outlines some of the steps you might expect your current employer to take to support you.

## How to use this guide

Transitions should be used as an introductory handbook; your 'go to' for information and resources on establishing a social enterprise.

Colour coded for ease of access, the sections take you right through

the set up process. At the end of each page there are boxes providing links to further information and resources, and at the end of the guide is a comprehensive resource and information guide.



Establishing a social enterprise out of the public sector is often depicted as a confrontational process, where workers 'reject' public control in favour of a social enterprise model. In reality that is far from the case: successful social enterprises are almost always established in partnership and cooperation with public bodies, and this document outlines why a positive, mutually beneficial establishment process is so important.

Social enterprise isn't right for everyone. But the evidence of

over 62,000 successful social enterprises in the UK demonstrates that the values of fairness, community investment, local control and a social or environmental mission can make for more efficient services, better user experiences and happier staff.

This introduction will help you get there.

### More information

For more on the Big Society visit The Cabinet Office, 2010: Building the Big Society: <http://tinyurl.com/34cnv xv>



Social enterprises are businesses. However instead of making money for private shareholders they make profits in order to address social or environmental need. Because they exist for public benefit, social enterprises are often well placed to deliver public services.

## Social enterprise: what's it all about?

Establishing a social enterprise offers you the chance to innovate, developing dynamic new ways of delivering services and of working with colleagues, residents and businesses to provide a better service. You will be subject to less bureaucracy and control, and will be able to make the decisions yourself about how you want your service to look.

Social enterprises are businesses created to tackle social or environmental need. Unlike typical businesses, which sell products or services for purely financial gain, social enterprises make profits that are reinvested into the organisation in order to deepen its social impact or that are distributed outside the organisation to meet social or environmental aims.

The term social enterprise includes several different legal and organisational forms, including co-operatives, credit unions, leisure trusts, mutuals, community interest companies (CICs), development trusts and Social Firms. More information on the different types of social enterprise structure is in the glossary section of this document.

The key thing to remember is that social enterprise is a concept, not an entity – you don't register as a 'social enterprise', instead you take whichever formal legal structure is best suited to you delivering your social enterprise aims.

**Tip: Social enterprise is a concept, not an entity; you register as a business and/ or charity in order to become a social enterprise.**

Social enterprises can (and do) operate in any area of the economy, but this guide focuses specifically on those that deliver public services for local authorities, including schools. They can be established by anyone, but more often than not are created by local community groups, existing charities, entrepreneurial individuals or public sector employees who wish to take direct control of their service, turning it into a new business in order to deliver back to the public sector.

Successful employee-led initiatives retain their profits, ensuring that every

pound made produces a return that benefits the local area and the people who live there. Social enterprises typically operate to a triple bottom line – people, profit and planet.

### More information

For more information on the meaning of social enterprise, visit [Social Enterprise London's website](http://tinyurl.com/32h9tcg): <http://tinyurl.com/32h9tcg>

The Cabinet Office, 2010: [Building the Big Society](http://tinyurl.com/34cnvxx): <http://tinyurl.com/34cnvxx>



As part of its strategy for creating the Big Society, the coalition Government has committed to supporting the creation and expansion of “mutuals, co-operatives, charities and social enterprises, and support these groups to have much greater involvement in the running of public services”. It has also committed to “giving public sector workers a new right to form employee-owned co-operatives and bid to take over the services they deliver”. The argument the Government puts forward is that “this will empower millions of public sector workers to become their own boss and help them to deliver better services.” (Building the Big Society)

The Government is particularly focused on developing social enterprise within schools. In the coalition document outlining the Government’s policy agenda it says “the state should help parents, community groups and others come together to improve the education system by starting new schools.”

It can be tempting in light of these sudden advances to regard social enterprise as recent and radical. This is a myth. While the impact social enterprises create is certainly radical and the movement in its current form is new, in terms of structure, they are well founded. There are over 62,000 social enterprises in the UK alone and the movement has a heritage going back well over 100 years, to the beginnings of the co-operative and self-help movements.

Social enterprises with a significant history include the trailblazing Bromley by Bow Centre, which was set up by Reverend (now Lord) Andrew Mawson,

25 years ago when he inherited a moribund parish in a forgotten quarter of the East End dominated by the bulk of the Blackwall Tunnel Northern Approach.

Now it's an international beacon of the social enterprise movement, with its café, GP surgery and healthy living centre employing over 100 people and used by 2,000 people each week. Its services are tailored to the needs of the whole community – families, young people, vulnerable adults and elders.

There is more to come in East London as social enterprises play a key part in maximising the regenerative potential of the London Olympic and Paralympic Games.

### More information

For more on the Government's plans for social enterprise schools, see Cabinet Office (2010) *The Coalition: our programme for government*.

<http://tinyurl.com/34pdco7>

For more on the Bromley by Bow Centre visit [www.bbbc.org.uk](http://www.bbbc.org.uk) or e-mail [connect@bbbc.org.uk](mailto:connect@bbbc.org.uk)

For more on Living Well visit [www.livingwelluk.com](http://www.livingwelluk.com) or e-mail [admin@livingwelluk.com](mailto:admin@livingwelluk.com)

For more on the 2012 Olympic and Paralympic Games visit: [www.london2012.com](http://www.london2012.com)

An example of a social enterprise delivering a service formerly run within the public sector is Living Well, which provides support and guidance for people living with HIV and AIDS. Until

recently it was a successful service run by Hammersmith and Fulham Primary Care Trust (PCT). However, the ambition, innovation and creativity within the organisation to develop into new service areas was stifled by financial barriers, chiefly by not being able to carry financial surpluses into the following year.

Following a period of research, staff came upon the idea of forming a community interest company and 'spinning out' the service from PCT control. James Miller, who has led the process and will manage the new social enterprise, is enormously excited at the potential of what can now be achieved. "We are already looking to deliver contracts beyond our PCT, putting in bids for corporate sponsorship and making links with large national charities. Running our own organisation really gives us the freedom to innovate, it's enormously exciting." Miller is keen to emphasise that Living Well has developed in close partnership with the PCT, adding weight to the view that successful social enterprise developments rely on good communication between the public body and the people establishing the new organisation.

Then there is Hackney Community Transport (HCT), which employs nearly 500 staff across London and Yorkshire. HCT provides essential bus services plus training and jobs for hundreds of long-term unemployed people. More than one million passenger journeys each year – that's nearly 30,000 every day – are provided by HCT.

The business operates on key commuter routes and school runs

and has a franchise to provide transport for workers on the 2012 Olympic construction site. Its impressive performance has enabled it to win work from some of the giants of UK transport; take for example its achievements for the London Borough of Waltham Forest. The contract stipulates that 88% of HCT's school bus services must be on time; in fact it delivers 99% on time. In business terms, it has grown by about 25% per year for the past eight years and turnover is expected to top £20m this financial year, with profits of around £1m.

In 2007 the then Government established, within the Department of Health, a Social Enterprise Unit to encourage doctors, nurses and managers to set up social enterprises that can deliver innovative, high quality care.

Landmark policy documents such as *Our Health, Our Care, Our Say* and former Health Minister Lord Ara Darzi's influential NHS Next Stage Review from 2008 pushed the message that social enterprise could unlock new ways of working, injecting a new urgency and responsiveness into the NHS.

Lord Darzi, a working NHS surgeon, said social enterprise could give employees the freedom to deliver responsive services and explore new ways of partnership working to deliver better care and better value.

His review raised the commitment to introduce a staff "right to request" to set up social enterprises to deliver services. PCTs are obliged to consider such requests and, if approved, support their development.

There is already a powerful movement

of parents, teachers, community groups, charities and social enterprises that are prepared to take direct control of schools, developing them in ways that are tailored to the needs of their locality.

The coalition government is promising more opportunity to let innovation flourish both within and beyond the Department of Health. While not all public services should be run as social enterprises and, by its definition, the term right to request means that public agencies are not obliged to say yes, the achievements and innovation displayed by social enterprises delivering public services are hard to ignore.

Visionary individuals and a collective desire to effect real social or environmental change all play a part in driving social enterprise. At a time when public services are under pressure to reform, taking the opportunity to develop a new organisation that embodies these attributes could very well provide the answer for your service or department.

### More information

For Hackney Community Transport) visit [www.hctgroup.org](http://www.hctgroup.org) or e-mail [info@hctgroup.org](mailto:info@hctgroup.org)

Read Lord Darzi's report at Department of Health (2007) *Our health, our care, our say*. <http://tinyurl.com/32pylkg>

For more on the right to request visit Department of Health (2008) *Social Enterprise – Making a difference: a guide to the right to request*. <http://tinyurl.com/39n3kl9>

## Why establishing a social enterprise to run a public service is a good idea

### Why social enterprise works for the public sector

Working for a local authority traditionally provides good job security and employee benefits. Given that it is notoriously hard work to establish a successful new business, why is starting a social enterprise a good idea?

Here are six great reasons why establishing a social enterprise could be the best professional decision you ever make:

#### Control

It is a common complaint by those delivering public services that despite the fact that they are at the frontline of delivery, they feel powerless, unable to respond and stifled by bureaucratic and centrally created barriers.

In response, it is often argued that those best placed to plan a public service are those who spend their careers delivering them – the people on the front line. Establishing a social enterprise offers you the platform to be able to make this aspiration a reality.

By establishing your own social enterprise, you will have greater control of your destiny and greater freedom to speed up the introduction of new

thinking around service design and delivery.

For example, if you are a social worker and you recognise that worklessness among parents is a significant root cause in the issues you face, then if you are running a social enterprise there is nothing to stop you establishing or partnering with an existing employment and training scheme to tackle the problem head on. The point is that you can be flexible, tailoring your service to meet the biggest needs as you see them and spending your surplus on the areas of greatest need.

#### The ability to set your own terms and conditions

As a social enterprise, you will have the opportunity to set your own terms and conditions and those of your staff.

Furthermore, if your social enterprise adopts a democratic governance structure (for example, if it becomes an employee-owned co-operative), then your staff will be able to control how they would like their terms and conditions to be structured.

This could include the establishment of a performance-related bonus system, for example, a 'John Lewis style' structure where staff are paid an equal dividend of annual profits, or a typical community co-operative structure where service users are able to buy shares in the organisation and any dividend is distributed to them.

**Tip: The issue of terms and conditions, as well as the broader principle of opening public services up to competitive tendering, has caused concern amongst several of the major trade unions. You may be a member yourself, and it is likely that if you are working with colleagues to establish your social enterprise then one or more of them will be. It is worth talking to your trade union representative about your plans early, to gather their advice and to discuss the process you are undertaking.**

### The ability to win contracts beyond the public sector and beyond borough boundaries

Borough boundaries exist to reflect patterns of communities and to facilitate effective local government and administration. People do not, of course, live all their lives, form relationships, work or take their leisure time within one given local authority area. By running a social enterprise, you will have the freedom to design your service to meet the needs of your service users, regardless of which borough your activities take place in.

Delivering contracts for more than one local authority can also enable

you to run a more efficient service. For example, an HR or IT department running services as a social enterprise across several local authorities could bring significant savings in terms of economies of scale in purchasing and big dividends in cutting out wasteful duplication of back-office services. The opportunities don't stop there. You can form partnerships with the private sector or compete for private contracts, generating more cash to support your local economy.

With increased diversity in the source and purpose of contracts, comes the capacity to deliver more than one type of public benefit. For example an organisation which runs IT services as its core business might win a contract to employ and train apprentices. The flexibility to deliver in more than one core area is often increased under a social enterprise model.

It is also true that the greater the number of public or private organisations you hold contracts with, the less vulnerable your organisation is to the risk of any one of those contracts not being renewed.

The likelihood is that local authorities are going to be very open to this type of approach. *Transforming London's Public Services*, published by Government Office for London (2010) cites several examples of joined up procurement and cross borough working which have resulted in significant spending efficiencies. For example the five Olympic Host Boroughs (Hackney, Newham, Greenwich, Tower Hamlets and Waltham Forest) jointly publish residents' newsletters, resulting in savings of over £125,000 per annum in Hackney alone. Similarly Ealing,

Haringey, Barking and Dagenham, Lambeth and Tower Hamlets joined together to create one customer call centre, resulting in a saving of over £200,000 per annum. Furthermore, all existing staff were transferred to the new service, with no redundancies being made. Social enterprises have the freedom to innovate, design and develop services that cross boundaries so that the focus is on the people who use the service.

### Taking a proactive response to budget cuts.

Faced with the aftermath of the most severe recession in recent memory and the need to cut the national deficit, within the first two weeks of taking office the Coalition Government ordered £6 billion efficiency savings across the public sector, over £1 billion of which came directly from local government. Analysis by London Councils shows that London's local and regional government lost at least £355 million in 2010 as a result of budget cuts, with local authorities alone losing at least £169 million, on top of having achieved 4% of efficiency savings year on year.

The social enterprise model allows staff and communities to take a proactive response to cuts, maintaining employment and removing often expensive layers of bureaucracy.

#### More information

The John Lewis Partnership:  
[www.johnlewispartnership.co.uk](http://www.johnlewispartnership.co.uk)

For details on Department for Communities and Local Government's calculations on efficiency savings

see the *Value for money update (2009)* <http://tinyurl.com/35n4wto>

Details of the Coalition Government's plans for efficiency savings can be found at HM Treasury (2010) <http://tinyurl.com/33h7n9q>

More information on London Councils' analysis of London's local and regional government budget cuts visit: <http://tinyurl.com/36jf2at>

To read *Transforming London's Public Services* (Government Office for London, 2010), visit: <http://tinyurl.com/2ud7z4w>

To read a useful series of guides TPP Law to specific types of social enterprise within the public sector visit: <http://tinyurl.com/363dotk>

In the face of these changes, local authorities are increasingly looking for new ways to allocate sparse resources, focussing on the need to achieve the deepest and most positive impact and rewarding proven delivery. Running a social enterprise, you will be well placed to succeed in a culture that emphasises reward for delivery. The type of delivery highly valued by commissioners might include jobs created, numbers of people no longer claiming benefits, targets around employing people from groups that typically face barriers to participation and environmental outcomes including levels of recycling and energy use.

Social enterprises are structured to deliver outstanding returns in all these key areas, so in an era of reduced public spending, they are well placed to succeed.

## The opportunity to involve service users in the design and delivery of your service

Many local authorities are outstanding at consulting with and encouraging the participation of other members of the community in planning and delivering services. But if you decide to establish a social enterprise then you will be able to do even more; involving members of the community in the governance or even ownership of the organisation.

This might include engaging residents and customers as board members, leading and advising the organisation. Or if you adopt a co-operative structure, then it might involve enabling members of the community to buy shares in the organisation, giving them a democratic vote in the direction the organisation takes. The alchemy of social enterprise is that it is community-led; it can be enormously powerful to involve community members, parents, patients and residents in the control of the organisation.

## The opportunity to be part of an exciting, fast growing business movement

Social enterprise is the most exciting and fastest growing business movement in the UK; there are already over 62,000 of them and the number is growing constantly. Public enthusiasm for businesses that meet a triple bottom line of people, planet and profit is growing – the market for ethical products and services is bigger than ever before. Coupled with a heightened awareness of what can be achieved when communities work

in partnership and an acknowledged need to reform the way public services are delivered, it is clear that the time for social enterprise has arrived.

If you establish a social enterprise, then you will be joining a uniquely active network of some of the most inspiring and inspired business people around. Organisations like Social Enterprise London, the Social Enterprise Coalition, the School for Social Entrepreneurs and many others are here to support you.

It's exciting and well worth exploring.

## Interview

GLL Managing Director  
Mark Sesnan

One of the most successful social enterprises in the UK is Greenwich Leisure Ltd (GLL), which runs 70 leisure centres within the M25 in partnership with 13 London boroughs.

GLL was ahead of its time. In 1993 Greenwich Council faced severe rate capping and proposed an additional 30% cut in the funding of leisure centres, which would have led to the closure of two or three leisure centres and a 28% loss of permanent staff.

A review instigated by Councillor Bob Harris recommended a not-for-profit organisation to manage the Council's leisure facilities with continued influence rather than control from the council.

A Society for the Benefit of the Community, registered under the Industrial & Provident Societies (IPS) Act, was recommended and adopted.

The existing seven leisure centres were transferred to the new GLL in July 1993. Its establishment led to one of the first charitable social enterprises operating anywhere in the UK.

The new organisation quickly proved to be a great success in Greenwich. Instead of cuts, new jobs were created and new services delivered in the existing centres. In addition three new facilities have been built since 1993 – two leisure centres and a health and fitness centre.

GLL's Managing Director Mark Sesnan thinks that creating a successor to right to request, applicable to local authorities, would open up novel ways to generate revenue. "Why not have a planning department offering services to other local authorities and so generating economies of scale. You could also offer planning services to residents as well?"

He does concede that extending the right to request may present "challenges all round", not least with trade unions, some of which have voiced strident opposition to the role of social enterprise within public services as part of its Health B4Profit campaign. Sesnan's response is clear: "social enterprise is certainly not an attack on the unions" and he stresses that GLL is "unionised throughout".

He would like to see trade unionists taking the lead in setting up social enterprises within their own local authority, arguing that "this is an excellent way of keeping the private sector out, and ensuring cash stays within the local community."

Working across 16 local authorities,

Sesnan says GLL offers economies of scale and excellent opportunities to save money by cutting duplication of back-office functions such as payroll and purchasing. "But we also bring experience of working with other partners such as health or crime reduction which we can replicate across all the boroughs we work in rather than the borough having to find its own way."

His message to politicians? "Open your eyes to the opportunities that social enterprise offers. They are accountable, retain the public sector ethos and mean that any financial benefits are retained by the community."

**More information**  
on GLL - [www.gll.org](http://www.gll.org)



## Interview

### Bromley by Bow Centre CEO- Rob Trimble

Bromley by Bow Centre (BBBC) is a social enterprise which has developed a model to regenerate its local area in Tower Hamlets and, more widely, East London. The Centre works with 2,000 families each week, supporting local people to learn new skills, improve their health and wellbeing, find employment and take steps to achieve their goals and transform their lives. Its integrated and enterprising approach regularly attracts the attention of government ministers who are keen to see its novel community development model in action.

BBBC has grown from small beginnings and now has 145 staff, a turnover of £5 million and features a children's centre, a GP practice, legal advice, family support, adult learning, vocational training, creative arts studios and employment services. It even provides an undergraduate degree in social enterprise in association with the University of East London.

The community, half of whom are of Bangladeshi origin, faces problems not uncommon in the UK's more deprived areas: chronic illness and chronic underachievement in education. Chief Executive Rob Trimble says the goal is to remove the label 'deprived' from the community.

BBBC wants to revolutionise the way public services are delivered. The BBBC view is that instead of delivering in 'boxes', services should be delivered holistically.

Funding is from four main sources:

- Income generation from assets
- commissioned public contracts
- charitable donations, including support from corporate partners, trusts and foundations
- three internal social enterprises that generate in excess of £1 million turnover.

In addition, BBBC has incubated another 26 external social enterprises that trade across Tower Hamlets as independent businesses.

The internal social enterprises are crucial to the strategy of BBBC by providing unrestricted income that can be used to pay the core costs and provide flexible funds to encourage innovation and risk-taking. Trimble feels that the principles of the BBBC model are replicable and that there are organisations across the country that could apply a similar way of working in their community. However, crucially he feels that the model needs to be contextualised but that the core principles around grassroots delivery and social entrepreneurship are highly transferable.

**More information on Bromley by Bow Centre:** [www.bbbc.org.uk](http://www.bbbc.org.uk)  
or e-mail [connect@bbbc.org.uk](mailto:connect@bbbc.org.uk)

The skills you need to get started and where you can go to find them



## Establishing a social enterprise: it could be you

“But I am not some sort of Dragon’s Den style entrepreneur, I work in social services.” That was just the sort of view Dai Powell had when he cleaned and drove buses for Hackney Community Transport (HCT), a voluntary organisation that provided minibuses for community groups in east London. Now he is the Chief Executive of HCT, a social enterprise that has over 500 staff, a £20 million turnover and provides over one million passenger journeys a year across London and parts of Yorkshire.

Social entrepreneurs come from all walks of life. Many of the most successful did not start out as business people, but came to social enterprise with an idea or with a wish to change things for the better.

For example, Colin Crooks felt compelled to do something about the 500,000 tonnes of discarded furniture being sent to landfill every year in the UK. He founded Green-Works, which takes office furniture before it goes to landfill, employs physically and socially disadvantaged people under fair working conditions to refurbish the furniture and then sells it at affordable

rates to charities, schools and nurseries.

Green-Works provides employment for nearly 200 long-term unemployed, homeless and disadvantaged people. It also sends furniture to developing countries, directly supporting social and economic development in some of the most disadvantaged places in the world. As a social enterprise, it is able to do this in ways that would be impossible for a public body.

So what does it take to run a successful social enterprise like those described above? We’ve identified five personal attributes, which the most successful social entrepreneurs often have.

### Vision

A person about to start a successful business almost always has a strong, clear vision for how he or she would like the organisation to look and the positive social and/or environmental impact that it would have. It’s what keeps you focused, it’s what forms the basis of your eventual business plan and it’s what gives you the words to persuade

your colleagues that your idea is a good one.

Establishing your vision can be as simple as taking the time to sit down, close your eyes and think through how, in an ideal world, you would like your service or organisation to look.

### More information

The Business Link guide to developing your vision: [tinyurl.com/2wxgrud](http://tinyurl.com/2wxgrud)

For more information on Green-Works visit [www.green-works.co.uk](http://www.green-works.co.uk)

For more on HCT visit [www.hctgroup.org](http://www.hctgroup.org)

## Energy

Establishing a new business is hard work and requires physical, mental and emotional energy. You don't necessarily have to work all hours of the day and night, but you will need to be dogged to keep going against what may be a strong headwind of administration, initial scepticism from colleagues and the users of your service and often difficult challenges in terms of establishing finance, funding, premises, building a team and bringing your vision to reality.

## Entrepreneurial spirit

One of the greatest strengths of a social enterprise is the flexibility and lightness the organisation has compared to a public department, which usually exists as part of a larger and often more bureaucratic body.

Leadership in this environment presents both opportunities and challenges. Looking out for opportunities, recognising the commercial potential within the organisation and constantly looking for new and more innovative ways in which to achieve a deeper and longer lasting social or environmental impact are the characteristics of entrepreneurial behaviour.

Showing entrepreneurial spirit in relation to your organisation is about having the drive to put your ideas into action. Entrepreneurial spirit and energy often go hand in hand – it's a restless desire to see your organisation achieve more.

**More information on what it takes to be a social entrepreneur from the School for Social Entrepreneurs:** <http://tinyurl.com/caowca>

## Business sense

It's an obvious point, but managing a business, trading on the market and competing for contracts is a very different process to managing a public department and requires a different leadership mindset. It's not necessarily harder or easier; but it does require specific skills.



As with running a public department, establishing a successful business requires you to have (or have access to) strong budgeting and accounting skills and the ability to manage complex workloads, delivery targets and potentially a sizeable workforce. But as a business leader you will be responsible for reporting to your trustees or directors as well as to commissioners within the local authority. You will carry direct responsibility for budget allocation within the organisation, financial management and accounting, human resources, marketing, project management – pretty much everything the organisation does. It's a great freedom in comparison to being part of a larger organisation, but creates challenges.

In order to make the most of the opportunities and freedom attached to being a business leader, that elusive quality of 'business sense' is an invaluable attribute.

## Focus

While the parameters of a public department are typically predefined, a social enterprise has no limits in terms of what it can deliver. If you are working in an area of real need, then it can be tempting to try and do 'everything' – what can start out as a wonderful sense of freedom can quickly lead you to become overwhelmed at the enormity of the task you have set yourself.

To manage this, the most successful social entrepreneurs have a clear focus on what they can deliver and an equally clear perspective on what they can't.

This is linked to 'business sense' and requires a firm grasp on the resources of the organisation. In retaining focus, it's also important to have a good and up-to-date business plan, which gives you the platform to plan exciting new developments in a managed and sustainable way.

Perspective and focus is important in channelling energy and ambition.

If some of the skills and attributes listed above feel quite alien to you then don't worry, many of the best social entrepreneurs did not start out as business people, but came to social enterprise as a way of addressing need.

Aspiring social enterprise leaders can get access to a number of world-class training programmes run through organisations including the School for Social Entrepreneurs and Social Enterprise London.

As well as undertaking training, you can look at hiring or partnering with experienced business people. This can be particularly effective when, for example a group of specialists in a particular field such as occupational therapy or IT form a social enterprise, but have insufficient business experience. In this instance hiring an experienced business person(s) to run the commercial side of the organisation can be invaluable, so freeing up the delivery team to focus on what they do best.

It is also possible to outsource to or





### More information

The School for Social Entrepreneurs:  
[www.sse.org.uk](http://www.sse.org.uk)

Social Enterprise London:  
[www.sel.org.uk](http://www.sel.org.uk)

Once you've established whether you have the skills and attributes to run a social enterprise (or whether you are willing to develop them), there are several fundamental questions that you should consider before taking your plans any further:

### Will my new social enterprise be commissioned?

It is worth bearing in mind that the process described here is relatively new, so few agreed protocols have yet been established. Also, because the commissioning process in each local authority is different, it is not possible to offer definitive guidance on how the process will work in every borough. However the precedent set through the Department of Health's right to request indicates that as a local authority employee establishing a social enterprise in order to deliver a service currently provided by the council, the commissioning process should not be open to competition. Ideally the contract with the local authority should be guaranteed for at least three years, however as previously stated, each case will differ and no protocols have yet been established.

Social enterprises which successfully establish out of previously public sector departments almost always work

form commercial partnerships with existing third-sector organisations. This can add capacity and improve your efficiency around core business areas, for example, HR, finance and accounting and IT.

Also, although you are establishing an organisation which will sit outside the local authority, you will remain in partnership with the public body, and the set up process should be conducted in partnership with current colleagues who will remain with the local authority. This includes directors and political leaders. If the process is to work well then you won't be simply cut adrift.

Finally it is worth noting that social enterprise tends to be an inclusive, collegiate movement. Through an active range of networks and professional groups, fellow social entrepreneurs are often very willing to offer informal advice or mentoring.

closely in partnership with the public agency through the establishment process, prior to the formal submission of the bid to run the service. If there are problems with any element of your organisation that would prevent you being successful in the bidding process, then these should be worked out at the earliest possible stage, saving the possibility of wasted time.

However it is worth noting that although the main contract with your local authority might not be competitive, under EU procurement regulations, any subsequent contract following your initial contract and any contract you bid for outside your local authority is likely to be open to competitive tender. To give your organisation the best chance of being recommissioned following your first contract, it is important to spend time during the first three years reviewing your efficiency, measuring your quality and making sure you provide best value.

The Compact, established in 1998, is an agreement between Government and the voluntary and community sector in England that sets out shared principles, commitments and guidelines for how both parties should work together. It was revised in December 2009 to include specific recommendations for commissioners when working with social enterprises and voluntary and community organisations. There are also individual Compacts in many

of London's boroughs, outlining working relationships between individual local authorities and the social enterprise, voluntary and community sector within that region.

**More information on the Compact:**  
[www.thecompact.org.uk](http://www.thecompact.org.uk)

### Who should you speak to in order to get started?

The step-by-step guide in 'Next steps: how to get started' takes you through the full process, but as a starting point you should speak to your colleagues and your local authority. Right the way through the process these will be your two key stakeholder groups and the people you should keep in close touch with during the development of your organisation.

However it is also crucial to speak with the people who will benefit from the service you provide.



Their view on whether establishing a social enterprise is a positive step, and if so how the organisation should look is an important step, and you should keep them heavily involved throughout the process.

It is also worth speaking to independent organisations that have some expertise either in the area in which you work (for example, your professional body), in social enterprise more generally (for example Social Enterprise London, UnLtd or the Social Enterprise Coalition), or that have specific legal expertise relating to the type of organisation you are looking to establish. Finally, if you or any of the colleagues who will be affected are members of a trade union then it is worth speaking with your trade union representative to gather their advice and guidance.

## How will your terms and conditions of employment be affected?

One of the most important initial issues to understand, both for you and your colleagues, is the impact establishing a social enterprise will have on your terms and conditions of employment.

You will need to speak to your own solicitor and local authority in order to establish how it will work for you, but there are several possibilities, which might include:

- You leave the employment of the local authority when the social enterprise is established. This gives you the right to set your own terms and conditions.

All staff transferred from the local authority to your social enterprise are protected by the Transfer

of Undertakings (Protection of Employment) Regulations 2006 (TUPE). This will protect your current terms and conditions and ensure that any subsequent changes are beneficial from the employees' perspective.

### More information

On Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) visit: <http://tinyurl.com/n4zemz>

## Will your pension be affected?

Again, you will need to engage your own independent financial advisor, as the establishment of every new organisation is different, but there are several possibilities, which might include the following:

- You establish a new company pension scheme (following independent financial advice).
- If your organisation is established to deliver services for your local authority, then your local authority should allow any staff transferred to the social enterprise under TUPE to remain within its existing pension scheme.

The area of the public sector within which the majority of social enterprises have been established is the NHS, under the right to request policy. It is possible that the template established by right to request will be replicated by your local authority, so it's worth noting that under right to request, when existing staff transfer to a social enterprise, providing that they continue work to their NHS contract, their pension rights are retained. However, the social enterprise

must make its own commercial indemnity arrangements for injury benefits, premature retirement and redundancy. Any new staff recruited to the social enterprise will come in on a new transferable pension scheme.

Please note that here we are only describing what has happened in previous instances, and in order to establish how it will work for you, you should seek independent financial advice and speak to your local authority.

### More information

Department of Health (2009) *A guide to the right to request*. This guide provides a useful overview of pension outcomes for staff who leave public sector employment to establish a social enterprise:

<http://tinyurl.com/39n3kl9>

## What support can you look for?

It is challenging to establish a social enterprise, but although you will need to work hard, there are a number of support services available that will make the process more straightforward.

If your local authority is committed to supporting you in developing a social enterprise then it should ideally establish an internal support infrastructure that will work with you to take forward your plans. An outline of how this might look is included in 'Next steps: how to get started', although it is worth noting that local authorities are under no obligation in this regard, and every council will approach the process differently.

Maintaining a positive, mutually beneficial relationship with your local authority is vital in seeing this process through. It will only work if establishing a social enterprise is beneficial both for you, the people who use your service and your local authority.

Ideally your council should also work in partnership with the existing social enterprise support infrastructure, signposting you to the range of professional and personal support available to social enterprise leaders and employees. You are of course able to access statutory social enterprise support directly, through organisations including Business Link, Social Enterprise London and other support organisations.

### More information

**Business Link in London:**  
[www.businesslink.gov.uk](http://www.businesslink.gov.uk)

**Social Enterprise London:**  
[www.sel.org.uk](http://www.sel.org.uk)



## Interview

### Dai Powell HCT

HCT Group employs nearly 590 staff across London and Yorkshire providing essential bus services plus training and jobs for hundreds of long-term unemployed people. More than one million passenger journeys each year – that’s nearly 30,000 every day – are provided by HCT.

It provides jobs and training for local people and works to regenerate the areas in which it operates. It even runs a harm reduction bus for London drug-users, allowing them to dispose of needles safely and get advice while doing so. HCT Group earns its money from commercial contracts, including eight London red bus routes. It then reinvests profits back into the community, providing community-based transport services and training.

HCTs buses operate on key commuter routes and school runs, and it also has a franchise to provide transport to the 2012 Games construction site. Its impressive performance has enabled it to win work from some of the giants of UK transport. In business terms, it has grown by about 25% a year for the past eight years reaching a turnover of £23.3m in 2009/10 with profits of around £800k.

It has come a long way from its roots as the original Hackney Community Transport – a much humbler but no less vital organisation that provided bus transport for local community groups in northeast London nearly 30 years ago – a service it still provides to this day.

Its Chief Executive is Dai Powell, a Welshman who tried his hand at

steelmaking, mining and fishing, before coming to HCT as a volunteer bus driver 20 years ago. He even cleaned the buses.

HCT is in the process of securing a £5 million ‘social loan’ to extend the business. The money is coming from a basket of conventional and social enterprise backers including Bridges Ventures, the social investment business chaired by Sir Ronald Cohen, the venture capitalist. In a telling remark about the range of finance available to social enterprise leaders, he says the company “didn’t use any of the existing structures for investment”. It’s a feature of social enterprise models that finance can be established from different channels, offering the potential for real flexibility.

Despite its success in training and employing some of the most disadvantaged people in society, HCT has come into conflict with trade unions over pay. Powell feels that unions and social enterprise companies must come to a greater mutual understanding and develop a common vocabulary of wider social aims. “We live in a multi-stakeholder environment in social enterprise. Our business model is based on the needs of a broad range of stakeholders. This includes staff, but also people who use the services and our communities. It is based on an ideal of social justice for all, and not on a philosophy of conflict between the owners of a business and its workforce.”

**More information on HCT**  
visit [www.hctgroup.org](http://www.hctgroup.org) or e-mail  
[info@hctgroup.org](mailto:info@hctgroup.org)

How to set out your vision, engage stakeholders, decide who's in control, business planning, getting the contract and getting started, as well as what you should look for in terms of support from your local authority

## Next steps: how to get started

The establishment of every social enterprise is different, but outlined below are seven fundamental steps you will need to go through to get started.

### Outline your vision

What will your new organisation achieve? What benefits will establishing a social enterprise bring to your service and your staff? This stage can be as simple as taking a blank sheet of paper and letting the creative juices flow – use all your professional experience to come up with the perfect service. The following six stages will hone your ideas into a workable business, but in the first instance it is really important to work out how you would, in an ideal world, like your organisation to look.

### Engage your stakeholders

It is not worth taking your idea any further until you have established that the key people involved share your vision. The key steps in this process are as follows:

- Speak to the colleagues you work with who would be affected by the possible establishment of your social enterprise: how do they feel about the idea in principle? How would they like the organisation to look? It is also worth starting to think at this stage about how your relationship with them might work under a social enterprise structure.



- Once you have sounded out your colleagues, speak to your local authority, outlining your vision for a social enterprise. It is crucial to do this early; if it's a non-starter, then you need to know as soon as possible so as not to waste time. However, it is also important for the local authority to know in order to undertake any necessary research and development work relating to its processes and systems, and to start initial stages of consultation internally. It almost goes without saying, but local authorities are complex, multi-layered organisations, so don't underestimate the time it will take them to help you put your ideas into action.

**Tip:** In engaging your local authority, aim to get as much senior level support as possible. As with any organisation, if the people at the top are behind an initiative, then it is far more likely to happen.

- If you would like to engage business partners or to seek training, then now is a good time to make initial contacts and to begin your research.
- Finally, and very importantly, you should consult the people who use your service – how would they feel about working with you as a social enterprise; how would your new structure make the service better for them; and how can you involve them in the governance or management of the organisation?

## Stakeholders

A process as complex as establishing a social enterprise out of a public organisation directly affects a large number of people, and it is important to consider and plan your engagement with all of them. To summarise, they include:

- **'You':** Throughout this introduction we refer to 'you' as an individual person. This is for clarity of presentation and because you are likely to be reading this on your own, but in reality 'you' are likely to be a group of colleagues, perhaps on different levels of seniority and with different roles and responsibilities. How you engage with each other is very important.
- **Your local authority:** This introduction makes a distinction between 'you' and 'your local authority', again for clarity of presentation, but in reality of course you are an employee of your local authority. Therefore you need to recognise that you are engaging with colleagues throughout the planning of your social enterprise, and won't join an external organisation until the very end of the process.
- **The beneficiaries of your service:** Ultimately they are the people who should be at the forefront of the decision making process, as it is the final impact on them which will play a large part in determining whether the process goes ahead.
- **Professional bodies and trade unions:** the transfer of employment and outsourcing of public services is historically a controversial issue, and it is important to recognise the experience and insight your

professional body and/ or trade union will have on the process. Early discussion and consultation is undoubtedly a good thing in this regard.

**The media:** Depending on the nature of the service you deliver, the media is likely to take an interest in the process, and it is worth engaging with your local authority press office to consider your approach to press enquiries. These are the main stakeholder groups you should consider, but there may be others: the important issue to consider is the clarity of your communication and consultation.

### Decide who's in control

If by this stage it's looking as though your colleagues and your local authority are positive about the possibility of establishing a social enterprise, then now is the time to establish your governance structure. It is impossible to agree a business plan and to go through any of the later stages of development until you know who has the final say on how your organisation is run.

As well as agreeing the leadership and management of the organisation, you'll need to agree the legal structure, the way the organisation is governed, how you include the views of the community you serve and how you manage your relationship with the local authority.

It is important to remember that although the transfer of control is an important principle in establishing a social enterprise, you will continue to work in partnership with your local authority, and where the process works

well it is usually friendly and positive. Building good ongoing relationships with your local authority does not undermine the process of transferring control, and in fact strengthens it.

Where you are uncertain about any aspect of your plans, read *Keeping it legal*, Bates, Wells and Braithwaite's excellent guide to social enterprise legal structures.

#### More information

Bates, Wells and Braithwaite (2006) *Keeping it legal* is a full guide to the legal structures available to social enterprises. Download a copy here: <http://tinyurl.com/3x9fxn6>

### Get the business plan in place

This is possibly the most crucial stage of developing your organisation. It is where you'll get into the detail of whether your social enterprise will work. It is where you turn your vision into reality.

The process of writing a business plan is on one level very straightforward – you simply decide how you want your business to look, what you want it to do and plan out how you will get there. But in reality, and particularly in the case of transferring a service out of a local authority, the process is likely to be time consuming and technical. It will involve working through what resources are required, how staff will be transferred from the local authority to the social enterprise, how your trading practice will work, what its finances will look

like, how you will administer the company and how you will find and use your premises.

It's worth spending time on business planning at this stage, as although it is complicated and technical, it's far more difficult to make big changes later on. Your business plan will also be what you use to negotiate with banks, other funding organisations and your local authority.

If you have never written a business plan before then don't worry, there are plenty of people and organisations around who can help. These include your local Business Link, Social Enterprise London and, depending on which company structure you opt for, the relevant development agency, for example Co-operatives London, the Development Trusts Association or Social Firms UK. Your local authority should also be involved in the process.

#### **More information**

Business Link (2010) has produced an excellent Business planning tool for writing a social enterprise business plan. Access it here: <http://tinyurl.com/2vgd7sn>

### **Get the numbers right**

As part of the business planning process, you need to work out whether the numbers add up. The likelihood is that you will need to engage a financial manager or an accountant to undertake this process with you, and it is worth obtaining independent financial advice.

Establishing whether your business is financially viable is a complicated process, but in essence you need to keep at the forefront of your mind the need for the contracts you deliver to make the organisation enough money for you to meet all your organisational costs. You also need to be confident that the revenue is going to be sufficient to enable you to deliver your service to the highest possible standard, to meet your social and/or environmental objectives and to meet your organisational goals.

Often, public sector departments are used to delivering a service to an agreed budget; this is very different to running a business, where the organisation calculates a price based on the market and on making a surplus over and above recovering all its costs. Setting price is a key process in developing a successful social enterprise.

At this stage it is particularly important to speak to your local authority to establish, even informally, that the cost of delivering the service is going to be met by the value of your main contract.

You are also likely to need cash to fund the initial costs of setting up. If you are not going to be provided with enough funding from your local authority to start up your business, then there are plenty of other finance options for social enterprises. However, it is important to understand that while private finance (including bank loans) can be accessed to start up your business, they cannot be used to cover the running costs of the organisation. In order to be sustainable, your running costs need to be met through the revenues you generate.

**More information**

Business Link (2010) has produced *Funding and finance, a useful guide to financial planning for social enterprises*. Access it here: <http://tinyurl.com/34bqynk>

## Negotiate with your local authority

So you've had your idea, you know that the local authority is happy in principle for you to take it forward and you've got your colleagues on board. You've established who's in charge, developed your business plan and got your finance together – now you enter formal negotiations with your local authority.

It is worth bearing in mind that the first and most important commercial relationship you have will be with your local authority, which has the power to decide whether your social enterprise idea will be taken forward in the way you intend. It is also important to recognise that at this stage you are still a local authority employee: negotiations are in effect taking place internally, rather than between two separate organisations – in essence you are speaking with colleagues. You should approach discussions in a manner in which, if the transfer to social enterprise doesn't go through, you can continue to work within the local authority without conflict.

The local authority will also be responsible for monitoring the contract, ensuring that you deliver on your obligations. Therefore it is important to negotiate frankly – if there are any problems then it is much better to work them through now rather than once the

contract has been awarded and you are busy delivering.

At this stage you will need to negotiate the price of the service, the contract and the transfer of any staff and buildings. In negotiating the contract, it is important to obtain independent legal advice. You will need to demonstrate to your local authority that your business is well led, financially sound and that it will deliver to an outstanding quality.

## Get cracking

Now the exciting bit – once you have the contract and are confident that the business works, you get started.

By this point, you will know how your business should work, but remember, the first year of trading will be the time when you really find out whether the business stands up to the rigours of frontline delivery. If you encounter difficulties then don't panic, every business has them. You need to concentrate on making sure your business plan is flexible enough to accommodate change and address any difficulties or tensions early in order to prevent them becoming major problems.

It's crucial that you maintain strong relationships with your local authority, staff, community and service users. What is just as important is that you use the support available through your local authority and the relevant social enterprise support agencies.

Of course running a business creates daily problems and challenges and running your social enterprise will sometimes feel like a thankless task, we don't underestimate this. But if you maintain a strong support network and remain focussed on your vision then you will be well placed to succeed.

It takes two to tango. Setting up a social enterprise out of a local authority requires the local authority to show you some support. Here's what they might do to help.

## Support from your local authority

The process outlined here is exciting and could represent the most important and positive professional decision you will ever make. But it will only work if your local authority is firmly onside and acts as an enabler rather than a barrier to the development of your plans. That is not to say that it shouldn't carefully scrutinise or challenge your plans, but in principle the local authority should do what it can to help you move forward.

Every local authority is different and they will all have different ways of supporting you, but here are six actions that you could look for from them to facilitate your development:

### Create the structures for change

Your local authority needs to set up the internal systems that will enable you to establish a social enterprise.

Many of the most successful social enterprises have a significant level of leadership from within their community. In this regard it is important for local authorities to establish systems that enable not only public sector workers

but also local community groups (including charities, parent/ teacher groups and businesses) to become directly involved in the process.

If your local authority doesn't create the systems and processes for you to establish your social enterprise, it will be impossible for you to move forward. However because this is a new process you should prepare for the eventuality that you may be the first. If this is the case then good ongoing communication is vital in achieving success.

### Establish a social enterprise leader within the borough

Your local authority could identify and appoint a social enterprise ambassador. It might be a local social entrepreneur, who would work with the local authority as the public face of the movement, championing its cause, plugging it at every opportunity, getting good social enterprise news in the local media and working to make the public more aware of the good things your social enterprise is doing. As an experienced social entrepreneur, the ambassador could



also work with you in developing your business, supporting you in negotiations with your local authority, colleagues and stakeholders.

Ambassadors can also be a great way for the local authority to inspire new aspiring social entrepreneurs.

### **Establish a senior executive or member within the local authority as a social enterprise champion**

In tandem with the ambassador, each local authority could appoint a senior decision maker, either a local authority executive or an elected member of the council as an internal social enterprise champion. He or she would have responsibility for ensuring that the potential of social enterprise is maximised throughout the local authority.

Champions would act as an advocate and mentor for staff and ensure that key guidelines such as the Compact are upheld, enabling social enterprises within the borough to fulfil their potential.

In achieving success, it is very important to have central executive or political support: the higher the level of support for your social enterprise, the more likely you are to succeed.

### **Establish a comprehensive borough-wide social enterprise strategy**

Many local authorities have developed a strategy setting out how it best wants to harness social enterprise to deliver its aims. This strategy would be extremely useful for you, so you can see how your organisation will fit into the overall plans of the borough.

The aim of the strategy (which should be publicly available) would be to agree how best to maximise social enterprise involvement across the borough, identify principles of engagement and map how to support the sector to grow. The point is to enable you to see and engage with the strategic vision for the borough from the local authority's perspective.

### **Create strong strategic links with other local authorities and social enterprise development organisations**

There is no need for your social enterprise to be constrained by borough boundaries and you will be able to deliver contracts for more than one council or for organisations or agencies outside the public sector.



To make the most of this, it's important that your local authority forms strong strategic partnerships with other local authorities to ensure that their activities around social enterprise fit well together. The key agencies through which your local authority can facilitate these links are London Councils (through the Capital Ambition) and Social Enterprise London (through its LA Connects forum).

**More information**  
on London Councils visit  
<http://tinyurl.com/ydc95ue>

## Let you get on with the job

Once you've been awarded the contract, the most important thing your local authority can do for you is to get out of the way and allow you to deliver. One of the key benefits to running a social enterprise is that you are free from the bureaucracy and central control that public departments and agencies are met with. After establishing a social enterprise, you control your organisation, and as long as you are delivering to the agreed specification within your contract, you should be allowed to run your organisation as you choose.

Whilst you will of course work in close partnership with your local authority, and through monitoring your contract they will have a powerful say in how the service is delivered, control of the social enterprise rests with you, and you should be clear in outlining the parameters of that control from the beginning.

## Case study interview

### Independent Midwives UK

Next year Independent Midwives UK (IMUK) hope to start delivering social enterprise babies on the NHS. But it's been a complicated five-year gestation according to board member Annie Francis.

She feels that the government must introduce smarter, faster and more effective business support and encourage public services to genuinely engage with the sector.

The IMUK business model ticks the boxes of a government keen to save money, improve safety and the long term wellbeing of mother and baby and has letters of support from England's chief nursing officer and the Department of Health.

Independent Midwives work one-to-one with expectant mothers, offering them the choice of where and how their baby is delivered, under what is agreed by the midwifery profession as the gold standard of midwifery care from early pregnancy until four weeks after the birth. They arrange their work programme so that they are only paid for the jobs they do, "unlike the NHS where there are periods of frenzy but also times when midwives are paid for inactivity," says Francis.

They have a caesarean section rate of 15% compared with the NHS national average of 24%. Francis says that if the NHS could match that, it would save £93 million a year. "The long term goal is to deliver 14,000 (2%) of the 700,000 babies born in the UK every year, which would give an annual turnover of £42 million," she says.

A significant obstacle however, according to Francis, is insurance, or rather lack of it for their self employed members. When something goes wrong in obstetrics, apart from the tragedy and trauma of a baby with brain damage, the costs in terms of damages and long term care, perhaps for decades, can amount to £6 million per case and there are simply too few independent midwives to make it commercially viable for insurance companies. This issue can be resolved through a clause in the Health and Social Care Act 2008 which opens the doors for non-NHS organisations to provide NHS care and at the same time extends the Clinical

Negligence Scheme for Trusts so that the organisations have insurance cover when treating NHS patients. IM UK are waiting to hear the government response to a recent review of the situation.

With the help of social enterprise lawyers TPP Law, it was decided that the best model for IMUK was as a Bencom – an Industrial and Provident Society for the Benefit of the Community.

Francis says that what followed was "tortuous" not least because it took time for the group of midwives to agree a constitution and organisational structure.

Having jumped thorough all the hoops, IMUK applied for £200,000 start-up funding from the Social Enterprise Investment Fund (SEIF) in 2008. They were initially awarded a £20,000 grant, but this year received a further £250,000 to enable them to develop the infrastructure and systems they need to deliver their services to the NHS. IMUK is now registered with the Financial Services Authority, has a board, a constitution, holds an annual general meeting and has potential pilots pending with two PCTs – once the insurance issue is resolved.

For more on Independent Midwives UK visit [www.independentmidwives.org.uk](http://www.independentmidwives.org.uk) or e-mail [information@independentmidwives.org.uk](mailto:information@independentmidwives.org.uk)



Over to you...

## Conclusion

Social enterprises are building an inspired world – a world where public services are run for and by the public, and where as a member of staff you have the opportunity to take over and run your own organisation – where you can work in partnership with your local authority, but free from overbearing central control, to tailor your offer to the people who really matter, your beneficiaries.

This introduction shows you what can be achieved through social enterprise, and how you as a member of staff within a local authority or school can go about setting one up.

Now it's over to you: start planning, think big, how would you change the world?

To help you take your ideas further, we have included a list of the organisations that should be able to help you. Get in touch with them and they'll provide you with the expertise and guidance to enable you to make your ideas reality.

## Resources

Below is a summary of some of the organisations which can provide advice and support in helping you take your next steps:

### Social Enterprise London

[www.sel.org.uk](http://www.sel.org.uk)

The leading social enterprise support and development agency in the capital, it provides a full range of training and advice to social entrepreneurs and social enterprise leaders, both aspiring and practicing.

### Social Enterprise Coalition

[www.socialenterprise.org.uk](http://www.socialenterprise.org.uk)

The national body lobbying and researching on behalf of the social enterprise movement.

### Bates, Wells and Braithwaite

[www.bateswells.co.uk](http://www.bateswells.co.uk)

Legal firm specialising in advice to the public and social enterprise sectors.

### TPP Law

[www.ttplaw.co.uk](http://www.ttplaw.co.uk)

Legal firm specialising in public service partnerships and projects, with extensive experience in social enterprise.

### Gotham Erskine

[www.gothamerskine.co.uk](http://www.gothamerskine.co.uk)

Chartered accountants and registered auditors specialising in the charity, voluntary and social enterprise sectors.

### School for Social Entrepreneurs

[www.sse.org.uk](http://www.sse.org.uk)

Provides training and opportunities to enable people to use their creative and entrepreneurial abilities more fully for social benefit. SSE supports individuals to set up new charities, social enterprises and social businesses across the UK.

### Business Link

[www.businesslink.gov.uk](http://www.businesslink.gov.uk)

A free business advice and support service, available online and through local advisers, which has a specialist social enterprise team.

### Co-operatives UK

[www.cooperatives-uk.coop](http://www.cooperatives-uk.coop)

The advocacy and development body for the co-operative movement and the place to go if you're thinking of starting a co-operative.

### Capital Ambition

[www.londoncouncils.gov.uk/capitalambition](http://www.londoncouncils.gov.uk/capitalambition)

Capital Ambition is London's Regional Improvement and Efficiency Partnership, supporting local authorities to explore innovative ways of working to transform local government delivery.

### **Social Investment Business**

[www.socialinvestmentbusiness.org](http://www.socialinvestmentbusiness.org)

Helps the sector prosper by providing capital (predominantly loan finance) and business support.

### **Triodos Bank**

[www.triodos.co.uk](http://www.triodos.co.uk)

A commercial bank that only invests in ethical, sustainable organisations that have a positive impact on people and planet.

### **Big Issue Invest**

[www.bigissueinvest.com](http://www.bigissueinvest.com)

Specialised provider of finance to social enterprises or trading arms of charities that are finding business solutions that create social and environmental transformation.

### **Cabinet Office**

[www.cabinetoffice.gov.uk](http://www.cabinetoffice.gov.uk)

The central government department responsible for promoting social enterprise and the voluntary sector.

### **London Councils**

[www.londoncouncils.gov.uk](http://www.londoncouncils.gov.uk)

London Councils is committed to fighting for more resources for the capital and getting the best possible deal for London's 33 local authorities. It lobbies the government and others on behalf of London's 33 local authorities for a fair share of resources and to protect and enhance council powers to enable them to do the best possible job for their residents and local businesses. It develops policy to improve the services they deliver.

### **UnLtd**

[www.unltd.org.uk](http://www.unltd.org.uk)

A charity which supports social entrepreneurs by providing a complete package of funding and support, to help these individuals make their ideas a reality. More info

### **ClearlySo**

[www.clearlyso.com](http://www.clearlyso.com)

An online marketplace for social business & enterprise, commerce and investment.

### **Impetus Trust**

[www.impetus.org.uk](http://www.impetus.org.uk)

Venture philanthropists, investing in ambitious charities and social enterprises that fight economic disadvantage.

### **The Bromley-by-Bow Centre**

[www.bbbc.org.uk](http://www.bbbc.org.uk)

Innovative community organisation in East London, supporting families, young people and adults to learn new skills, improve their health and wellbeing, find employment and develop the confidence to achieve their goals and transform their lives.

### **CAN (Community Action Network)**

[www.can-online.org.uk](http://www.can-online.org.uk)

Supports social entrepreneurs to scale up their businesses and maximise their social impact by providing high-quality flexible office space and leveraging social investment with strategic business support to the third sector.

### **BIG Lottery Fund**

[www.biglotteryfund.org.uk](http://www.biglotteryfund.org.uk)

Gives out millions of pounds from the National Lottery to community groups and to projects that improve health, education and the environment.

### **Co-operative College**

[www.co-op.ac.uk](http://www.co-op.ac.uk)

Dedicated to the promotion of Co-operative values, ideas and principles within co-operatives, communities and society, including pioneering work developing co-operative schools across the UK.

### **Social Firms UK**

[www.socialfirmsuk.co.uk](http://www.socialfirmsuk.co.uk)

The national support organisation for the development of the Social Firm sector in the UK. We carry out lobbying and awareness-raising activities, research and practical initiatives to increase the number and ensure the quality of Social Firms in the UK.

### **Employee Ownership Association**

[www.employeeownership.co.uk](http://www.employeeownership.co.uk)

The voice of co-owned business in the UK – a network of over a hundred companies with significant employee ownership and a sector of the economy worth over £25 billion annually.

# Glossary of terms

## Social enterprise

“A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.” (DTI, 2002).

## Right to request

A mechanism to allow NHS staff to ask for the right to establish and run an independent organisation to provide a service that is commissioned by the PCT or NHS department to deliver the service as an external contractor.

## Social entrepreneur

Someone who works in an entrepreneurial manner, but for public or social benefit, rather than to make money. Social entrepreneurs may work in ethical businesses, governmental or public bodies or the voluntary and community sector.

## Local authority

An administrative unit of local government tasked with overseeing the activities of a designated area (often called councils). Councils provide a wide range of services, such as including waste collection, highway maintenance, education services, social services and green space maintenance.

## Department of Health

The central government department responsible for improving the health and well-being of people in England.

## Business Link

A free government-run business advice service of action-focused information for small and medium sized businesses.

## Commissioning

The process of ensuring that statutory services provided effectively meet the needs of the population.

## Contract

An agreement between two or more parties that if it contains the elements of a valid legal agreement is enforceable by law or by binding arbitration.

## Procurement

The acquisition of appropriate goods and/or services at the best possible total cost of ownership to meet the needs of the purchaser in terms of quality and quantity, time and location. Public sector bodies often refer to the procurement processes as being open and fair to competition.

## European Union

An economic and political union of 27 member countries, located in Europe, committed to regional integration.

**Co-operative**

An autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise.

**Social firm**

A small business created to provide integrated employment and training to people with a disability or other disadvantage in the labour market. It is a business that uses the market-oriented production of goods and services to pursue its social mission.

**Employee ownership**

Companies who are substantially or wholly owned by the people who work for them, there are no outside interests with a controlling stake in the business.

**Community interest company (CIC)**

A limited company with special additional features, created for the use of people who want to conduct a business or other activity for community benefit, and not purely for private advantage. This is achieved by a 'community interest test' and 'asset lock', which ensure that the CIC is established for community purposes and the assets and profits are dedicated to these purposes.

**Business plan**

A written document that describes a business, its objectives, its strategies, the market it is in and its financial forecasts. It has many functions, from securing external funding to measuring success within your business.

**The Compact**

An agreement between Government and the voluntary and community sector in England. It recognises shared values, principles and commitments and sets out guidelines for how both parties should work together.

**TUPE**

Transfer of Undertakings (Protection of Employment) 2006 (TUPE). A piece of government legislation that protects employees' terms and conditions of employment when a business is transferred from one owner to another. Employees of the previous owner when the business changes hands automatically become employees of the new employer on the same or improved terms and conditions.

### Community

A social group of any size whose members reside in a specific locality, share a government and often have a common cultural and historical heritage or a social, religious, occupational or other group sharing common characteristics or interests. It is perceived or perceives itself as distinct in some respect from the larger society within which it exists.

### Big Society

A policy created by the Coalition Government to put more power and opportunity into people's hands. This will take the form of devolving power to local government, encouraging people to take an active role in their communities, and supporting co-operatives, mutuals, charities and social enterprises.

### Third sector

Non-governmental organisations that are value driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, co-operatives and mutuals. It is worth noting that although the term is no longer recognised by government (it has been largely replaced by Civil Society), it is still in frequent use within the social enterprise movement.

### Civil society

A public space between the state, the market and the ordinary household, in which people can debate and tackle action. It includes:

- charities
- neighbourhood self-help schemes
- international bodies like the UN or the Red Cross
- religious-based pressure-groups
- human rights campaigns
- non-governmental organisations improving health, education and living-standards.





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