

# Social Enterprise Support to Renewal and Recovery

## Briefing Paper

### About Us

**Social Enterprise Network Scotland** formally came into being on 1<sup>st</sup> July 2002 – as result of a merger between Sencot and Social Firms Scotland. Both organisations – over a period of 20 years – had been instrumental in promoting the social enterprise model in communities across Scotland and helping to establish its internationally renowned support infrastructure.

Social Enterprise Network Scotland will now represent the interests of grassroots social and community enterprises and social firms across Scotland – over 1400 locally-based social and community enterprises - advocating on their behalf and promoting policies and initiatives that will be of genuine benefit to both these organisations and the communities which they serve. We are committed to maintaining the same values and principles that have underlined the respective work of both organisations over these last two decades.

### What is Social Enterprise?

Social enterprises are businesses that trade in the marketplace with the primary objective of social or environmental benefit. They tackle social problems, strengthen communities, work to improve outcomes and people's life chances and protect the environment. They reinvest profits back into the business or for the benefit of the people they serve.

### Social Enterprise in Scotland

[The SE Census 2019](#) states there are 6,025 social enterprises in Scotland employing 88,318 fulltime equivalent employees with a combined income of £3.1Bn. Social enterprises are active in many parts of the economy with 4 main areas that account for around half of all social enterprises: Community centres and halls; Arts and creative industries; Early years and childcare and Health and Social Care.

Social enterprise is an inclusive business model – one that is underpinned by ethical, fair and inclusive business practices. The SE Census reaffirms this assertion and provides evidence that SEs strive to be good employers, embrace fair work practices, and operate flat wage structures.

The sector is leading the way on positive employment practices for example: the majority of social enterprises pay at least the national living wage and 65% are led by women.

### COVID-19 - Social Enterprise (SE) support to Communities

The recent COVID-19 crisis has brought about a new appreciation of what is important and valued in society and the reliance we all have on our local communities. The response to the pandemic has demonstrated the true value of 'localism in action' with community-based social enterprises providing crucial services and a lifeline within their local communities. This central role was recently acknowledged in the recent Scottish Govt Report – [Towards a Robust, Resilient, Wellbeing Economy for Scotland](#) which highlighted [our sector's contribution](#) to Scotland's social capital and its critical importance in maintaining a level of community resilience during this current crisis.

As the national focus moves onto the next phase of looking towards recovery and developing the road map that can lead us towards a more normal way of life, our sector has also begun to reflect on how best we can support our communities and contribute to what will inevitably be a very difficult

journey towards national recovery. There has never been a more critical time to ensure that the central goal of economic recovery, and the various strategies that will deliver it, also delivers collective well-being and greater community resourcefulness which will be essential in order to tackle the deep-rooted inequalities that this crisis has not just laid bare but exacerbated. In the words of New Zealand Prime Minister, Jacinda Ardern: "Economic growth accompanied by worsening social outcomes is not success, it is failure".

The transformed economic climate, new norms and behaviours and, no doubt, increasing service delivery pressures highlight the importance of community-based social enterprises to the economic and social recovery at a neighbourhood level. Our sector has proven to be resilient in crisis and agile in responding to the needs of Scotland's most vulnerable groups and communities.

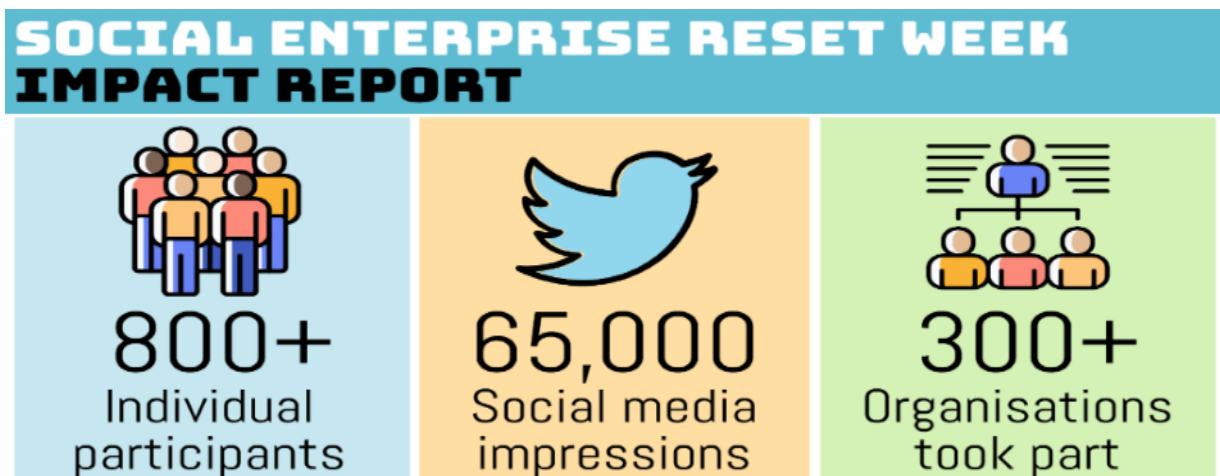
## SE Reset Week

In May 2020, we hosted [SE Reset Week](#) in partnership with local social enterprise networks (SENs) and Third Sector Interfaces (TSIs) which included a series of conversations with community-based social enterprises, from across Scotland, to determine their support and resource requirements over the medium to longer-term.

Community-based social enterprises stand ready to make a significant contribution to our nation's recovery – stimulating economic, social and community action that can help drive that recovery. These organisations are so important because their explicit goal of strengthening communities is not a mere by-product of their enterprising activity but their *raison d'être*.

### SE Reset Week – Key themes

Around 800 individuals from over 300 community-based social enterprises participated in 20 events – with clear themes emerging which highlighted the current challenges, issues and opportunities arising as a result of Covid-19. These included how SEs have addressed the immediate challenges; how they are preparing to move forward in the coming months; and the support structure and resources required to enable this to happen. All of this is within the context of uncertainty about economic and social factors and what the future might look like.



Throughout the 20 events, 3 themes, in particular, stood out:

- **Collaboration:** The unprecedented need to address significant challenges and to do this with limited resources, in a very quick timescale, has made the need for collaboration of greater importance - driving SEs together, putting communities first – and moving quickly to adapt service provision to local need.
- **Peer support and networking:** Peer support and networking came out consistently as the most important aspects of support needed for moving forward - and key to a strong and resilient sector. Social enterprises identified networks and connections as an effective way to provide a clear voice and evidence for policy-makers and support.
- **Supporting Mental Health & Wellbeing:** In common with other organisations, social enterprises noted that morale is low at the moment and that it's difficult to keep both staff and service users engaged and motivated as lockdown continues. Many of the SE Reset participants talked about the need to focus on the health and wellbeing of staff and volunteers during the crisis, recognising that there are many factors impacting upon an individual's ability to continue to work and be productive.

Additional themes included: Community & Social Capital; Adapting Services; Adapting Business; Assets; Supporting our Workforce; Digitalisation; Funding and Income Generation; the particular needs of rurally-based social enterprises; and support for Start Up and Early Stage social enterprises.

The SE Reset Report (see link above) explores each theme – looking at the existing and future challenges – the emerging issues – and the specific support that will be required going forward.

### Conclusions and next steps

There is little doubt that this current crisis is going to have a long and lasting impact on the social enterprise community – and wider Scottish society. Many organisations with a higher percentage of trading income have been hit hardest – losing most, if not all, trading overnight. During SE Reset Week, the 300-odd participating organisations broadly fell into two categories:

1. Organisations that have furloughed the majority of their staff and are delivering limited / no services. These organisations may have accessed funding - I.e. the Third Sector Resilience Fund, Small Business fund etc.
2. Organisations that are responding to local community need - I.e. food providers that have kept their 'doors open'; others that have re-purposed their services to meet community need, and have been able to access funding such as the Wellbeing or Community Funds to enable them to deliver emergency services.

Despite the concerns and fears that continue to exist, there remains a sense of optimism moving forward – not just within the sector but across the communities in which they operate. There was clear evidence of a determination to build on the positive aspects that have emerged during this crisis – the increased levels of community involvement, social capital, innovation and, of course, collaboration. Our challenge – and opportunity – is to help ensure that this can be the case.

Social Enterprise Network Scotland and our partners are already responding to a number of the support needs raised throughout SE Reset Week - with a particular focus on peer support, networking and collaboration. We see this work as ongoing and will be working with other key stakeholders from across the wider third sector. We would welcome the opportunity to engage directly with Scottish Government – to explore how, together, we can begin to address the

challenges, issues and opportunities that are highlighted within the report with a view to informing a Recovery Plan for the sector moving forward.

We propose to continue this engagement and to work with sector partners and Scottish Government, to develop our contribution to the national resurgence in the post COVID era via a planned 3 year recovery plan – focused on Social Enterprise but ensuring outcomes have a positive impact across all areas of Scottish Government’s National Performance Framework.

- A recovery plan that recognises the importance of localism and the critical role that community led responses have played in local responses to the pandemic.
- A recovery plan that puts in place the necessary support infrastructure to assist communities to respond to the changed environment they will operate in.
- A recovery plan that recognises that community-based social enterprises’ trading income has been and will continue to be negatively affected by the pandemic and social distancing measures (from cafes to crèche facilities and from soft play areas to leisure centres) and the impact that their weakened viability will have on communities.
- A recovery plan that ensures resources are targeted at frontline community organisations to ensure successful delivery of the Plan’s ambition.