

## Fact Sheet 1 – What is a Social Enterprise?

Social Enterprise are defined by the department of Trade and Industry as follows:

**“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.”**

However a more user-friendly version is that social enterprises are businesses that compete in the marketplace just like any other business, but they also:

- Trade for a community, social or environmental purpose
- Re-invest any profits or surplus back into their business for the benefit of the community
- Adopt ownership structures that are based on participation rather than personal or private gain

### Principles of a Social Enterprise

Social enterprises are not defined by their legal structure, but by the principles they adopt. They have three broadly accepted principles, as follows:

- 1. Enterprise Oriented.** They are directly involved in the production of goods and the provision of services to a market and seek to be viable trading businesses.
- 2. Social Aims.** They are driven by social and environmental objectives, for example, creating local employment and recycling waste.
- 3. Social Ownership.** Surpluses are either reinvested back into the business or used for the benefit of the community they serve.

### Examples of a Social Enterprise

Social enterprises cover a wide range of industries and sectors such as healthcare and recycling. Well known examples include Jamie Oliver's 'fifteen' restaurant, the Eden Project, the Big Issue and Cafédirect.

### Key Facts

Social enterprises are a growing force and can successfully exist and compete in a number of sectors of the economy. A number of key facts relating to social enterprises include:

- The Annual Survey of Small Businesses UK estimates that there are 55,000 social enterprises in the UK
- The Annual Survey of Small Businesses UK estimates that these social enterprises have combined turnover of £27 billion per year.
- Social enterprises account for 5% of all businesses with employees and contribute £8.4 billion per year to the UK economy.
- The sixth most popular coffee brand in the UK is owned by Cafédirect
- Social Enterprise Day is a national day to promote and raise the awareness of social enterprises

### Advantages and Disadvantages

There are a number of advantages to a social enterprise including, for example, that they utilise local skills and life experience and that they can target specific sectors of the community. However, there are also a number of disadvantages to a social enterprise such as the requirement to manage the 'triple bottom line' (financial, social and environmental aims) and the need for suitable skills, knowledge and capacity.

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For further details about how Pulse Regeneration can help, please contact us.

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