Mapping the regional social enterprise sector:

Final Report

for South East of England Development Agency (SEEDA)

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Annexes on Review of Local Mapping Studies, and Business Link User Survey Findings in a separate volume

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Executive Summary

This report presents the findings of the mapping exercise to produce a baseline of social enterprises in the South East of England. This project aims to establish the scale of the regional social enterprise sector, formalise a methodology to capture consistent and reliable information on the sector on an on-going basis, and to examine how social enterprises are accessing support. The project has three core outputs:

- A detailed and robust baseline of the region's social enterprise sector
- An assessment of the critical paths for social enterprises to access business support in the South East
- Recommendations on segmenting future support, improving access and capturing information

Definitions of social enterprise

The project takes the definition suggested in the Social Enterprise Action Plan but identifies a number of areas where there is confusion in applying the definition. The three tests for social enterprise are set out namely:

- Enterprise orientation – income from trading
- Social aims – social (and environmental) benefits that are not limited to a restricted group
- Social ownership – autonomous organisations with an element of participatory governance involving stakeholders and trustees, with profits used for the community or shared with stakeholders.

Based on these criteria and with the guidance of the project steering group a narrow social enterprise definition was established which is complemented by a wider definition that includes less evident cases, potential social enterprises and sectors in which there is some doubt about whether they meet the test for having social aims.

Preparation of full database

The detailed database was produced combining a directory of social enterprises identified for the region by County Networks/specialist providers, with the list of Business Link users and a detailed register of incorporated companies and registered charities provided by Guidestar. The review of existing mapping studies identified the gaps in the existing data base, and means of addressing these have been identified. The definition was rigorously applied following the recommendations outlined above and following the guidance of the steering group.

The full database has been analysed with the key findings presented. The total number of social enterprises in the South East region is put at 10,050 when taking a narrow definition and 17,039 when taking a wider definition.

The largest sectors are health and education related organisations and there are a greater number of social enterprises in Hampshire (including Portsmouth and Southampton) and in Kent.

Almost 2/3 of the social enterprises have trading income (from sales and fees) making up more than 75% of their total income which suggests that they are business oriented. Of the 10,500 narrowly defined social enterprises 59% are charities showing that charitable status is not necessarily a useful indicator of enterprise orientation.

Just under half of the social enterprises have turnover of more than £40,000, and one quarter (2593 social enterprises) have turnover of more than £100,000. There are a larger proportion of social enterprises above £100,000 in health and social care, training and education (not schools) and housing and accommodation, and in environment, conservation and animal welfare organisations.

Interim findings on existing support system

A review of the current support system for social enterprises has been undertaken. The survey of social enterprises that had accessed support via Business Link, found that this was not the sole route by which they access support. Of those contacting Business Link, 80% received a review and diagnostic, and generally reported a positive experience. Of those social enterprises who rated the effectiveness of Business Link, 47% felt that the service was very good or good, while 34% felt it was poor or very poor.

The structure of support infrastructure was found to vary between parts of the region with considerable variation in the positions of the County Networks. There is an important role for the se2partnership (comprising the county networks and other membership bodies) in ensuring consistency and sharing good practice.

While Business Link is positioned as the access brand for publicly funded business support, significant support activity outside of the Information, Diagnostic and Brokerage (IDB) channel was evident with County Networks and other providers referring social enterprises direct to specialist providers often using pro-bono support from the private sector.

Implications, future strategies and recommendations

Implications are drawn out concerning the means of segmenting support for different types of social enterprise, the paths to access support and the roles of Business Link, and the types of information required in the future.

Segmentation of the social enterprise sector is needed in order to have differentiated outreach or publicity campaigns, differentiated paths for accessing support and differentiated support delivery approaches/content. Segmentation is recommended based on geographical areas, sector and size. Further segmentation based on support needs may be possible if data is available on constraints faced by social enterprises in the region.

This study has not included a survey of needs of social enterprises although size and sector can be used as a way of segmenting support. This study has identified 2600 social enterprises with a turnover of more than £100,000 and suggests that these are approached in a different way to smaller social enterprises. Larger social enterprises in specific sectors are more likely to respond to the Business Link service provision, while smaller organisations may have needs that can be met by community development/voluntary sector oriented support.

Improving access to support and the roles of Business Link require further attention. Intermediary organisations such as County Networks and the se2partnership have key roles to play linking the local to regional level. With reduced funding for these activities, there is variation in the ability to contribute to the support infrastructure. Continued improvement to the Business Link offer and promotion of the IDB service to social enterprises and intermediary organisations is required.

It is important that Business Link works with the County Networks and other intermediaries to ensure that there is good awareness of the available support and that specialist providers are encouraged to register on the supplier matching service.

Capturing information on support needs and effectiveness of the support infrastructure is required. Approaches to monitoring and evaluation are set out, paying particular attention to a wide range of indicators including the social return on investment for social enterprises.

1 Introduction

1.1 Project aims

With the growing role of social enterprises in the provision of services and with new forms of social enterprise support, there is a need for a greater understanding of their scope and how support providers can maximise their impact. There has been considerable investment in social enterprise support in the South East region including the County Networks for support, the Cultural Shift programme and increasing the capacity of Business Link to support social enterprises. This latter programme has included raising the capacity of Business Link to provide an appropriate service to social enterprises and to increase the number of social enterprises using Business Link services.

This project aims to establish the scale of the regional social enterprise sector, and to examine how social enterprises are accessing support. The project has three core outputs:

- A detailed and robust baseline of the region’s social enterprise sector
- An assessment of the critical paths for social enterprises to access business support in the South East
- Recommendations on segmenting future support, improving access and capturing information

However, there is an inconsistent evidence base on which the existing programmes are operating. There is a lack of robust data and intelligence on the size of the social enterprise sector in the South East and the sectoral and geographic patterns. In particular, there is a need to have greater information about the past and expected penetration rates of business support, the distribution of different forms of social enterprise, how support in the future should be targeted, estimations of the contribution of social enterprises to the regional economy, and have a baseline against which support can be evaluated.

These issues will be addressed in this project by:

Stage 1 Review and gap analysis
- Review of definitions and mapping material
- Review of current support for social enterprise

Stage 2 Production of base line
- Preparation of database and segmentation analysis
- Survey of Business Link users

Stage 3 Forward looking strategy and recommendations

1.2 CONTEXT

There remains considerable confusion and lack of clarity regarding the mapping of social enterprises, despite the considerable resources allocated to ensuring a common set of methodologies and national mapping exercises.

The need for information on the social enterprise sector is vital at this present time in order to develop more effective strategies for support, better target support where it is needed, allocate resources, to identify what proportion of the sector is being reached and to develop a baseline from which the impact of any future support can be evaluated. A major challenge is how best to capture the needs of potential social enterprises including those individuals thinking of setting up organisations and existing not for profit organisations that are thinking of moving towards a social enterprise model.

Previous national mapping of social enterprises[1] has not been satisfactory in developing baselines of social enterprise activity. The IFF survey relied solely on Companies House data and estimated that there are 15,000 social enterprise in the form of Companies Limited by Guarantee or Industrial and Provident Societies. However, this excluded many social enterprises not in this form, particularly charities that are involved in trading.

A large survey of 8,640 organisations for the Annual Small Business Survey[2], using a sample from Dun and Bradstreet found that 5% of all organisations (including those without employees) described themselves as social enterprises. An estimated total for the UK of 55,000 social enterprises was calculated based on 5% of organisations with employees only. The estimated total of 55,000 has not included organisations without employees and if these were included the total number would be close to 215,000 social enterprises nationally. This raises questions with respect to how interviewees were asked about their status and the accuracy of the Annual Small Business Survey data. There has been a delay in the development of the 2007/8 survey.

The Guidestar database of charities is one of the most comprehensive as it includes information on trading income and is incorporating data from Companies House to complement the data on charities.

[1] IFF Research Ltd, (2005) A Survey of Social Enterprises across the UK, Research report prepared for the SBS.

[2] SBS (2006) Annual Small Business Survey

2. TACKLING DEFINITIONAL ISSUES

2.1 INTRODUCTION

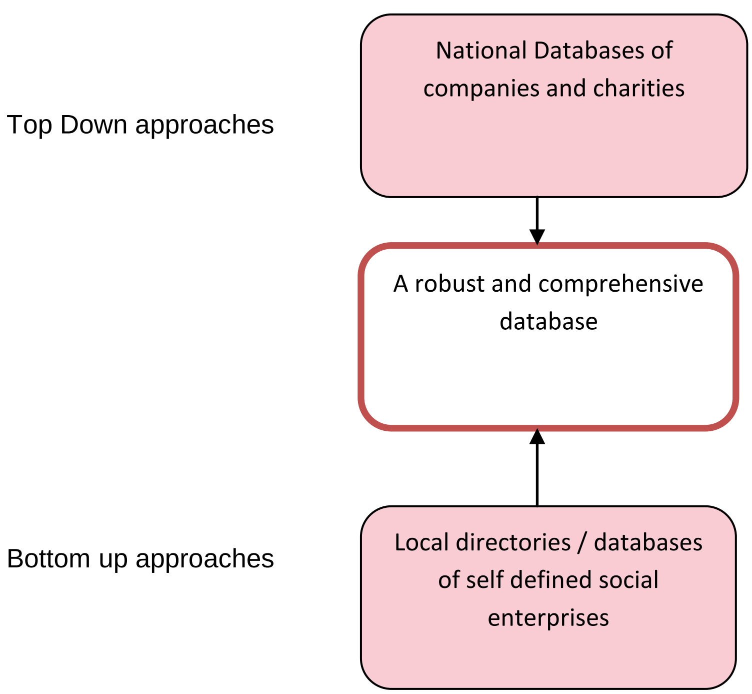
The lack of a widely accepted definition contributes to the difficulties of obtaining statistical and other data about social enterprises. Social enterprises can be defined as having trading income and social aims which include many charities and unregistered not for profit organisations which could not be included in the SBS national mapping. The definition currently used by the UK Government is taken from the 'Social Enterprise: Strategy for Success' document:

"*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 profits for shareholders"* (DTI, 2002).

This definition has been kept deliberately open to allow a wide range of organisations that define themselves as social enterprises to be included. Many papers defining social enterprise avoid using clear criteria but rather use a set of organisational forms and activities as a way of defining the concept. For example the Social Enterprise Action Plan (2006) defines them as "including development trusts, community enterprises, housing associations, football supporters' trusts, social firms, leisure trusts and co-operatives".

However, there is a need for clarity in operationalising this definition when building up a database and deciding whether an organisation is included or not. This mapping exercise is based on two approaches as shown in the diagram below.

Figure 2.1: Building robust databases



The bottom up approach uses databases built by County Networks, sector organisations and other sources, with organisations defining their own status as a social enterprise. This is matched by a top down approach whereby organisations are selected from national databases of charities and registered companies. This latter approach requires clear definitions that can be applied consistently and transparently.

The ECOTEC (2003) study recommended definitions based on ownership, trading income and social aims, an approach that is endorsed by the Social Enterprise Coalition and by Business Link.

The Social Enterprise Coalition view is that a social enterprise is not defined by its legal status but by its nature: its social aims and outcomes, the basis on which its social mission is embedded in its structure and governance, and the way it uses the profits it generates through its trading activities. It is helpful to consider some of the common characteristics that social enterprises display:

Enterprise Orientation - they are directly involved in producing goods or providing services to a market.

Social Aims - they have explicit social and/or environmental aims such as job creation, training or the provision of local services. Their ethical values may include a commitment to building skills in local communities. Their profits are principally reinvested to achieve their social objectives.

Many social enterprises are also characterised by their **social ownership**. They are autonomous organisations whose governance and ownership structures are normally based on participation by stakeholder groups (eg employees, users, clients, local community groups and social investors) or by trustees or directors who control the enterprise on behalf of a wider group of stakeholders. They are accountable to their stakeholders and the wider community for their social, environmental and economic impact. Profits can be distributed as profit sharing to stakeholders or used for the benefit of the community (sourced from SEC website, www.socialenterprise.org.uk).

The existing Business Link follow the DTI definition with more detailed requirement that Social Enterprises will possess a combination of the following characteristics:

A substantial proportion of their income (at least 25%) is generated through trading in goods or services. This does not exclude start-up social enterprises who aspire to move away from grant dependency in order to increase their trading activities

Profits are primarily re-invested back into the enterprise and / or to secure social and environmental benefit (see the last bullet point)

Social ownership, which ensures the reinvestment of profit by the social enterprise, is underpinned by democratic governance structures. Some social enterprises, trading as Community Interest Companies, may use an 'asset lock' to secure and govern the reinvestment of profits they generate

A mission to deliver a blend of social, economic and environmental benefits through a sustainable business model

The concept of social enterprise does not translate into a single legal or regulatory form. Its emergence in the past 10 years has been closely linked to growing interest amongst policy makers with the concept of social inclusion and an enterprise agenda. As social enterprises become increasingly important in the delivery of public services and as recipients of public sector support (such as advisory services) there is a need to map them. One consequence of this exercise is that many organisations that do not define themselves as social enterprises are defined as such, but would agree that they are involved in 'social enterprise activity'. There may be others that define themselves as social enterprises but which do not meet the defining test. These will be considered on a case by case basis.

This mapping exercise is using a 'narrow' and 'wider' definition, with the former including those types of organisations that are clearly recognized as part of the social sector. Those organisations in the 'wider' definition include organisations that some may include as social enterprises while others question whether they have social aims.

Previous surveys and on-going mapping exercises in other regions have not be able to make available the precise way in which they have interpreted the UK Government's definition, although responses to enquiries have stated that they are following similar approaches to this report.

2.2 SOCIAL OWNERSHIP

Social ownership is defined by ECOTEC (2003) as "autonomous organisations with a governance and ownership structure based on participation by stakeholder groups and trustees". Ownership status is relatively straightforward and the key categories include: Community Interest Companies, Companies Limited by Guarantee, Industrial and Provident societies, housing associations, and registered charities with trading income. In each of these there are elements of democratic governance. They should be autonomous and institutionally separate from Government, and the Social Enterprise Coalition stress the importance of being accountable to their stakeholders, and their wider community. Our database from Guidestar will include those organisations with public funding as long as they do not exercise governmental authority and the Government do not appoint more than one third of the trustees.

Using ownership structures to distinguish between the for profit and social enterprise sector is also challenging where there are social firms or fair trade organisations registered as Companies Limited by Shares. The Guidestar database therefore includes for profit organisations such as CafeDirect which hold share capital but have social goals. These can only be identified through bottom up approaches, and identified when there is information on their social aims. Companies Limited by Share will be included where they are identified by local mapping exercises and where more than 50% of any surplus or profit goes to social goals.

Larger social enterprises with different branches or premises may be operating either as separate organisations or as a single body. The definition of a self governing organisation implies a degree of independent governance structures and registered independently. For example Age Concern is made up of almost 600 separately constituted charities. These can be considered as separate social enterprises in the Guidestar database and will be included in the wider definition where they are separately constituted registered organisations.

2.3 Trading income

Trading income refers to 'income from sale of goods and services' and 'payments received in direct exchange for a product, service' and indicates an enterprise orientation. While some studies propose a cut off of 50% of income from trading to define social enterprises, others such as IFF (2005) use a 25% threshold to include organisations that are moving towards a social enterprise model. The 25% threshold is also incorporated into the existing Business Link definition. This arbitrary cut off can exclude those organisations aiming to increase social enterprise activity but could not be identified in this exercise.

Guidance based on previous mapping studies suggest we include income from contracts and service level agreements with public bodies but exclude grants, subsidies, fundraising, membership fees from supporters without specific benefits, voluntary contributions and donations. Service level agreements are included although the distinction between these contracts and grants is often not clear with terms used interchangeably. The NCVO UK Civil Society Almanac (2008) makes the following definitions of social enterprise trading activity that a e used for this report. These are categories in the Guidestar database as ‘sales and fees’ with information collected from submitted accounts. This data is therefore reliant on the allocation of income by the social enterprises and their accountants.

Table 2.1 Types of income received by Social Enterprises

Income included in social enterprise activity	**Income excluded from social enterprise activity**
Fees for provided services	Legacies
Contracts to provide services	Donations
Sponsorship	Grants including National lottery grants
Research or consultancy services	Investment income
Membership subscriptions (with significant benefits)	Membership subscriptions (without significant benefits)
Trading subsidiaries	Corporate gifts
Hire of facilities	Covenants
Fees for goods	Gift aid reclaimed
Tuition fees	
Financial services (such as insurance)	

Source: NCVO Almanac (2008)

It should also be recognised that the degree of trading activity can vary from year to year. Our data, relying on annual accounts for one year may exclude those dormant social enterprises or those which have a reduction in trading income for a particular year.

2.4 Social aims

We build on the definition of a social enterprise with 'primarily social (including environmental) objectives and it principally reinvests its surplus in the business or in the community, in pursuit of these objectives'. However, this is open to some degree of interpretation and previous consultations on applying a rigorous test based definition found that many people involved in social enterprise support infrastructure were unwilling to apply the tests as they challenged the ‘gut feelings’ what they perceived to be a social enterprise, including some organisations and excluding others in the definition of social enterprise[3].

[3] CEEDR (2005) Report of National Co-ordinators for Baseline Data on Social Enterprise Project commissioned by the Social Enterprise Unit Department for Trade and Industry

Key issues here include:

- Social benefits should extend beyond a membership group, unless these are socially disadvantaged/excluded. In this we are guided by the community interest and charitable interest tests from the Community Interest Company guidance.

- CIC guidance states: a 'reasonable person' test of what constitutes community/wider public interest. Access to benefits provided by the organisation should be 'widely available and not confined to an unduly restricted group'.

- The CIC test guidance also indicates that political parties and organisations whose purposes are support for a political party or political campaigning should be excluded.

- The charitable status test states that 'charities must benefit the community at large or a substantial section within it. They must not entirely exclude those of limited means'.

There are a number of difficult cases which we will address below with recommendations given on whether to include or not in the full database.

Housing associations: Should be included if they are registered as charities, and have social objectives such as provision of sheltered housing or affordable housing, and targeting their houses at disadvantaged groups. Difficulties may arise where organisations are working purely in a commercial environment or where the housing stock is moved from the local authority with considerable local authority control still being exerted.

Sports clubs: All sports clubs are deemed to have social objectives in terms of improving health and social inclusion. They can be considered as social enterprise if they have open access and if there is an explicit aim to promote social inclusion and regeneration through sport. Sports clubs that might be excluded include those with charges/fees that would exclude the majority of the population. The 438 sport clubs that are registered charities are included in the narrow definition with the other 364 included in the wider definition.

Residents' associations: Should be included if they have a social inclusion agenda and go beyond the property management aspect. Property management companies (usually registered as Companies Limited by Guarantee) should not be included.

Faith based organisations: These can be considered to have social objectives and build up community cohesion and social capital. They are included as social enterprises in the wider definition where they have more than 25% of their income from trading (such as renting out space, or having set up social enterprise activity). They are included in the narrow definition as community centres where identified through bottom up approaches.

Cooperatives: Cooperatives are considered to have social aims due to their employee or user ownership. This is considered to be a social good by those involved in the cooperative movement. There is some debate about the extent of to which cooperatives are exclusive and are willing to accept new members, and some may not meet the criteria of having wider public interest.

Universities and higher education institutions: These are included in the wider definition as they are perceived to have social aims, and be trading. NCVO[4] estimate that on average, just under half of their income is from tuition fees, research grants and other earned income. However, their dependence on the public sector raises questions as to whether they are independent of the state.

Independent schools with charitable status and school associations: With the growing attention given to the charitable status of some independent schools, there are questions over whether these are social enterprises. Many now present information on their public benefits such as delivering community capital projects, giving scholarships and other social benefits. While they have charitable status, these are deemed to have social aims and are included in the 'wider definition only. A large number of Parent Teacher Associations are also included in the wider definition.

Cultural organisations, theatres and art galleries: These are considered to have social aims where there is a wider community benefit. All are included in the wider definition with those having charitable status being included in the narrow definition.

Political organisations/parties and trade unions: it is debated whether these are considered to have social aims although many political organisations are able to have charitable status under the 2006 Charities Act. There are also questions raised where more than 75% of their income comes from membership fees as there are not specific services provided to an individual. Trade unions and Political parties are not included.

Trade associations and professional bodies: These are all excluded unless they have specific objectives regarding social aims in their mission statements or identified through local mapping studies.

Clubs and hobby groups: These are varied and can be considered in the narrow definition of social enterprises where they have charitable status or identified through local mapping studies. Others are included in the wider definition.

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[4] NCVO (2008) The UK Civil Society Almanac 2008

3. Methodology for Producing the South East Social Enterprise Database

3.1 Introduction

The detailed database combines a directory of social enterprises identified for the region by County Networks (a 'bottom-up approach'), with the list of Business Link users and a detailed register of incorporated companies and registered charities provided by Guidestar (a 'top-down approach'). The review of existing mapping studies identified gaps in the existing data base, and means of addressing these have been identified. The definition of social enterprise proposed by the study was rigorously applied in producing the detailed database and followed the set of recommendations previously discussed and agreed by steering group.

3.2 Data sources

The local mapping database of social enterprises in the South East was primarily prepared building on existing databases sourced from County Networks and specialist support providers which at present totals 3419 social enterprises. County Networks reports were rigorously examined in order to understand the nature of these local mapping exercises, and to identify specific gaps. These reviews are presented in annex 1.

The county-networks have built up a good working knowledge of the support available to the social enterprise sector within their individual areas. The majority have used SEEDA funding to undertake some form of mapping of the sector within their area however the means of information gathering did vary considerably. Most networks described their methodology as a snow-balling technique often relying upon umbrella Community and Voluntary Sector (CVS) infrastructure groups to provide the resources to initiate and gather the required information.

However, the information revealed by the mapping exercises in various areas is difficult to compare given the lack of a shared methodology and varying degrees of effort and resources put into the exercises resulting in inconsistent collection of data.

These difficulties are compounded by the fact that County Networks tended to adopt slightly different definitions of social enterprise. While most studies have followed the definition of social enterprise developed by DTI, there were considerable differences in the interpretation of such a definition, with some types of organisation being excluded as they are being mapped by other studies (village halls) and others not being perceived to be social enterprise by those carrying out the mapping in that location (e.g. childcare organisations). There were also differences in: a) how the definition of trading income is being used with some including any threshold and others identifying a 25% threshold and; b) the approaches to collecting data with some relying on local networks to invite members to fill in questionnaires while others have been more active in collating directories of organisations.

The other datasets included information from Company House, collated by Guidestar/Experian.

Table 3.1 Original databases

Databases	**No. of entries**
Registered Charities (Guidestar database)	8,892
Local Mapping (County Networks)	3,419
Business Link Users	1,316
Companies Limited by Guarantee (Guidestar dtb)	12,922
Industrial & Provident Societies (Guidestar dtb)	1,309
Total	**27,858**

Note; it is estimated that more than one third are reported in more than one database

3.2 Producing a single database

The next action was to put together the bottom up approach described above and the top-down approach to social enterprise given by sources of information which collected information at a national level.

Four different courses of action were taken in producing the detailed database. These actions included: a) Merging datasets; b) Identifying cases of duplication; c) Classifying entries by sector of activity; and d) finally, defining the narrow and wider definition of social enterprise.

Prior to cleaning up the new database, a unique reference number (URN) was assigned to the 27,858 entries in the master database in order to identify the source or precedence of each entry.

Following the ‘wider’ definition of social enterprise used in this study, the analysis then proceeded to the classification of entries by sector of activity. The classification used existing sector coding, combined with a reclassification of cases that required more detail than had been provided before.

The definition of social enterprise was revised following a steering group meeting. Following this the analysis of the number and scale of social enterprise activities in the South East is presented for both the wider definition and for the narrow definition. The narrow definition excludes some forms of activity which have less direct social aims. A new variable was created, the ‘New Narrow Definition’.

The narrow definition includes:

- Training / Education (except independent schools, school associations/trusts) (coded as 6)
- Nurseries / Pre-school / After school clubs (coded as 5)
- Health / Social Work / Care (coded as 13)
- Village halls / Community centres / Room and venue hire (coded as 12)
- Other recreation / Community Activity and sport (coded as 14)
- Housing and Accommodation (coded as 15)
- Environment / Conservation / Animal welfare (coded as 16)
- Retail and Wholesale (coded as 18)
- Business advice and Support / Employment (coded as 19)
- Finance / Credit unions / LETs (coded as 20)
- Cultural organisations registered as charities (coded as 21)
- Hobby group / Clubs registered as charities (coded as 22)
- Others (in general) (coded as 17)

The total numbers of entries that fall under the narrow definition of social enterprise is of approx 10,500 cases (approx 7,000 cases therefore fall under the category ‘wider’ definition of social enterprise)

The following are included in the wider definition but not included in the narrow definition as their social aims may be restricted :

- Sport clubs (which are not registered as charities) (codes as 1)
- Parent & Teacher associations (coded as 2)
- Scouts / Guides / Cadets (coded as 3)
- Branches of national organisations (coded as 4)
- Schools / Education trust orgs / Colleges / Universities (High education) & related research centres / Education Business Partnerships (coded as 5)
- Rotary / Lions / Masons (coded as 7)
- Religious organisations with trading activities (renting halls etc) (coded as 9)
- Cultural organisations not registered as charities (coded as 10)
- Hobby group / clubs not registered as charities (coded as 11)
- Those with unclear social aims and that need to be reviewed (coded as 99)

Defining the narrow and wider definition of social enterprise represented the last action in producing the detailed database that this study intended to. Despite the limitations portrayed above, the current database constitutes a novel body of information and the basis for the analysis of the nature and composition of the social enterprise sector in the South East region which is developed in the following sections of the report.

Within the narrow definition, 27 per cent of social enterprises were classified as 'other social enterprises'. This large proportion is due in part to the nature of social enterprises, but also to the lack of information available on social enterprises nationwide. The methodology in this project sought to reduce the number of uncoded social enterprises. Based on sampling theory, the project aimed to provide an estimate of the number of uncoded social enterprises which could be reclassified in other sectors. In order to reach a margin of error for the estimates below five per cent, a random sample of 306 social enterprises was drawn using statistical software. This sample was recoded manually using a range of sources of information (including web searches and short interviews). The outcome of the recoding exercise was then used to provide estimates of the number of social enterprises in the uncoded category which could be attributed to other sectors and brought the proportion of uncoded social enterprises to 17 per cent, well below the original figure and that of other studies such as IFF (2005) Survey of Social Enterprises Across the UK.

Table 3.2 Summary of actions undertaken

Courses of action	**No. of exclusions**	**No. of entries**
1. Merging databases	None	27,858
2. Identifying cases of duplication:		
- Action No1	6,358	21,500
- Action No2	3,500	18,000
- Action No3	691	17,039
3. Classifying entries by sector of activity	None	17,039 (*Classified into 23 categories)*
4. Defining the narrow and wider definition:		
- Narrow definition		10,341
- Wider definition		6,698

4. Analysis of the existing database

4.1 Introduction

This section presents a brief analysis of the social enterprise database. This can be used to provide information on the size of the social enterprise sector in the South East region, number of social enterprises in each county, and estimates of sectoral composition. This information will then be used in setting out a segmentation strategy in the final part of the report. In this study the information available only relates to the business characteristics. It is recognised that segmentation should also be related to personal characteristics of the social entrepreneurs, managers or management team of social enterprises as well as related to support needs and the social enterprise experience of those potentially receiving support.

4.2 The make up of the social enterprise sector in the South east

Table 4.1, presents the more narrowly defined sectoral activities from the social enterprise database. This includes 10,500 organisations, representing 61.3% of the total database of 17,039. Based on guidance form the steering group, the narrowly defined sectors exclude non charitable organisations relating to sport and hobby groups, culture, mainstream educational establishments, branches of national organisations, religious organisations, rotary clubs, scout/guide groups and organisations with uncertain aims or trading income. (This has been discussed in the previous chapters).

While this figure is larger than previous estimates, it includes the visible and the less visible, those that have a business model oriented towards private enterprise and those that come from the voluntary sector but are involved in trading activity. Previous activity has emphasised the former, while this study work has identified the large amount of unrecorded social enterprise activity, a large proportion of which could be considered a 'long tail' which is operating at a small scale.

The figures provided are in line with the Annual Small Business Survey which estimates that there are 55,000 social enterprises in the UK based on 5% of businesses with employees in England. DBERR SME statistics (2005) estimates that there are 180,200 businesses with employees in the South East. If 5% are estimated to be social enterprises, then there are 9000 social enterprises with employees, before the number without employees have been calculated.

Health, social work and care (21%) is the largest group, followed by other social enterprises (17%). This reflects the large number of other activities that would have made up small categories, and the lack of information available on some organizations without carrying out a detailed survey. Nurseries, pre-school and after school clubs (12%) and training and education (other than that provided through mainstream educational establishments), such as through consultancy and remedial training activities represents one in ten (10%) of organizations, as does community centres/village halls and room hire (10%). Cultural organization registered as charities (7%) and Housing and accommodation (7%) also exhibit comparatively large groups.

Table 4.1 Number of social enterprises by narrowly defined sectors in the South East region

Sector	**Coded cases**	**Estimate of un-coded cases**	**Total Estimate**	**Percentage**
Health, social work & care	1,944	249	2,193	21%
Other social enterprise activities	1,207	530	1737	17%
Nurseries / Pre-school / After school clubs	1,246	5	1,252	12%
Community centres / village halls / room & venue hire	865	148	1,013	10%
Training & Education (not schools)	940	74	1,014	10%
Cultural organizations registered as charities	747	21	768	7%
Housing & accommodation	475	249	724	7%
Environment, conservation & animal welfare	415	90	505	5%
Sport, recreation & community activity & sport registered as charities	364	69	433	4%
Retail / wholesale	219	64	283	3%
Business advice & employment support	202	58	260	2%
Clubs / hobby groups registered as charities	138	21	159	1%
Finance / Credit Unions / LETs	117	42	159	1%
Total	**8,879**		**10,500**	**100**

Figure 4.1 Recorded sectoral activity of social enterprises

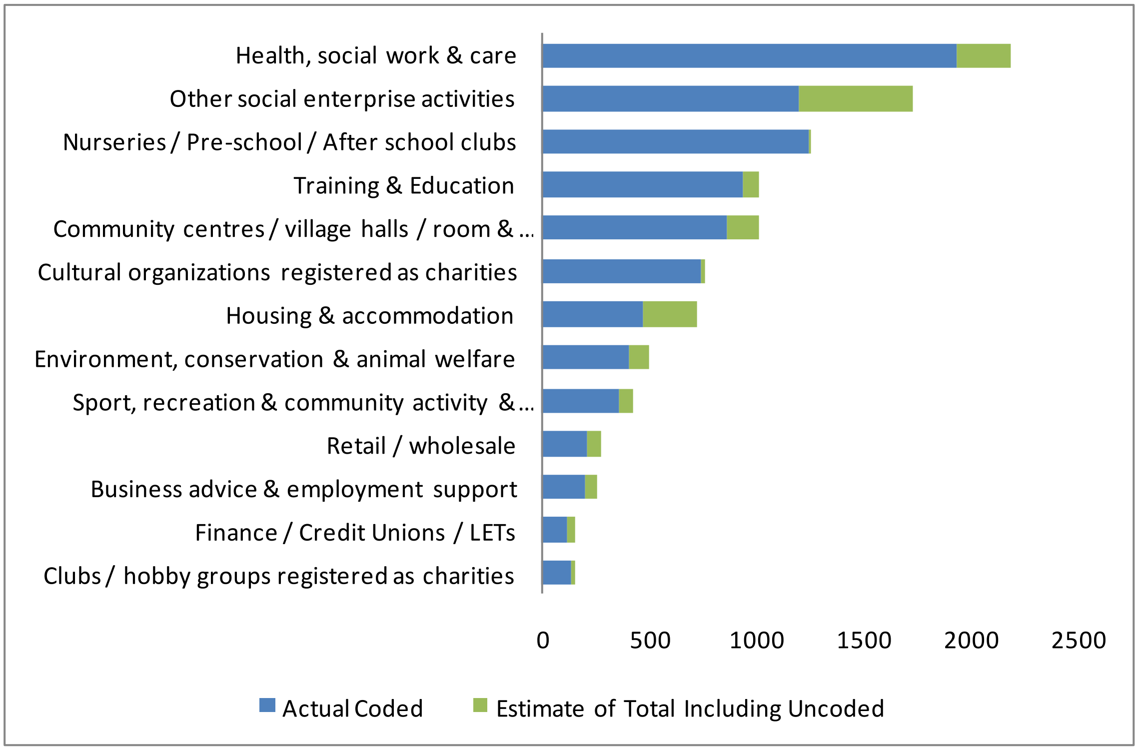


Table 4.2 Number of organisations/social enterprises in the South East region in the narrow definition of social enterprise and the wider definition.

Sector	Measured	Percentage of all Social enterprises including the wider definition
Narrow definition (see above)	10,500	61%
Wider definition		
Sport clubs not registered as charity	438	3%
Hobby groups / clubs not registered as charities	658	4%
Scouts / Guides	515	3%
Parent / Teacher associations	387	2%
Schools / education trusts / colleges / universities & research centres	998	6%
Branches of national organisations	908	5%
Rotary / Lions	194	1%
Cultural organisations not registered as charities	615	4%
Religious organisations	897	5%
**Uncertain social aims or trading income	929	6%
Total	**17,039**	**100**

Table 4.2 above, demonstrates that 17,039 ‘social enterprises have been included within the database compiled for the South East region when taking a wider definition. This table includes a broad range of sectors, some of which are not included within the more narrowly defined social enterprise sectoral definition used in the remainder of this section which analyses the composition of the South East region’s social enterprises.

4.3 Enterprise activity

Table 4.3 shows the extent of trading activity for the social enterprises. The mapping only included those organisations with at least 25% of the income from trading activity (sales and fees). It is interesting to note the large proportion with over 75% of their income from trading with over one third of social enterprises reliant on trading for 100% of their income.

Table 4.3 The percentage of income from trading amongst social enterprises

Category	No. of Social Enterprises	%
25-49%	947	18
50-74%	894	17
75-99%	1572	30
100%	1847	35
Total	**5260***	**100**

Note: * 5260 valid cases (with information about total income)

Table 4.4 Percentage of trading activity in each sector

Sector	Trading Income				No. Total
	25-50%	50-75%	75-99%	100%	
Health & social work and care	25%	21%	40%	14%	1014
Other social enterprise activities	19%	20%	30%	31%	356
Training & Education (not schools)	16%	19%	37%	28%	628
Nurseries / Pre-school / After school / School clubs	16%	6%	16%	62%	1009
Community centres / village halls / room & venue hire	10%	14%	24%	52%	567
Cultural organisations registered as charities	16%	22%	29%	33%	705
Housing & accommodation	14%	16%	43%	27%	192
Environment conservation & animal welfare	24%	17%	36%	23%	306
Other Sport, recreation & Community activity registered as charities	13%	18%	37%	32%	342
Retail / wholesale	---	---	---	---	n/a
Clubs / hobby groups registered as charities	21%	22%	27%	30%	138
Business advice & Employment	---	---	---	---	n/a
Finance / Credit Unions / LETs	---	---	---	---	n/a
Total					**5260**

The survey shows that there are a large proportion of all charities that are having more than 25% of their income from trading. Of the narrowly defined social enterprises 59% are charities, although it should be noted that many of these are also registered as Companies Limited by Guarantee. This suggests that charitable status is not a useful indicator of enterprise orientation as many entrepreneurial organisations use this status to access opportunities and are heavily involved in trading. The survey of Business Link users (described in chapter 5) also found that 58% of social enterprises using Business Link services recently are charities.

Table 4.5 Proportion of social enterprises registered as charities

Sector	N	% registered as charities
Health & social work and care	1944	71
Other social enterprise activities and uncoded cases	2828	27
Nurseries / Pre-school / After school, school clubs	1245	82
Training & Education (not schools)	940	76
Community centres / village halls / room & venue hire	864	67
Cultural organisations registered as charities	747	100
Housing & accommodation	475	41
Environment conservation & animal welfare	415	74
Other Sport, recreation & community activity registered as charities	364	100
Retail / wholesale	219	11
Business & employment support	204	1
Clubs / hobby groups registered as charities	138	100
Finance / Credit Unions / LETs	117	6
Total	**10500**	**59%**

4.4 The geographic spread of social enterprises in the South East

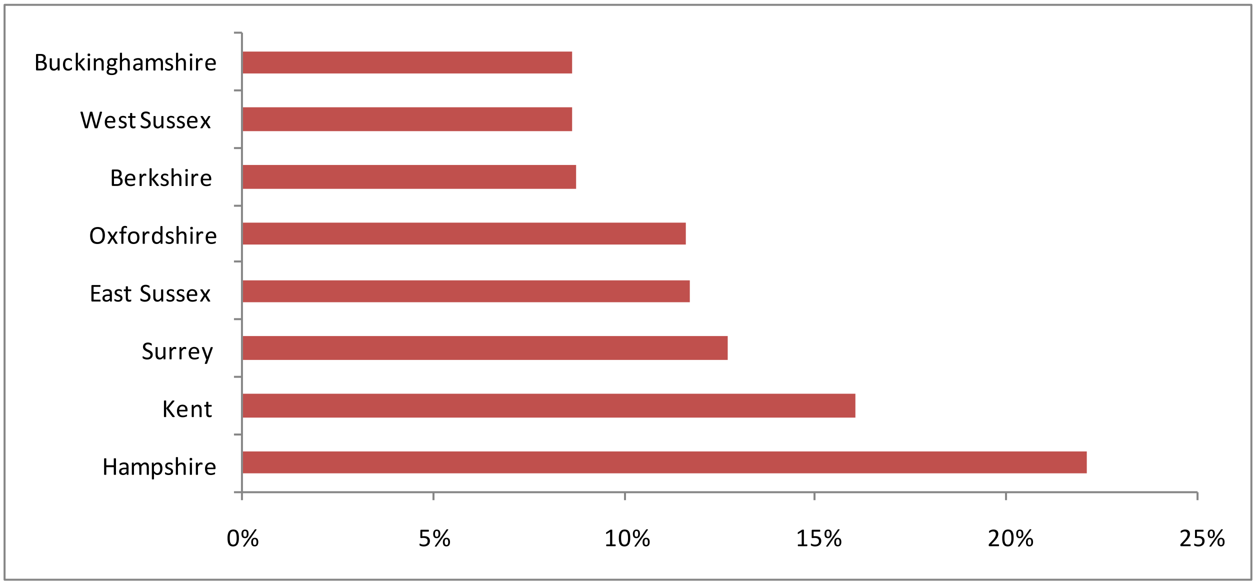
Table 4.6 provides the geographical distribution of social enterprises, included within the narrow defined classification, by the 8 South East regional counties. This demonstrates that Hampshire has the largest share, with more than one fifth (22%) of the included organisations, followed by Kent, with more than one in seven (16%) of the organizations represented. West Sussex, Buckinghamshire and Berkshire, all have considerably smaller shares, each representing one in twelve organizations.

Table 4.6 Geographical distribution of social enterprises in the South East

County	No.	%
Hampshire	2,294	22.1%
Kent	1,663	16.0%
Surrey	1,315	12.7%
East Sussex	1,216	11.7%
Oxfordshire	1,203	11.6%
Berkshire	901	8.7%
West Sussex	895	8.6%
Buckinghamshire	890	8.6%

Note: *Organisation is active in South East region, but insufficient data to locate within a county **Organisation is active in South East region, but address provided is not within the region

Figure 4.2 Location of social enterprises



Tables 4.7a and 4.7b, below, demonstrate that the overall pattern of geographical distribution for the narrowly defined social enterprise sectors is fairly even across the eight South East regional counties. A few notable exception include: above average representation of nursery, pre-school and after school clubs in Oxfordshire (22%, compared to the overall proportion for the South East of 14%), above average representation of health, social work and care in both Hampshire (30%) and Surrey (25%), compared to the south East regional proportion of 22%.

Figure 4.3 Spread of social enterprises in each county

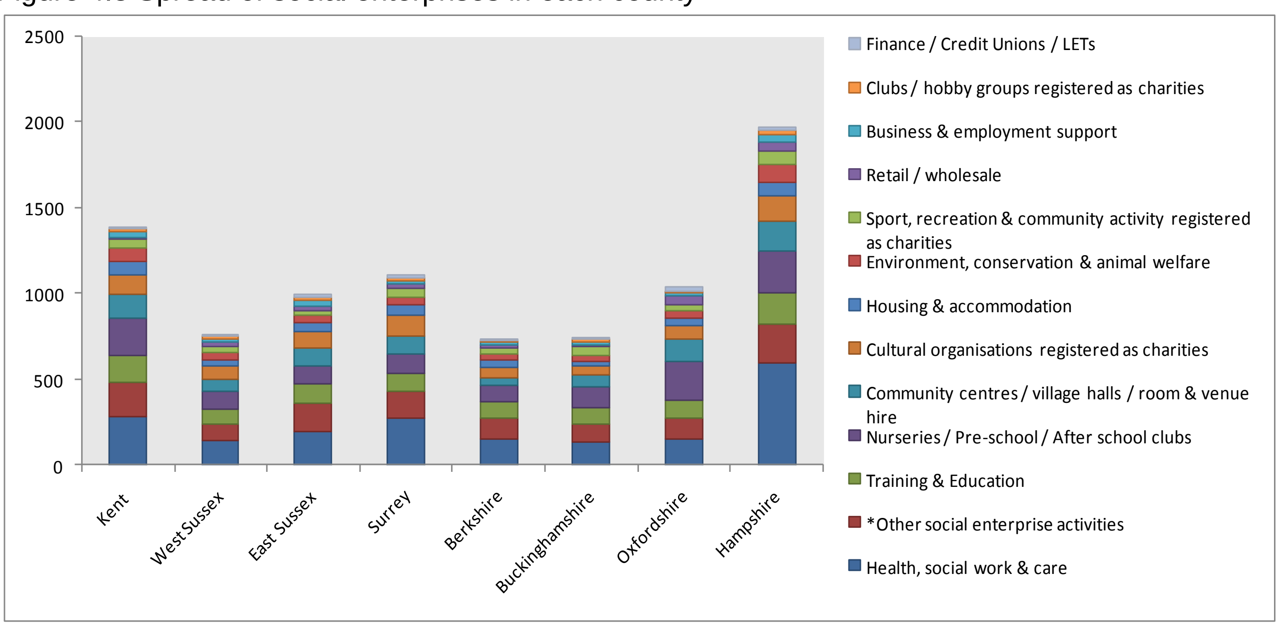


Table 4.7a Sectoral distribution by South East regional Counties (Numbers)

Sectors	Kent	West Sussex	East Sussex	Surrey	Berkshire	Buckinghamshire	Oxfordshire	Hampshire	SE Total
Health, social work & care	281	148	196	275	153	135	154	593	1944
Other social enterprise activities	199	96	164	155	122	107	122	234	1199
Training & Education (not schools)	160	79	114	105	92	95	104	180	940
Nurseries / Pre-school / After school clubs	217	105	107	114	103	121	229	243	1246
Community centres / village halls / room & venue hire	142	71	101	106	44	66	129	174	865
Cultural organisations registered as charities	111	82	97	118	56	56	81	146	747
Housing & accommodation	76	37	50	67	47	30	41	85	475
Environment, conservation & animal welfare	81	40	44	44	29	35	38	101	415
Sport, recreation & community activity registered as charities	49	34	26	51	35	48	41	79	364
Retail / wholesale	13	23	33	22	20	10	47	47	219
Business & employment support	37	18	27	20	16	13	26	45	202
Clubs / hobby groups registered as charities	15	17	19	19	11	23	7	27	138
Finance / Credit Unions / LETs	13	15	16	11	10	8	20	23	117
Total	1394	765	994	1107	738	747	1039	1977	8871

*Estimated

Note: This data is based on the 8871 cases that have details provided. 14% were not classified but estimates show this was spread across sectors

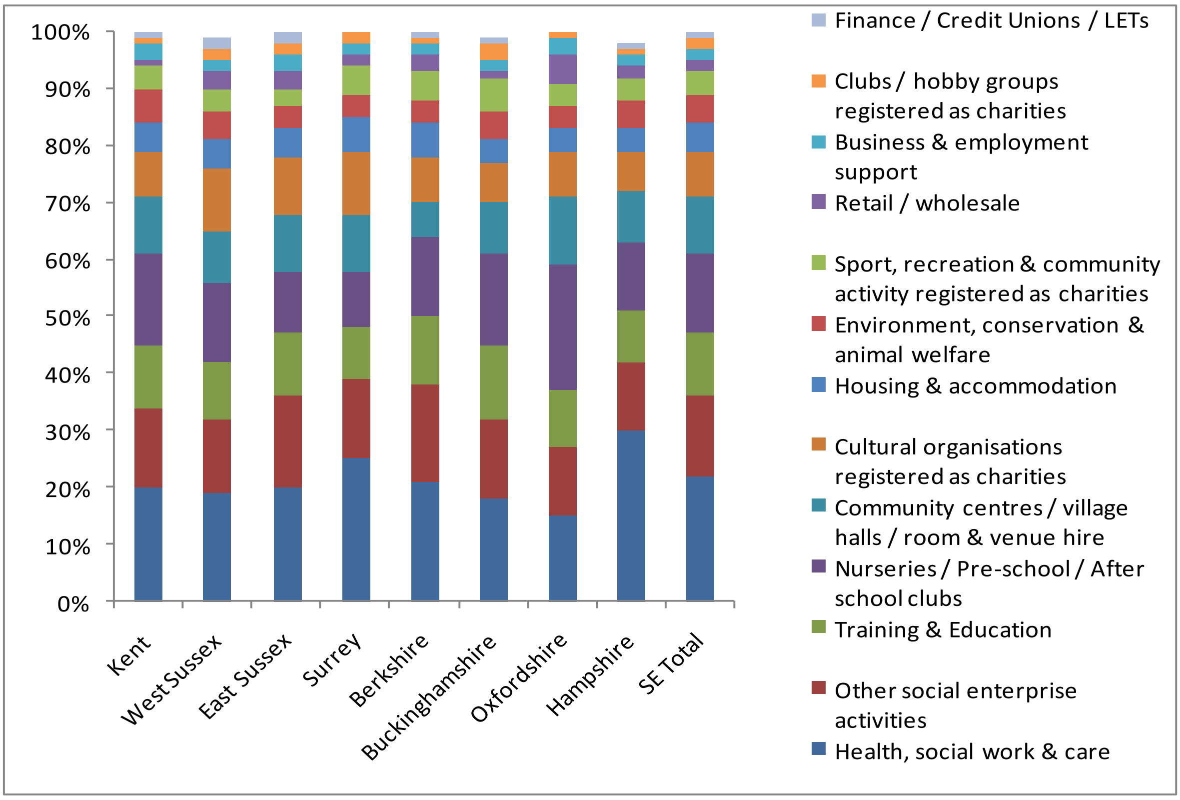
Table 4.7b Sectoral distribution by South East regional Counties (percentages)

Main Activity	N	Kent	West Sussex	East Sussex	Surrey	Berkshire	Buckinghamshire	Oxfordshire	Hampshire	SE Total
Health, social work & care	1944	20%	19%	20%	25%	21%	18%	15%	30%	**22%**
Other social enterprise activities	1199	14%	13%	16%	14%	17%	14%	12%	12%	**14%**
Training & Education (not schools)	940	11%	10%	11%	9%	12%	13%	10%	9%	**11%**
Nurseries / Pre-school / After school clubs	1246	16%	14%	11%	10%	14%	16%	22%	12%	**14%**
Community centres / village halls / room & venue hire	865	10%	9%	10%	10%	6%	9%	12%	9%	**10%**
Cultural organisations registered as charities	747	8%	11%	10%	11%	8%	7%	8%	7%	**8%**
Housing & accommodation	475	5%	5%	5%	6%	6%	4%	4%	4%	**5%**
Environment, conservation & animal welfare	415	6%	5%	4%	4%	4%	5%	4%	5%	**5%**
Sport, recreation & community activity registered as charities	364	4%	4%	3%	5%	5%	6%	4%	4%	**4%**
Retail / wholesale	219	1%	3%	3%	2%	3%	1%	5%	2%	**2%**
Business & employment support	202	3%	2%	3%	2%	2%	2%	3%	2%	**2%**
Clubs / hobby groups registered as charities	138	1%	2%	2%	2%	1%	3%	1%	1%	**2%**
Finance / Credit Unions / LETs	117	1%	2%	2%	1%	1%	1%	2%	1%	**1%**
N		**1394**	**765**	**994**	**1107**	**738**	**747**	**1039**	**1977**	**8871**

*Estimated

Note: This data is based on the 8871 cases that have details provided. 14% were not classified but estimates show this was spread across sectors

Figure 4.4 Proportion of Social enterprises of different kinds in each county



4.5 Size of social enterprises

Table 4.8 shows the percentage of social enterprises of different sizes. It should be noted that data base includes a large proportion of social enterprises with less that £40,000 in income, resulting in many of these not being included in other statistical sources and mapping studies that only include organisations that employ staff or have premises. These social enterprises may be operating out of residential houses or may be hosted within other organisations.

Table 4.8 Size of social enterprises in each category

Size band (£)	No.	%
0-19,999	1,473	28
20-39,999	1,315	25
40-99,999	1,157	22
100,000- £1,000,000	947	18
More than £1,000,000	368	7
Total	**5,260***	**100**

Note: * 5,260 valid cases (with information about total income)

Total Income data in each sector (shown in figure 4.5 and table 4.9) shows a considerable variation. Three quarters of social enterprises have a total income of less than £100,000, with just over 2500 social enterprises having total income of more than £100,000.

Figure 4.5 Total income in each sector

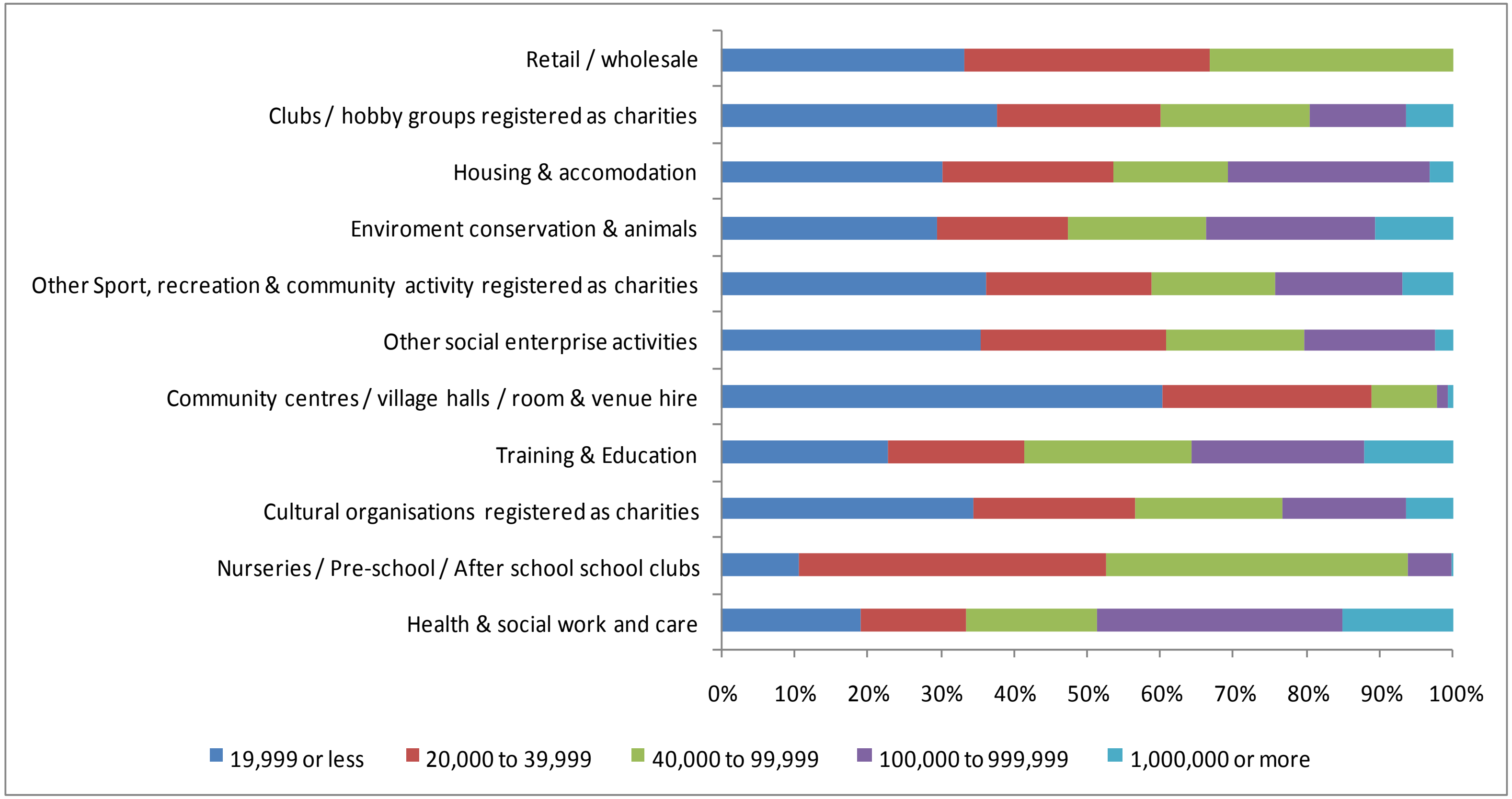
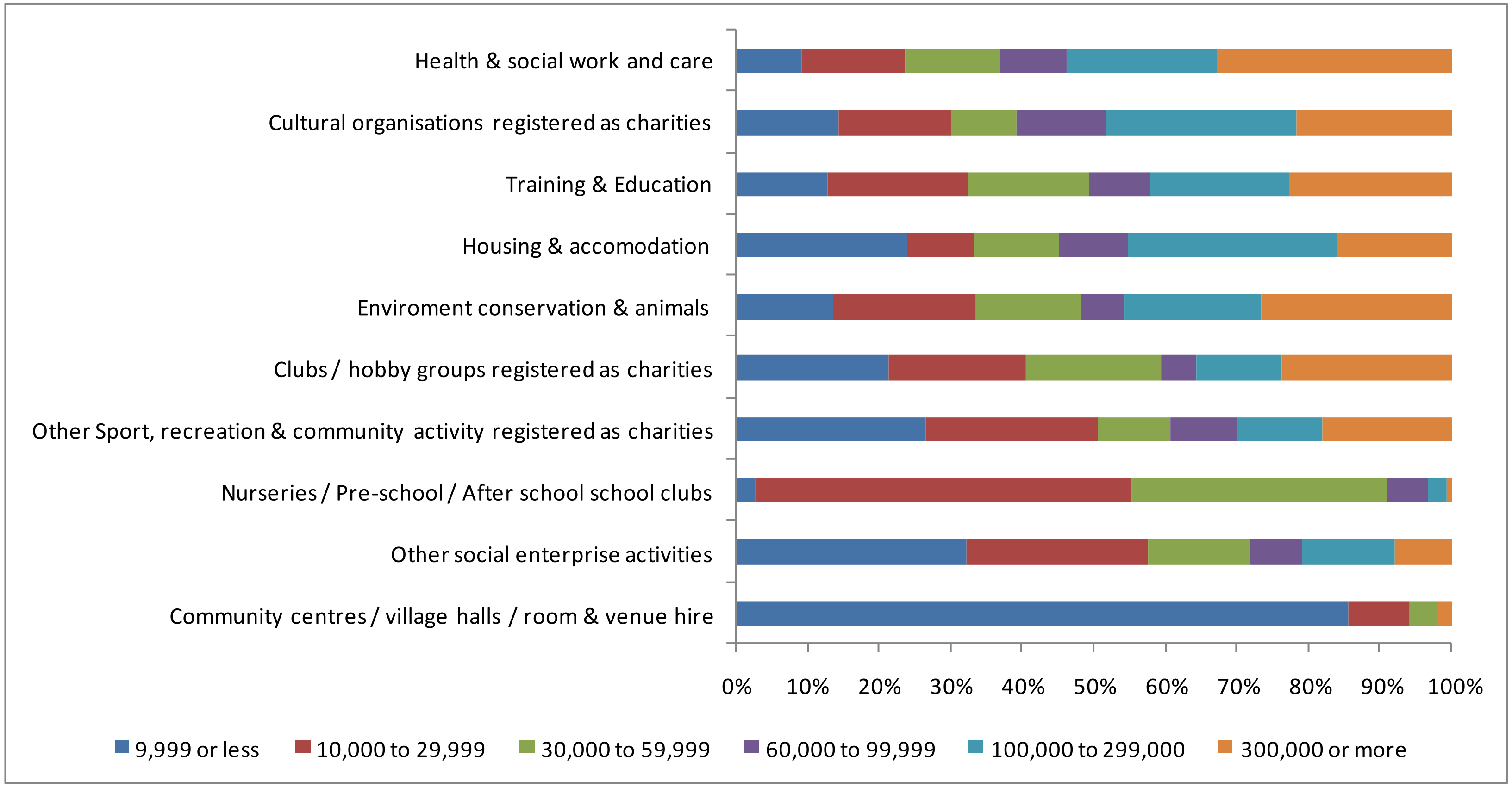


Table 4.9 Number of social enterprises with total; income of more than £100,000 in each sector

	Total number of cases	% with turnover of more than £100,000	Estimated number with more than £100,000 turnover
Health & social work and care	2,193	49%	1064
Other social enterprise activities	1,737	20%	351
Nurseries / Pre-school / After school clubs	1,252	6%	77
Training & Education (not schools)	1,014	36%	362
Community centres / village halls / room & venue hire	1,013	2%	21
Cultural organisations registered as charities	768	23%	180
Housing & accommodation	724	31%	222
Environment conservation & animals	505	34%	170
Sport, recreation & community activity registered as charities	433	24%	105
Retail / wholesale	283	25%	71
Business advice & employment support	260	25%	65
Clubs / hobby groups registered as charities	159	20%	31
Finance / Credit Unions / LETs	159	25%	40
Total	**10,500**	**25%**	**2593**

Note: data on turnover is not available for Retail/wholesale, business advice and employment support, Finance, credit unions. For these categories the average of all social enterprises has been used.

Figure 4.6 Staff costs in different social enterprise sectors



Data on staffing levels and employment is limited but proxy data can be derived from staff costs for 2791 cases. Just over half have costs over £60,000.

While turnover and staffing costs are crude measures of scale, it is possible to disaggregate the population based on these factors and identify different approaches for smaller and larger organisations. The 2593 cases with total income above £100,000 might be expected to have different needs and routes to accessing support compared to smaller organisations However, segmentation should be based on other criteria as well such as support needs and growth trajectories – the data on these topics would require additional surveys.

4.6 Gross value of social enterprises in the South East Region

Based on the income figures of the sample of social enterprises with financial information, it is possible to estimate the gross value of different sectors. This is shown in table 4.6.

Table 4.10 Estimated Gross Value of social enterprises in each sector

Sector	**Information available**	**SE Total**	**Estimated GV based on the mean**
Health, social work & care	N=1,185	2,193	£1,712,925,326.1
Other social enterprise activities	N=502	1,737	£913,439,660
Training & Education (not schools)	N=675	1,014	£561,832,050
Nurseries / Pre-school / After school clubs	N=1,014	1,252	£61,717,966.0
Community centres / village halls / room & venue hire	N=572	1,013	£45,464,453.0
Cultural organisations registered as charities	N=707	768	£191,115,033.6
Housing & accommodation	N=194	724	£108,530,930.4
Environment, conservation & animal welfare	N=309	505	£153,213,717.5
Sport, recreation & community activity registered as charities	N=342	433	£148,048,458.9
Clubs / hobby groups registered as charities	N=138	159	£40,507,253.4
Retail / wholesale	N=4	283	
Business & employment support	N=6	260	
Finance / Credit Unions / LETs	N=3	159	
Total documented			£3,936,794,848

Data on housing and accommodation does not include turnover on housing associations which is estimated to be £1,386 million for the South East. Data on Retail and wholesale is not available and based on previous research (IFF, 2005) a mean average of £160000 per organisation would provide a total of £35 million for the region.

The total gross value is estimated (based on mean turnover in each sector) at £5,358 million. This is slightly higher than the expected size based on estimated turnover for all social enterprises nationally (£27 billion and 55,000 social enterprises).

5. FINDINGS ON THE EXISTING SUPPORT SYSTEM AND CRITICAL PATHS FOR ACCESSING SUPPORT

5.1. INTRODUCTION

As part of the process of identifying the current and future support requirements of social enterprises, a review of the County Network infrastructure and specialist support provision for social enterprises across the South East of England has been undertaken. The objectives of this review were to:

- identify current support for the sector;
- make recommendations on the critical paths for accessing support;
- identify pertinent issues in the delivery of support to the sector; and
- identify how support infrastructure in the region could be improved.

In response, a two phase consultation process was developed. The first phase comprised of interviews with the ten Social Enterprise County Network co-ordinators and the Director of Business Link in Hampshire & Isle of Wight. While there may have been some value in speaking to each of the Business Link providers across the South East, the regional responsibility for social enterprise sits with Business Link in Hampshire and the Isle of Wight, the interviewee was able to draw together the Business Link perspective and co-ordinate access to data and information. The second phase comprised of interviews with 10 specialist business support providers to explore issues and barriers relating to social enterprises accessing and benefiting from current business support initiatives. This was followed by a validation session to ratify emerging conclusions with se2partnership – the overarching partnership body for the sector in the South East (comprising the county networks and other membership bodies).

All interviews used semi-structured interview techniques and were undertaken either face-to-face or by telephone. The findings from each phase have been amalgamated to provide a thorough picture of current support arrangements. After identifying the availability of current support to the social enterprise sector the section then explores the merits and constraints of delivering specific social enterprise support vis-à-vis the generic business support offer. Finally, an assessment of the barriers and issues associated with accessing provision is provided.

This project should also be seen in the context of previous mapping activity[5] undertaken within the South East. Specifically, this research adds to pre-existing literature through a survey of past Business Link clients to gain the sector's perspective on service provision. Although the business support system has undergone significant changes and Business Link is no longer directly advising clients, these findings are important as they allow an indicative assessment of the

[5] Previous mapping exercises include: West Sussex Social Enterprise Survey by WFTT; East Sussex Social Enterprise Identification and Survey by Action in Rural Sussex; SESEN Mapping compilation for SEEDA by SE^2; Social enterprise Framework Evaluation by WM Enterprise Consultants; and others

sector's perceptions of Business Link. It is also important to note that many of those interviewed were not able to clearly define the precise role of Business Link and the impacts of recent changes. This is not unexpected, but it does mean that some of the views expressed represent their perceptions of the situation rather than existing policy.

Findings on the current business support system also need to be seen in the context of the Business Support Simplification Programme (BSSP) being led by BERR. The programme aims to streamline the provision of support from the plethora of support schemes that currently exist to fewer than 100 products. In tandem with the simplification of provision, the delivery mechanism in the form of Business Link is also positioned as the access brand for publicly funded business support.

As the access brand, the core role of Business Link relates to the provision of an 'Information, Diagnostic and Brokerage' (IDB) service. The new IDB service is free to all businesses and, subsequent to the diagnosis, provides referral to external providers of business support, provided by public, private or voluntary sectors. Some of this support may be subsidised but there is an expectation that business, including social enterprises, will pay an appropriate market value for this support. Business Link also provides a start up service, which offers support to individuals considering starting a business, including a social enterprise. This is delivered through a series of free seminars that run across the South East. In addition, the Business Link Enterprise Gateway service provides encouragement to individuals in deprived areas/groups to consider working for themselves and then providing support should they wish to do so.

5.2. PERCEIVED EFFECTIVENESS OF BUSINESS LINK SERVICE

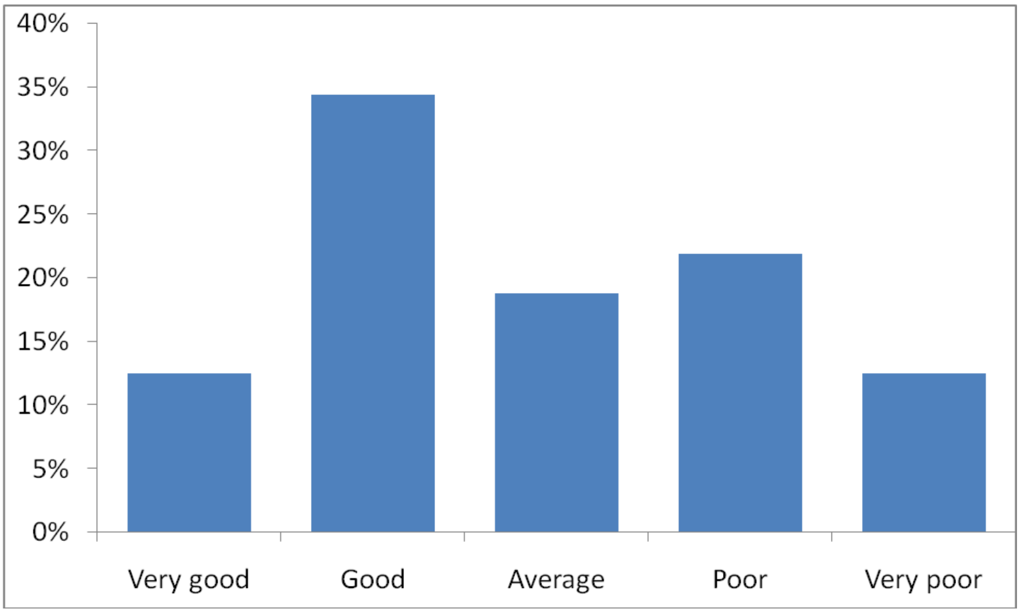
This is based on an on-line survey. In total 47 organisations responded to the on line survey (detailed in Appendix 2) out of a sample frame of 312 social enterprises that had provided their email addresses to Business Link and had received support.

The majority of social enterprises have accessed multiple support providers and have used multiple access points, including the County Networks, to access relevant providers. The majority of organisations (53%) found out about available business support within their area through a recommendation by a third party organisation. Others actively sought our providers and this was commonly undertaken through an internet search.

When accessing the Business Link service, the majority of respondents accessed them directly (77%) and were then signposted into the generic Business Link offer (43%). Some respondents were referred into other support, as per the IDB model, and these included referral to a social enterprise specialist (19%) and referral into specific social enterprise workshops run by Business Link (19%).

While the sample size is admittedly small, the majority of social enterprises were positive about the effectiveness of the support received. Of those social enterprises who rated the effectiveness of Business Link, 47% felt that the service was very good or good. However, 21% of social enterprises felt the service was poor and a further 13% rated it as very poor.

Figure 5.1 : Perceived effectiveness of the Business Link service (from online survey)



In terms of the support received, the most significant impact was seen to relate to business confidence. Of those social enterprises responding to this question 21% felt that the support they had received had a major positive effect on their business and a further 28% reported a minor positive effect. In terms of improvements to the efficiency of the social enterprise, 11% reported a major positive effect and 25% a minor positive effect. With respect to turnover and sales the results were rather less significant with 74% of those responding reporting no effect in either.

These results are largely positive, although it is worth noting that 70% who expressed a view felt that the service could be improved.

5.3. Providing specialist support

Support to the social enterprise sector can generally be differentiated by type and by delivery mechanism. The former is typically disaggregated by 'generic' business support providers and those that are 'specialists' in supporting social enterprise.

Drawing upon the semi-structured interviews, the majority of the County Networks, specialist support providers, and Business Link itself, believe that social enterprises are different and hence require both a different type of delivery and a different type of support. There are, however, subtle differences in the way in which the required support is delivered.

Although the majority of interviewees concluded that social enterprises did require specific support, relative to generic offerings, some did concede that much business advice was generally applicable. In essence social enterprise specific support should be seen as a complement to generic support, rather than as a substitute. This was confirmed by some business support providers:

- “there’re some differences but essentially a business is a business; we don’t find it necessary to set up something specifically for social enterprise” (Specialist support provider)

There is however, a lack of consensus amongst partners and stakeholders as to what support social enterprises need. Those County Networks and business support providers interviewed indicated a preference for specialist support. Since the majority of support being delivered by both public and private organisations is generic business support this raises questions, in their mind, as the suitability of this offer. The perception that there is a lack of suitable support will be explored in a following section.

The ability to use different delivery methods was also raised as a significant issue. It was thought that the delivery method could vary depending on the type of client. Business Link has recognised that social enterprises may prefer to be assisted by other social enterprises. Hence the organisation is looking to get more social enterprise business support providers registered on the Supplier Matching Service.

What is clear, however, is that social enterprises across the South East recognise the ongoing need for business support. Of those social enterprises interviewed as part of this project, 87% of those responding anticipated requiring further support in the future.

Business Link provide a range of support for people who are about to set up, or who have recently set up a new business. This support includes a series of free business start up training workshops on the themes of: planning for success; how to win and keep customers; and managing money. The training provided in these workshops is targeted at all businesses. In addition, a dedicated workshop is also provided for people requiring guidance on setting up and running a social enterprise. Business Link recommends that participants first attend the other startup workshops, although this is not mandatory.

5.4. Barriers to accessing and benefiting from support

The interviews with County Networks and specialist business support providers identified three thematic areas where barriers exist in accessing support.

- Structural barriers;
- Suitability of provision; and
- Accessibility.

In addition to these barriers two interrelated issues relating to the Business Link Service are explored:

- The Supplier Matching Service (SMS); and
- the IDB.

Structural

SEEDA, like all RDAs, has taken over responsibility for the funding and contract management of the Business Link service. In the South East, SEEDA has purchased a regional framework, delivered by six local providers. This provides greater local presence than is the case in other regions, but also creates the need for a more structured relationship between the local and regional levels.

This will be necessary to ensure that there are opportunities for collaboration and synergy between the Business Link providers, and between the regional level and local organisations and providers of business support.

There is, therefore, a need to ensure an effective linking mechanism between the regional and the local levels. Two possibilities have been identified to provide the linking mechanisms between regional and local organisations.

In the first, it is possible to segment support to social enterprises upon a particular differentiating factor – for example in governance with e.g. Social Firms UK facilitating the link between Business Link and all social enterprise set up as social firms within the region.

The second possibility is to continue to take a spatial approach in delivering business support. This requires sub-regional bodies to facilitate working relationships between local support providers and Business Link. This was one of the original intentions of the County Networks; however they currently deliver this role on a differential basis and are likely to continue to do so

Potentially, there is also a role for the se2partnership in co-ordinating some of these activities and in promoting greater consistency between the functions and practices of the County Networks, and other intermediary organisations. se2partnership could play an important bridging role in this regard.

The County Networks are changing, indeed the term ‘County Network’ is strictly no longer accurate. However, at present, the function and operations of the County Networks differ in each area and no blueprint or common structure is evident. In fact, in some senses they exist as separate sub-brands. Some are networks of social enterprises and function to provide mutual support, development, good-practice and collaboration. Others are networks of organisations providing support for social enterprises or having an interest in their development and growth.

Some County Networks are better resourced by being anchored in a larger host organisation. The position of others is at best unclear and at worst very precarious. The review of business support systems did not incorporate an evaluation of the

County Networks but it is clear that there are no apparent indicators of success and no definable patterns of relationships that can be attributed universally.

Despite these limitations amongst some of the County Networks, they could be an important piece of the infrastructure for social enterprises; either in linking up the different agendas of partners and stakeholders, or in providing a self-help and peer support function for social enterprises.

While County Networks would not favour the imposition of a common clearly defined role, they recognise the benefits of being resourced adequately to take forward a common agenda and agreed strategy across the region as a whole. However, there may be positive benefits to be accrued by the networks offering a more consistent and comparable set of activities. Currently the levels of resource do not allow for this and there is an absence of an agreed strategy for social enterprise support across the region which capitalises upon the knowledge, experience, and good will of the networks. The se2partnership again has a potentially important role to play in bringing greater consistency and facilitating the sharing of effective practices across the region.

Of particular concern, explored elsewhere in this report, is the finding from the interviews that some County Networks are entering into arrangements to purchase business support to meet the needs of their local social enterprises. This challenges the aims of the business support simplification process and the development of Business Link as the access brand for publicly funded business support. The se2partnership could play an important role in ensuring that where this occurs, provision is consistent with the BSSP and accessible through the Supplier Matching Service.

On a related point, there is also an ongoing need to improve the effectiveness of IDB in correctly identifying the needs of social enterprises and referring them to appropriate provision.

Suitability

Business Link believe that a social enterprise generally goes through the same start-up processes as any other businesses and like a typical business encounter four main barriers during the start-up phase – money, people, sales and marketing, and the law/governance.

However, there is a widespread perception amongst both the County Networks and specialist support providers that Business Link do not understand the particular motivations of social enterprises. This is coupled with their perceived limited experience in providing support on social impact and the legal and governance structures of social enterprises. (It is important to note that these views are perceptions of those interviewed and that this research does not constitute an evaluation of Business Link, the County Networks or support providers.)

Amongst those interviewed the Business Link start-up workshops received mixed views ranging from excellent to very poor. Some networks stated that they would never refer social enterprises into Business Link start-up workshops. Some also questioned the necessity for social enterprises to attend all four workshops, rather than the one social enterprise specific workshop. As noted earlier, this requirement has now changed, reinforcing the fact that there is a real and ongoing need for better communication between all parties. Again, this may be a role for se2partnership.

The suitability of current support available to social enterprise received very mixed reactions amongst specialist providers themselves. However, consensus did emerge on one possible reason for discord with Business Link concerning the suitability of their service. Specialist providers were unsure whether Business Link had made the distinction between enterprises run by a social entrepreneur and those run by cooperative type management. The former, with one individual is much more typical of a 'normal' enterprise and hence the Business Link product may be more suitable to these type of social enterprises rather than those run and managed by consensus.

While there is no evidence to support this assertion, Business Link has recognised that corporate governance is a key component of their support that is differentiated for social enterprises.

- "*When you are not dealing with an owner/manager but with a group of individuals who have come together, this can result in the advisor using a different approach*" (Business Link)

The journey involved in establishing a social enterprise often requires a high degree of consensus building amongst a community of interested individuals, and can often involve lengthy and important discussions about constitutional matters and the clear identification of community benefits and social aims. This process does not fit comfortably with the delivery of standard pre-start or start-up advice. It may be the case that there is an enhanced role here for the Business Link Enterprise Gateway service.

Business Link believe that their advisors are able to do this and hence ensure that the support they provide is suitable to the social enterprise sector. However other providers are less sure:

- *"Clients referred into Business Link often do not get what they want*" (Social enterprise development agency)

Although, there is again a contradiction here as there is also the view that social enterprises are not entirely sure what support they require.

The County Networks and some specialist providers also feel that the style and formality of the support delivered is particularly important in meeting the needs of pre-start and start-up social enterprises. Many social enterprises emerge from or are spin offs from Community and Voluntary Organisations/Charities and are more comfortable with community development approaches to find enterprising solutions to social challenges. The view was expressed, that they prefer not to opt in or when referred very quickly opt out of support designed around the needs of mainstream pre-start and start-up enterprises.

In conjunction with demand from pre-start and start-up social enterprise there is significant demand from mature social enterprises requiring support which have different needs than start-ups. Mature social enterprises require assistance centred on how to grow and expand the enterprise thus delivering greater community benefits. Interestingly this was felt by both the County Networks and by specialist support providers to be a gap in the market. Obviously this falls clearly within the remit of Business Link and perhaps the issue is that effective referral mechanisms are not in place to ensure that social enterprises are able to access the support or perhaps, as mentioned by some County Networks, there is an issue of affordability. It is important here to make a distinction between the Business Link service, which is free, and any business support service that any social enterprise is referred to following diagnosis, which may well have costs attached.

In conclusion, the negative perceptions of Business Link from some County Networks, specialist providers and some social enterprises raise a number of issues that must be addressed.

Business Link is positioned as the access brand for publicly funded business support and the BSSP is moving forward. In the immediate period, neither of these policy positions is likely to change. It is therefore important, not least for the social enterprise sector, that a greater spirit of collaboration and sharing is built across all partners. Where there are negative perceptions of the Business Link that impact on engagement and referral (and thus on the perception of social enterprises of the value of the Business Link service) there is a potential cost to both the social enterprise and the wider economy and community that represents a lost opportunity. The se2partnership will play an important role in addressing this challenge.

Accessibility

There were widespread perceptions amongst the County Networks that the regionalisation of Business Link support would result in support becoming less accessible. However, as identified previously, the situation on the ground is that there are six Business Link providers operating within a regional framework. This is not the case in all regions and arguably provides more local accessibility and local presence.

In some areas, the geography of provision which puts the onus on individuals travelling to support providers was raised as a barrier. This was particularly the case in the rural areas of the region. While this issue requires consideration, it is not an outcome of regionalisation per se.

The interviews with County Networks and specialist providers highlighted the cost of business support as a prime barrier to social enterprises accessing provision. This issue was not considered in the survey of social enterprises, although 75% of social enterprises who provided details on the type of assistance they received, indicated that they needed help with business planning and development, which may itself incur costs.

The issue of cost, and how it relates to Business Link provision, is clearly one area where there is a lack of understanding of the current model. While the cost of support may well be a barrier, the Business Link service, as previously highlighted, is free to all businesses. Despite this there was still a view amongst some County Networks thought that the costs of accessing Business Link support were potentially prohibitive.

Recognising that, beyond the Business Link service, cost remains an issue, positive mention was made of the voucher system, which will provide some subsidy to social enterprises purchasing support following referral by Business Link to appropriate providers. In addition, some of Networks are directly involved in brokering pro-bono support for social enterprises; through a planned programme of matching need with the corporate social responsibility objectives of private sector companies and particularly those providing professional services e.g. law firms and accountancy practices.

Supplier Matching Service (SMS)

The SMS is a mechanism employed by Business Link to ensure clients are referred to the most suitable support provider. The service supports the brokerage element of the IDB model.

Providers and the majority of networks were generally less positive about SMS and its capacity to refer social enterprises effectively. In some instances, network coordinators or members were registered on SMS but felt that the inability of the system to flag up or match social enterprise specialists to social enterprises would limit its success.

The majority of networks felt that although SMS was flawed as it was unlikely that a social enterprise would actually get to the brokerage stage given the issues with the front end of the IDB model. However, this is unsubstantiated, if not disputed by the survey findings where there is evidence of social enterprises accessing business support, following diagnosis, and reporting positive outcomes.

Some of the issues relating to the IDB service are explored below.

IDB delivery model

Universally, the networks indicated their willingness to and examples of, working with Business Link though not necessarily within the IDB model. There was one example where the relationship between the County Network and Business Link was clearly working very well and by close collaboration were ensuring that social enterprise referrals were dealt with appropriately. It is clear that County Networks and other intermediary organisations are not consistently referring social enterprises to Business Link. Significant activity outside the IDB model is evident and networks are adept at facilitating a wider range of support for social enterprises which they perceive to be welcome and a core function of their operations. In a number of cases pro-bono support brokered via the private sector is helping social enterprises to get free specialist support and the prevalence of a range of providers provides testimony to the desire of social enterprises and the networks to source support from agencies who "understand" them.

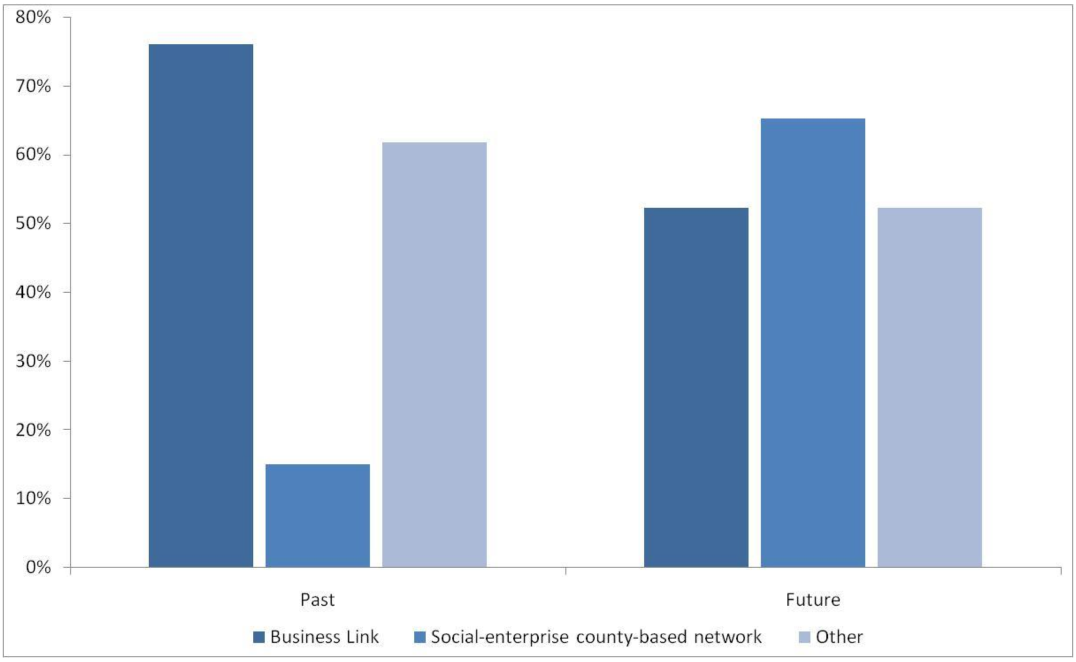
5.5. Pathways into support

As previously mentioned Business Link is positioned as the access brand for publicly funded business support. While this policy decision is clear, what this means for other intermediary organisations is less clear.

For Business Link the County Networks should provide a linkage mechanism between themselves and the social enterprise sector. Each Business Link provider is developing a working relationship with the relevant local County Networks to ensure that this is the case. Indeed, the County Networks have a genuine desire to help Business Link in delivering support and definitely see themselves as being "part of the solution" for Business Link.

However, the networks thought that the assumption that Business Link should provide the first point of contact for all business support needs is clearly challenged by practice on the ground. Indeed, the potential growth of the County Networks can be seen from the survey of past Business Link clients. When accessing support in the future, the majority of respondents believed they would access the County Networks rather than Business Link to gain access to advice.

Figure 5.2: Past and future pathway's into support (from online survey)



In order to improve take-up of and satisfaction with the Business Link offer it was thought that ensuring a common organisational objective for both the County Networks and Business Link around engagement could be beneficial in developing pathways into support. If this was supported by a common set of activities, agreed at the regional level, and provided by all Networks, considerable benefits could accrue.

In the majority, smaller umbrella groups and specialist support providers would concur with the point above. Social enterprises do not always access Business Link as the primary pathway into support and they do not get referred into Business Link for a diagnostic. For many smaller organisations this was in part a result of a lack of working relationships with Business Link as well as unsuitability of the Business Link offer:

- "*Our relationship with Business Link is almost non-existent at the moment*" (Specialist support provider)

In contrast, many smaller support providers were being pro-actively engaged by the county based networks. This is likely to be a result of the various mapping exercises that the County Networks have completed.

5.6. Providing support in the future

Finally as part of our discussions with consultees we asked for their thoughts regarding how the support infrastructure in the South East could be improved.

The networks were appreciative of the support SEEDA has put into the sub-regional infrastructure and their efforts to support social enterprise growth and visibility. However a number of networks were also unsure about their future given the absence of a supportive host organisation in which they could continue to provide a coordinating function. Amongst the County Networks with alternative funding streams and a supportive host, there were some concerns that they were providing a support function for the sector without funding and there was the perception that the networks and other partners were subsiding services that should be provided by Business Link. However, the role of Business Link no longer involves the provision of the type of activity they refer to.

Those networks based upon members of social enterprises had tended to develop a range of services that were of mutual benefit and provided numerous reasons for members to remain engaged. Generally, these networks were also less dependent upon future funding and dedicated staff.

In all cases, the networks felt that there was a clear case for enhanced investment in awareness raising and significant contributions to be made through procurement strategies, local area agreements, economic development strategies and in helping rural economies respond to the closures of vital local services (shops, post offices, schools etc).

A number of networks felt that the low numbers of trained advisors in their areas was limiting their ability to help new social enterprises start-up and to raise awareness of social enterprise solutions in communities that could benefit. Other areas felt that there is more than enough support providers but very little effort being put into campaigns to raise awareness.

Despite obvious variations in the performance of the networks, all were able to describe a future for social enterprise in a way which made a strong case for further investment and for SEEDA to incorporate assistance to social enterprises as a contractual output.

As identified throughout this section, there may be an important role for the se2partnership to play in addressing some of the issues raised above. The investments made by SEEDA in the infrastructure arrangements including the County Networks and se2partnership have produced considerable but often inconsistent benefits for the sector as a whole and have helped scope, and in some cases meet, demand for support and capacity building across the region. Moving forward, our consultations have identified a clear need for a range of actions to be provided via se2partnership. These include:

- Generating support and development programmes that are responsive to the local needs of the county networks
- Providing training and development service for the County Networks and specialist providers
- Effectively representing the sector in the region and influencing strategy and policy
- Providing an effective brokerage role between SEEDA, Business Link, the County Networks and the specialist providers and working to progress the BSSP and ensuring that the IDB model is responsive to the needs of the sector
- Raise awareness of the sector and ensure that Local Authorities and other public sector bodies recognise the contributions of Social Enterprises via Local Area Agreements and procurement arrangements
- Maintain an overview of and develop the intelligence base for the sector
- Establish and broker support for an agreed “core offer” for County Networks and help them develop the capacity, where necessary, to deliver this offer.

6. Forward looking strategy and recommendations

6.1 Introduction

This section of the report considers how, on the basis of the results of this research, the support infrastructure for social enterprises might be enhanced. Our recommendations are structured around four key dimensions:

- Developing a refined segmentation strategy;
- Effective use of intermediary organisations;
- Enhancing Business Link and the IDB Service;
- Encouraging specialist provision.

6.2 Developing a Refined Segmentation Strategy

In this section, a range of segmentation strategies are proposed which can be used to inform and prioritise future support activities. Taking an explicit approach to targeting is important in defining the expected outcomes of support and designing the most suitable suites of interventions. Thus the segmentation approach will be of particular importance when considering where the mainstream offer can be enhanced or targeted to meet the needs of social enterprises.

Segmentation can be based on three main approaches:

- Social enterprise characteristic segmentation;
- Personal characteristic segmentation;
- Enterprise activity and support needs segmentation.

This report presents the findings of the enterprise characteristics that are most commonly used, namely size, location and economic/industry sector of organisations. Information on the other two approaches is not available through the mapping process in this project. However, there are other sources of information that can be used to identify characteristics and the nature of these segments. For example there is knowledge in previous studies concerning the different types of support required for particular segments of the social enterprise population.

Social Enterprise Characteristic Segmentation

The mapping exercise in the project provides the most comprehensive data to date on characteristics of social enterprises in terms of sector, size and location. With this information the outreach programmes and support for social enterprises can be targeted and is more likely to have a greater impact.

This mapping exercise has not included surveys so further information on enterprise characteristics is not available. While information is not available on the performance/growth trajectories of enterprises, or on their stage of development/maturity, support interventions need to take such differences into account when planning programmes to increase engagement and to offer support.

A further distinction can be made between those starting up and those more established. Previous work has made a distinction in the start up support between the small starters beginning from nothing, the organisations moving from non trading activity to social enterprise trading activity, and finally the ‘born large’ organisations coming from unit transfers that spin out of the public sector, or large charities.

Personal characteristic segmentation

Segmentation of the prestart or nascent social enterprises also needs to take into consideration the characteristics of the key players or ‘social entrepreneurs’. One distinction to make is between those organisations set up by a single entrepreneur and those set up by a committee or cooperative group. Other factors to consider with regard personal characteristics include the following:

- Experience of the founder;
- The personality of the individual entrepreneur;
- The motivation to start a social enterprise;
- Education and skill level;
- Ethnicity;
- Gender;
- Age;
- Disability.

Enterprise activity and support needs segmentation

Building on the other approaches, segmentation can identify the types of social enterprises that are most likely to have specific needs relating to different enterprise activities. There is much existing knowledge concerning the support needs of different segments of the social enterprise population with studies carried out on specific sectors, eg preschools, housing associations or sports related social enterprises.

The results available for this work allow for a range of segmentation approaches, although the lack of a specific survey means that data is only available of certain criteria (sector, size and location). Segmentation should be used for three purposes:

1. the design of differentiated outreach or publicity campaigns aiming to encourage social enterprises to seek support;

2. the design of differentiated critical paths for accessing support;

3. the design of differentiated support delivery approaches and content.

This report is not intending to give specific targets for each of these but suggests ways in which the data collected can be used to identify specific segments that require a different approach to maximise the impact of public sector funded support.

We recommend that future support should outline different approaches for social enterprises in each geographical area, for different sectors and for different sizes. It is recognised that size is a crude way to differentiate social enterprises but is the best available proxy for different support needs. In particular, we have identified the 2600 social enterprises with total income of more than £100,000 that are likely to have needs that are different to smaller organisations. Furthermore, some sectors are more likely to respond to the IDB model than others suggesting that Business Link should focus on specific sectors.

6.3 Effective use of intermediary organisations

It is also important to consider the role of intermediary organisation and networks, in engaging, supporting and referring social enterprises to business support. At the national level the Social Enterprise Action Plan clearly recognises the importance of networks in supporting the social enterprise sector. Recent research undertaken for the Office of the Third Sector[6] described the four stages of the development of a network:

- Acquisition – getting the users;
- Retention – keeping the users;
- Participation - involving the users; and
- Growth – adapting the evolving needs of the users.

The report notes that it is also during that this growth phase that “most networks need external investment” and that this is often in the form of “working capital to cover the time-lag between costs associates with increasing the level of sophistication of paid-for services and the anticipated earned income that will result from these services through membership fees, sponsorship, selling services, etc.”

The research for the Office of the Third Sector also identified seven characteristics of a ‘good’ network, specifically:

- Track record – ability to demonstrate appropriate level of development;
- Membership – large proportion of organisations that could be members are members;
- Activity – services are well used and sufficient to create momentum;
- Connections – directly between members;

[6] Cabinet Office – Office of the Third Sector, Review of Social Enterprise Networks, Rocket Science UK Ltd.

- Direction – steering group provides direction, co-ordination and organisation;
- Objectives – works towards clear objectives; and
- Resources – appropriate to deliver level of service expected.

Clearly, there is a need for effective intermediary activities at the local level, both to generate local market intelligence on the social enterprise sector, and to provide a link between social enterprises at the local level and regional and sub-regional support infrastructure. Ideally, this should encompass keeping track of the social enterprise community, generating market intelligence on the formation of new social enterprises, providing intelligence on the type of support demanded by existing and nascent social enterprises and tracking the performance of existing social enterprises. This should inform the activities of Business Link, and ultimately business support providers.

In the South East context, the County Networks should be an important piece of infrastructure for engaging, supporting and referring social enterprises across the region. However, the research suggests the experience of County Networks varies considerably. SEEDA's support in the early stages of the development of the County Networks clearly helped to stimulate the social enterprise community across the South East. However, the loss of funding at a time when a number of the networks were entering into the growth phase of their lifecycle is a cause for concern.

In absence of SEEDA funding, the networks have been left at different stages of growth and therefore there is differential capacity across the County Networks. In many areas, the County Networks have created effective local markets for delivering or brokering the delivery of effective business support for existing or new social enterprises, and their reputation for doing so is good. The roll out of the IDB model and the withdrawal of the previous contracts have left some of the networks, their partners and specialist providers with a number of dilemmas:

- Demand for their services is growing but they are less well resourced to deliver (pro bono delivery is evident but is not easily sustainable in the long-run);
- Continued delivery duplicates Business Link provision and undermines efforts through the Business Support Simplification Process; and
- Other funding partners are less than happy with supporting the delivery of a service which they believe should be delivered effectively or paid for by Business Link.

Where the County Networks appear to be best positioned, is in those instances where they are located within a larger VCS or social enterprise infrastructure organisation, which is able to sustain concerted activity and is not wholly dependent upon external funding to resource the network function. This model, with specific support to broker effective delivery arrangements with Business Link offers the potential to best meet the needs of the sector but also begin to address some of the BSSP and IDB compliance issues which are clearly manifest in the research findings.

Looking forward, consideration should be given to how SEEDA and Business Link is to ensure that as local intermediary infrastructure develops, either through the County Networks or other intermediaries, it is being used effectively to enhance the activities of Business Link and provide ongoing intelligence about the needs of social enterprises across the South East.

As indentified in section 5.6 there is also an important role for the se2partnership. If the partnership is able to improve communication and understanding between all partners, there will be undoubted benefits for all stakeholders and for social enterprises themselves. In addition, the Partnership also has an important role to play in promoting consistency and the sharing of effective practice across the region.

6.4 Enhancing Business Link and the IDB Service

While intermediary organisations, and indeed specialist providers, have an important role to play in outreach and engagement, there is also an apparent need to enhance the Business Link service.

In many respects, the support needs for social enterprises are the same for any other business. Given the positioning of Business Link as the access point for business support services, and the role of the IDB service in diagnosing support requirements, it is critical that Business Link is able to offer a quality assured service to the region's social enterprise sector.

The research shows that, against a generally positive position, there have been mixed experiences of the current support offered via Business Link. For those individuals, or organisations, considering starting a social enterprise the Business Link start up service includes provision for social enterprise, in the form of a specific seminar focused on social enterprise, which runs alongside the other start up seminars. There are also high expectations of the voucher scheme.

Positive feedback was received on the previous programme of training business support advisors on how to best support social enterprises. Over time, the benefits of this previous exercise will dissipate, as staff move on and new providers enter the market, consideration should be given to how this process could be repeated.

It may also be appropriate to look at the formal 'certification' of support for social enterprises. This could be achieved through encouraging the take up of the SFEDI certification and specifically the dedicated social enterprise elements of the standard.

Some of those receiving support felt that Business Link's diagnostic was too generic for social enterprises, although this was not universal, there was still some concern that Business Link was not fully capable of meeting the needs of social enterprises. The majority of social enterprises interviewed felt that the service offered by Business Link needed to be improved to make it more suitable for social enterprises.

If social enterprises and some support providers do not perceive the diagnostic is fit for purpose, this may have a negative impact on the take up of the service amongst other social enterprises. Therefore, it is important that Business Link build a portfolio of case studies of social enterprises that have positively benefited from the diagnostic service. This should be used in promoting the IDB service, both to social enterprises and intermediary organisations, including the County Networks.

In a number of instances the County Networks are providing a mechanism for circumventing Business Link as the preferred access route, and in some cases actually encouraging this to happen. However, going forward, there is a need for intermediary organisations, including the County Networks, to have confidence in the service provided by Business Link and to provide a consistent signposting role to the support offered through Business Link. This applies to all stages of the information, diagnosis and brokerage service. From the moment an individual indicates that they are considering establishing a social enterprise, or an existing social enterprise realises it has development needs, through to the identification of sources of support, there is a need for confidence in the services provided. If this is not the case, they will not direct individuals or organisations to Business Link.

At present this confidence is not universal. Where Business Link is well regarded there is usually significant involvement from the respective County Network, or alternatively a specialist social enterprise provider. This demonstrates the importance of good working relationships, specialist knowledge and effective referral mechanisms at the local level. While this is present in some sub-regions it is, again, not universal. In reality, however, this will only occur in those areas where the County Networks provide a consistent approach for local social enterprises seeking support.

While it is not necessarily the case that social enterprises are best placed to provide business support to other social enterprises, there is a view that a social enterprise would like the option of receiving services from other social enterprises, providing the quality and the price are right. As the Supplier Matching Service matures, where social enterprises are requesting brokerage to support providers, Business Link should consider how to best include social enterprise provision amongst the referral options.

6.5 Encouraging specialist provision

The results of the survey of social enterprises, who have received assistance from Business Link, suggest that there remains an ongoing need for general support for business planning and development. Specifically, the principle barrier to growth and development relates to accessing finance. In addition, sector specific and locational barriers, such as lack of suitable office space, were also identified.

On the whole, these barriers are not untypical of any small business. However, when it comes to accessing business support, intermediary organisations clearly play an important role. While generic business support can be of relevance, there are, however, some important differences, both in terms of the content of support and the approach to delivering support. With respect to the content of business support, there is a clear recognition of the importance of governance and legal matters to the social enterprise sector. This is acknowledged by social enterprises, the County Networks and Business Link.

In terms of approach, the formality and style of approach is seen to be an issue for the social enterprise sector, although this is acknowledged to be more of an issue for start up and pre-start activities. Many social enterprises emerge from, or are spin offs from, voluntary and community organisations or charities. As a consequence, in their early stages, social enterprises are frequently more comfortable with community development approaches to finding enterprising solutions to social challenges. They prefer not to opt in, or when referred, tend to quickly opt out of the Business Link service.

In terms of specific support, such as marketing or business planning, the survey and consultations seem to suggest that the experience of delivery through Business Link, while generally positive, is mixed, and that there is significant room for improvement. This in turn suggests an ongoing role for the County Networks and se2partnership.

The research has identified three thematic barriers to social enterprises accessing and benefiting from business support. Firstly, in terms of structural barriers, recognising the important role that the County Networks play in engaging and signposting social enterprises to support, the fact that the County Networks vary considerably in terms of their current stage of development means that there is no consistency of support available through the County Networks. Over time, and accounting for the different local circumstances, the County Networks should be encouraged to develop a common set of core services. While this should not be overly prescribed, there would be benefits from a more common service offer. It is particularly important that that the links between the County Networks and Business Link are consistent, and mutually beneficial.

The second barrier to social enterprises accessing support, relates to the perceived suitability of the support offered. The research has indentified a widespread perception that Business Link advisers do not adequately understand the particular motivations of social enterprise. While this may perception may be inaccurate, and it is not possible to assess whether this is indeed the case without a more detailed audit of advisers skills, it is a concern if there is an expectation that the County Networks and support providers are themselves to play a role in promoting the IDB model. While there is a recognition that more work needs to done on issues relating to governance and legal status, there is also a need to address the perception or reality of this issue.

There is also an issue relating to the understanding of the Business Link Service and the IDB. Many County Networks, and indeed specialist providers, believe that there should be higher levels of free or subsidised support for social enterprises and that the cost of support represents a barrier to their growth and development. While this may be the case, discussion of the issues needs to be separated from a discussion of the Business Link service, which is free. It is the business support that is purchased following referral that has a cost associated. The current voucher system that is being piloted is one response to this, although its long term sustainability is likely to be an issue.

6.6 Strategy for capturing information in future

As the Regional Customer Relationship and Management Information System is still being developed, this section looks at the longer term issues related to information capture. In terms of a strategy for capturing information in the future, there are four specific dimensions that require consideration:

- Mapping the social enterprise sector;
- Assessment of needs;
- Satisfaction with support received; and
- Monitoring and evaluation.

Mapping the social enterprise sector

One of the key elements of this assignment has been to produce a comprehensive regional picture of the social enterprise sector across the South East. This comes on the back of previous mapping exercises at both the regional and local levels. Mapping is important at both the local and regional levels, but is fraught with methodological difficulties.

Local databases provide a useful tool for intermediary organisations, such as the County Networks, to market their activities and engage with social enterprises operating in their area. However, attempts to aggregate this information to the regional level are unsatisfactory due to inconsistencies in definitions, data quality and comprehensiveness.

At the regional level there are similar difficulties, while Business Link is a regional service, there is, at present, no single CRM system and the process of aggregating data is again problematic.

National databases, such as the Guidestar database used for this assignment, provide a useful starting point. However there is a need to supplement this with more timely regional and local information, and also to ensure that there is agreement on the definitions applied to filter the overall dataset. There may be access to useful data from the forthcoming survey of ‘The environment for a thriving third sector’ being commissioned by Office of the Third Sector.

Moving forward we would recommend that the development of the Regional Customer Relationship and Management Information System should be the basis for establishing a single system for mapping the sector. It will be important to consider how the system is populated at the outset and to agree how the information is then kept up to date, including arrangements for feeding in local intelligence.

It will also be important to consider how other stakeholders are able to access the information held on the CRM system. If intermediary organisations are given access to the data, or at least key fields within the system, then there is more of an incentive for them to help with keeping the information up-to-date.

Assessment of Needs

As part of ensuring that the services delivered by Business Link and business support providers are attuned to the needs of social enterprises, there is a need to create mechanisms for capturing information on clients' needs and demands.

Intermediary organisations have a role to play in providing Business Link with intelligence on the expressed needs of their local members. This should inform the activities of business support providers and encourage the development of new provision where it is currently absent.

There is also a role for Business Link engaging in dialogue with specialist providers working with social enterprises to gain further insights. Finally, it may be appropriate to consider the establishment of a 'user panel' of social enterprise across the South East.

Satisfaction with support received

As part of this research, an online survey of social enterprises that have received support from Business Link has provided useful insights into customer satisfaction across the South East. While it would be possible to repeat this survey on a regular basis, it would be more efficient if a specific social enterprise dimension was built into Business Link's ongoing customer satisfaction surveys.

We would recommend that, on an annual basis, specific analysis is undertaken of the results of those social enterprises contacted as part of the Business Link customer satisfaction survey. This would require a specific sampling framework to ensure that sufficient data is made available.

Monitoring and evaluation

The methodology for future monitoring and evaluation should be part of the current arrangements for gathering performance data. Information needs to be collected for the evaluation of the support from OTS, for monitoring the practice of the support for social enterprises from SEEDA and for identifying good practice.

Information capture should also consider SEEDA's own evaluation guidance as well as the guidance issued by DBERR to develop an evaluation framework which is consistent with established procedures and not overly onerous for business support providers or beneficiaries. This therefore requires SEEDA to articulate a clear set of objectives relating to social enterprise evaluations. This should take into consideration the following aspects:

Defining the theories of change: This should build on the previous section of this report in having a clearer process of identifying who the target groups are, the types of support they should be provided with, the specific expected impacts and description of the logic behind the support being funded by SEEDA.

Evaluating the outputs of the support programme: For those receiving support, information will be needed on the process of receiving support, the amount of support provided and the perception of the quality of the support.

Identifying the impact measures: Information may be needed on a wide range of 'soft' and 'hard' indicators. The challenge will be to identify indicators that are appropriate to the objectives and needs of the social enterprises, as well as to the criteria of funders. Drawing on previous reviews of measuring impacts, international good practice and innovative approaches developed for social auditing such as social return on investment, and measures of multiplier effects, the following aspects should be considered:

- The benefits received by users of the services and the extent to which they are from deprived areas/groups
- Extent of community involvement by social enterprises, such as through sharing resources, advocacy, mentoring, providing environmental benefits and building less tangible community assets and social capital.
- Quality of the jobs created (job security, wages, working conditions, etc).
- Extent to which jobs are created for people from deprived areas or groups, and extent to which employees are representative of the local demography and ethnic mix.
- Some assessment of the multiplier effects of spending by social enterprises arising from purchasing from local suppliers and staff's salaries.
- Displacement of other enterprises (conventional or social) because of support for new social enterprises, as part of an overall assessment of value added.
- Additionality can be assessed by asking whether they would they have done what they did without the funding, whether they have acted sooner because of funding and whether the change is greater because of the funding.

Data collection: We would envisage that an evaluation would require both a large scale quantitative data collection combined with more intensive case studies of particular localities or sub sectors from which wider region wide impacts can be estimated. However, with careful planning the monitoring information collected by Business Link will be a vital resource. In particular there are opportunities to trace organisations over time using the Guidestar data and also using the existing data as a basis for selected matched pairs one of which would have received support.

7. Recommendations

Mapping and defining social enterprises

- Significant effort and resource, at regional and local levels, has been put into mapping the social enterprise sector across the South East, while the information produced from these exercises is vital. Building on this:
    - The forthcoming regional CRM system should be available, at least in part, to all relevant organisations. It should be held by Business Link and there should be protocols in place to keep the information up to date and available across the region.
    - Where additional mapping is undertaken at the local level, it should be to a consistent and agreed methodology and there should again be protocols for the aggregation of this data to the regional level, as well as for the integration of this data with the proposed CRM system.
    - There is a need for more information on existing social enterprises in the data base concerning their growth trajectories, extent of enterprise orientation and support needs.
- Given the nature of the sector, there will always be definitional difficulties associated with social enterprises; there is also an element of self definition that causes further classification problems. While it is important to be consistent in defining the sector, it is also important to recognise that ongoing discussions regarding definitions may be counterproductive.

Segmenting and targeting social enterprises by Business Link

- The mapping undertaken as part of this study applied both a 'wide' and 'narrow' definition of social enterprises. Under the narrow definition, there are approximately 10,500 social enterprises across the South East, and under the broader definition a further 7,000, in our view this should be treated as the 'population' of social enterprises as further filtering may unnecessarily exclude those that are heavily involved in social enterprise activity, or new forms of social enterprise that may form in the future. However:
    - It is important to distinguish between the total population of social enterprises within the South East, and the target population of social enterprises that might benefit from the IDB service and subsequent business support.
    - In setting targets for Business Link activities, SEEDA/Business Link should work within the narrow definition with segmented support that differentiates according to location, sector and size of social enterprises.
    - Social enterprises which are larger are more likely to respond to the Business Link/ IDB approach than smaller organisations with volunteer management structures. These are spread relatively evenly across the region and more likely to be found in the following sectors
        - Health, social work and care;
        - Training and education;
        - Housing & accommodation;
        - Retail and wholesale
        - Business and employment support

Key issues for these social enterprises include business support needs related to sustaining growth and accessing new markets. Where there is a critical mass of social enterprises in specific sectors wanting support, there should be sector specific outreach and provision.

- Those social enterprises whose main activity is less likely to be relevant to the support offered through the IDB service, include smaller organisations and those in the following sectors:
    - Nurseries/Pre-school/after school clubs
    - Cultural organisations registered as charities
    - Sport, recreation & community activity & sport registered as charities
    - Community centres/villages halls/room & venue hire;
    - Clubs/hobby groups registered as charities;

  These organisations are vital for the health of the social economy and should be provided with support that includes an offer to go through the IDB approach for the more business oriented who are seeking grow through increasing trading income. It should also be noted that there are likely to be a large proportion of social enterprises that have low growth aspirations. It is also more likely that social enterprises in these categories would seek community development/voluntary sector oriented support rather than business support under a Business Link brand.

Critical paths for accessing support

- It is apparent that there are still misconceptions regarding the new role of Business Link and the nature of the IDB service:
    - There is therefore a need for ongoing promotion of the role of Business Link and the new IDB service, both to social enterprises and intermediary organisations.

- The business support requirements for social enterprises that are different from other small businesses, for example advice on legal form and governance, need to be reflected in the mainstream business support offer, accordingly:
    - Business Link should ensure that the current start up seminar for those considering setting up a social enterprise is fully meeting these needs, and that the support offered through the seminar is widely promoted and consistently delivered across the region.
    - For established social enterprises, steps should be taken to ensure that the Supplier Matching Service is able to comprehensively identify support providers who are able to provide dedicated legal and governance advice for social enterprises.

- While it is important to recognise that general support for social enterprises can often best be supplied by a private sector provider, there may be a preference for provision of support from within the third sector, in light of this:
    - Business Link, the County Networks and other stakeholders should actively promote registration with the Supplier Matching Service to all relevant social enterprise or VCS business support providers;

    - In providing referrals from the Supplier Matching Service, Business Link should, wherever possible, seek to provide at least one third sector option to social enterprises requesting support.

- Business Link, together with business support providers across the South East, should be encouraged to continually develop their understanding of social enterprises, and their specific support needs, as such:
    - Consideration should be given to promoting the uptake of appropriate certification schemes such as the SFEDI Social Enterprise Business Support Standards;
    - There is a need to sensitise the ways in which support is delivered to social enterprises, to ensure an appropriate balance between formality and accessibility of support;
    - Diagnostic tools should be reviewed to ensure suitability for social enterprise;
    - A user panel of South East social enterprises should be established to inform and enhance Business Link services and business support activities;
    - The Business Link's Customer Insights reports should examine trends in social enterprise issues in the South East with particular emphasis on the obstacles being faced by social enterprises, willingness to raise finance, access to finance, access to procurement opportunities. Social enterprises' experience of IDB and support provision should also be monitored. Much of this information may be collected through other surveys funded by the Office of the Third Sector to be carried out in the next six months.

- When it comes to engaging with social enterprises, intermediary organisations clearly have an important role to play, however:
    - There is a need for intermediary organisations to work collaboratively with Business Link on an ongoing and consistent basis, this will require sustained efforts both by Business Link and intermediary organisations;
    - While the experience and performance of the County Networks vary across the region, there is a need for mutually beneficial communication channels between Business Link and the County Networks.
    - se2partnership has a role to play in ensuring consistency and sharing good practice.

- Given the BSSP there is a need to reduce the instances of new provision being developed outside of the IDB and Supplier Matching System,
    - Where there are clear gaps at the local level in support for social enterprises, intermediary organisation should work with Business Link to encourage the development of appropriate services and to ensure they are captured by the Supplier Matching Service

APPENDIX: INTERVIEWEES

In alphabetical order, a full list of all interviews undertaken by the research team:

- Aiden, Vinyo (Harley Reed Consultants)
- Ahlquist , Dave (se2partnership)
- Alison, Thea (Brighton & Hove Business Community Partnership)
- Baker, Edward (Surrey Network for Social Enterprise)
- Barker, Jane (Oxforshrie Rural community Council)
- Brown, Nathan (Southampton Area Cooperative Development Agency)
- Burrows, Charlotte (Citizens Advice Bureau South-east)
- Byrne, Karen (DTA)
- Challinor, Ray (Buckinghamshire & Milton Keynes Social Enterprise Network)
- Dennis, Sean (1066 Enterprise Agency)
- Fajardo, Ana (West Sussex Enterprise Network)
- Funnell, Chris (Co-operative Assistance Network)
- Gittins, Teresa (East Sussex Social Enterprise Network)
- Grey-King, Elizabeth (Oxfordshire Social Enterprise Forum and GKG Ltd)
- Hennessy, Tessa (Cooperative Futures)
- Hudson, Biddy (Oxfordshire Social Enterprise Forum)
- Jezard, Cris (Hampshire & Isle of Wight Social Enterprise Network)
- Mollring, Jason (se2partnership)
- Morgan, Claire (Berkshire County Network for Social Enterprise)
- Petty, Mike (ViRSA)
- Quinn, Sue (Milton Keynes Communtiy Enterprise)
- Ralf, Steve (Kent & Medway Social Enterprise Network)
- Reynolds, Sally (Social Firms UK)
- Wyatt, Deborah (Business Link)