

SCOTLAND'S SOCIAL ENTERPRISE STRATEGY

2016-26



Highlands and Islands Enterprise
Iomairt na Gàidhealtachd 's nan Eilean



Scottish Enterprise

Scottish Government,
Edinburgh 2016



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Riaghaltas na h-Alba
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MINISTERIAL FOREWORD

This is an exciting time for social enterprise in Scotland.

At home, our social entrepreneurs are reimagining a more inclusive way of doing business, embracing change and finding new avenues towards social improvement. Internationally, Scotland is recognised as a world-leader in the field, and part of a growing global movement. With more than a decade of sustained investment in Scotland's eco-system of support for social enterprise, it's fair to say there has never been a better time to 'go social'. And with customers increasingly seeking out social enterprise products and services, I believe there exists huge opportunity to deliver truly transformational change for Scotland's communities, improving outcomes for all our people.

Social entrepreneurs are driven by an overriding passion to improve the world in which they live. Whether an individual's cause is rooted in their community, focussed on removing barriers to employment or seeking to tackle key environmental issues, collectively this determination to shape civic and economic life is as inspirational as it is powerful. Social enterprise not only delivers inclusive economic growth, it engenders a successful, vibrant democracy.

Of course, this more ethical way of doing business is not new in Scotland. We have a strong pedigree when it comes to socially responsible businesses. One immediately thinks of Robert Owen, the mill owner and social reformer at New Lanark who understood the importance of creating social good, as well as economic wealth. And this tradition continued in the 1970s with the growth of cooperatives and community businesses.

These moments in history, our history, have helped to pave the way for new forms of business, where social and economic goals are blended together in the pursuit of a fairer, more equal society. And I am thankful this passion lives. Scotland's first social enterprise census shows more than 200 new



social enterprises start-up each year, joining the more than 5,000 already operating across the length and breadth of Scotland.

Leaders from across the public and third sector are increasingly recognising the value of social enterprise. The sector contributes £1.68 billion to our economy each and every year and supports more than 100,000 people in employment. And while this is truly impressive, the true value of social enterprise is so much more. Social enterprise has the potential to tackle some of the toughest social issues we face, and tackle them at source. To act as a mechanism for community empowerment, helping communities deal with issues they face. To provide a positive influence on the world of commerce, modelling a more ethical way of doing business. And, on top of all this, to help us become a more innovative, entrepreneurial society.

And so I am grateful to all those who have collaborated in the production of this important publication. This strategy sets the direction for Scotland's approach to social enterprise over the next decade by focussing on three priorities: stimulating the sector, developing stronger organisations and realising market opportunities. I am excited by the future and look forward to the full realisation of this dynamic, responsive, movement for change.

A handwritten signature in blue ink, appearing to read 'Angela Constance'.

Angela Constance MSP
Cabinet Secretary for Communities,
Social Security and Equalities

INTRODUCTION



This strategy sets out a wide-ranging, ambitious and long-term programme to develop the potential of Scotland's social enterprise sector. It describes a clear path to stimulating social enterprise activity, developing stronger organisations, and realising market opportunity over a ten-year timeframe. It positions social enterprise as central to achieving our shared vision of a fair society and inclusive economy.

The Scottish Government is committed to realising the full potential of social enterprise; a way of doing business that is great for the economy and great for the people of Scotland.

This strategy describes how that potential can be realised. It has been developed through a process of co-production, where the Scottish Government has worked with the social enterprise community to articulate shared ambitions and find ways to deliver on these.

In developing the strategy, we have been informed by Scotland's first official census of social enterprise activity¹, by the views and aspirations of hundreds of social

enterprises across the country, and by the ambitions already set out in the sector's Vision for Social Enterprise².

The strategy that has emerged is both wide-ranging and ambitious in intent. It represents a step-change in the Scottish Government's long-standing commitment to the social enterprise sector. It will build on Scotland's already world-leading model of support for the sector.

The strategy will be accompanied by a series of three-year Action Plans. These will describe in more detail the evolving commitments, initiatives and programmes that will deliver on the long-term priorities set out on the following pages.

¹ Social Enterprise in Scotland: Census 2015

² Building a New Economy: Scotland's Vision for Social Enterprise 2025

SOCIAL ENTERPRISE IN SCOTLAND



SOCIAL ENTERPRISE IN SCOTLAND

Social enterprises trade for the common good. They address social needs, strengthen communities, improve people's life chances or protect the environment.

What is Social Enterprise?



We are a nation rightly proud of our long tradition of doing business in a fair and sustainable way. This rich heritage spans a period from the work of Robert Owen – the radical 19th century reformer and pioneer of the co-operative movement – to the new forms of community businesses and co-operatives developed through the 1970s, to the inspiring activity of today's social entrepreneurs.

Scotland's close association with social enterprise reflects a deep-seated commitment among citizens to create a fairer, more equal society.

Today, Scotland's social enterprise sector is part of a global effort towards social change, one that recognises the need for a radically better way of organising the economy for the benefit of all.

In Scotland, social enterprises form part of a wider movement that includes democratic and member-led enterprises and enterprising charities. An increasing number of mainstream socially responsible businesses are also making a distinctive contribution to this movement.

Scotland's social enterprises take many forms depending on different factors, including the socio-economic

context in which they arise, the level of democratic participation they practice, and the particular values of the founding entrepreneur(s).

While there is no single set of words that adequately define the diversity of organisations that can be described as a 'social enterprise', there is broad agreement within the social enterprise community on the benchmark criteria and values by which social enterprises can be identified and recognise each other. These are set out in a Voluntary Code of Practice for Social Enterprises in Scotland³.

This collective understanding of the characteristics, scope and scale of the social enterprise sector will continue to evolve over the next decade. Within this context, we will continue to welcome new ideas and business models that respect the established ethos and values of the sector – a commitment by all social enterprises to use assets and surpluses for the public good and to operate in the wider interests of society.

Social enterprises trade for the common good. They address social needs, strengthen communities, improve people's life chances or protect the environment.

³ Voluntary Code of Practice for Social Enterprises <http://www.se-code.net>

Contribution to Scotland



The social enterprise sector now represents an important part of business and community life.

The data available from Scotland's first Social Enterprise Census provides the most comprehensive picture yet of the scale, characteristics and contribution of the sector⁴. It shows more than 5,000 social enterprises currently operating in Scotland.

Successive waves of social enterprise formation have left a rich and varied pattern across the country. Social enterprises are clustered and more numerous in large urban areas, but also hold a unique importance in rural Scotland where one-third of all social enterprises are located.

These social enterprises come in many shapes and sizes, from large national and international businesses to small community enterprises. Most are fairly modest in scale, with three-in-five generating an annual turnover of less than £100,000.

Social enterprises operate in a variety of markets, mostly local ones. Two-thirds sell direct to the general public, while a similar proportion do business with Scotland's public sector.

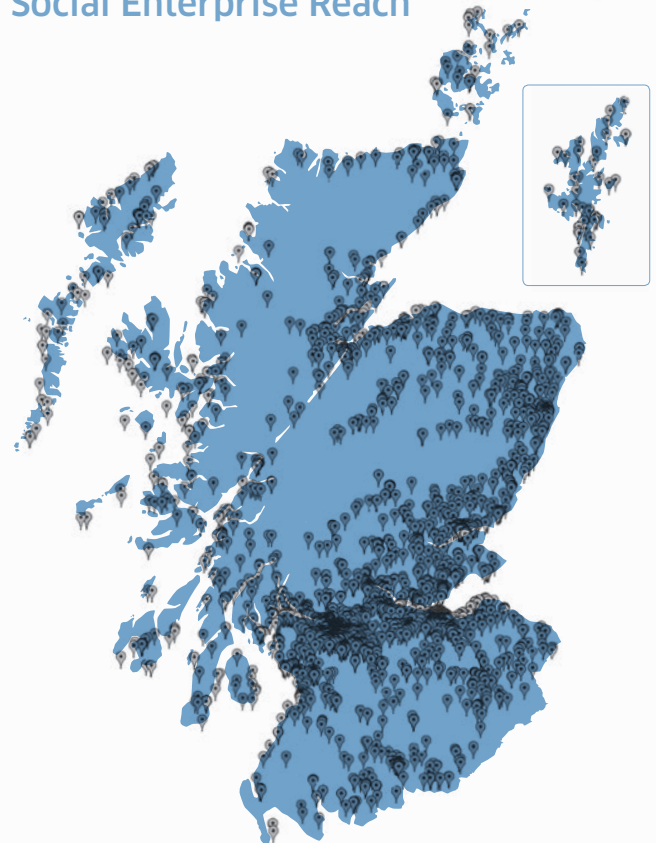
Social enterprises now operate in almost every part of the economy. They are found in greatest numbers operating community amenities (centres and halls), in the arts and creative industries, delivering early learning and childcare, and providing health and social care services. The level of trading activity by social enterprises is particularly pronounced in health and social care and in housing, which together account for two-thirds of the social enterprise sector's income.

The level of trading activity of social enterprises is substantial. Last year Scottish social enterprises collectively generated £1.15bn of earned income from trading.

Social enterprises now make a major economic contribution. Together, they command a total income of £3.63bn, have a net worth of £3.86bn, employ 112,409 people and deliver Gross Value Added (GVA) of £1.68bn to the Scottish economy.

Equally important, social enterprises operate in a way that is good for business and good for Scotland. The evidence from Scotland's social enterprise census shows that they tend to be run in a highly responsible and inclusive way, and deliver on an array of social, cultural and environmental goals.

Social Enterprise Reach



⁴ Social Enterprise in Scotland: Census 2015 <http://www.socialvaluelab.org.uk/wp-content/uploads/2016/01/Social-Enterprise-Census-2015.pdf>

Future Trends



What will the social enterprise sector look like in 2026? What will be the main influences, opportunities and challenges that it faces?

Detailed predictions about what the world will look like years from now are destined to be inaccurate. The world is increasingly volatile, complex and ambiguous. In response, the delivery of this long-term strategy must remain agile.

While the future remains unclear, we can point with a degree of confidence to a number of established trends.

While many of these trends will happen independently of government, we recognise that specific policies and actions can affect how they impact on social enterprises.

The influences and trends presented have been identified as both relevant and plausible. They have informed our thinking on how best to help the sector adapt to the dynamic and challenging period ahead.





POLITICAL

Enabling Legislation

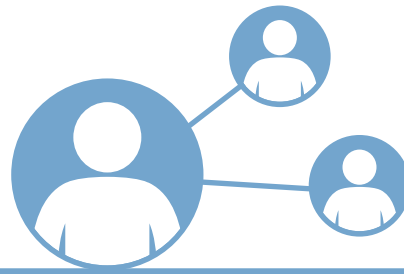
Legislative and policy decisions will open up future market opportunities, in early learning and childcare, health and social care, land ownership, broadband, transport, and more. In response, we will find new ways of financing and building social enterprise capacity to capitalise on the opportunities that arise.

Future Public Services

The long-term direction of public service reform is set, implying increasingly localised, preventative and personalised public services. Social enterprise capabilities need to transition accordingly if the sector is to take on a greater role, as do public sector commissioning and procurement arrangements.

Subsidiarity

High levels of democratic participation is likely over time to lead to power being devolved downwards. Locality planning, participatory budgeting, and community empowerment are symbolic of the shifts underway. Further work will be required to ensure services are locally organised, people powered, and enterprising.



SOCIAL

Demographic Change

An ageing and changing population is placing increasing pressures on services. Innovation, creativity and collaboration will be required if needs are to be met.

Persistent Inequalities

Long-term and entrenched socio-economic challenges are likely to persist and may grow. Entrepreneurial leadership and innovation from within communities will be necessary if transformative change is to occur.

The Influence of Young People

A younger generation will bring progressive values and new expectations about society, business and life. These can help drive growth of the social enterprise sector, but only if the sector can inspire and accommodate these young people.

Ethical Consumption

A desire to live better, more sustainable lives means consumers will increasingly make ethical choices. This may fuel growth of the sector, but only if social enterprises are more visible and able to supply customer requirements.



ECONOMIC

A Rebalanced Economy

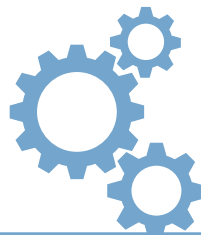
The continuing, long-term priority of achieving a more balanced economy is driving a broader and more diverse business base. This implies a growing need to foster social entrepreneurship, increase the rate of social enterprise formation, and encourage more diverse forms of business ownership.

Business with Purpose

A growing number of companies are likely to explicitly pursue social and environmental goals, adopt socially-responsible strategies and take on hybrid forms. This will enable greater opportunities for trade and mutual benefit among ethical businesses of many forms.

Scale Through Collaboration

In increasingly competitive and uncertain markets, scale can be a weakness as well as a strength. For social enterprises, it may become increasingly preferable to scale capacity and impact through partnership rather than pursuing an organisational growth strategy. Collaboration, franchising and replication will all come into sharper focus.



TECHNOLOGICAL

Everything Digital

New technologies will enable greater business efficiency. They will re-shape how we work and interact. For social enterprises with the capabilities, this will enable better ways of organising, delivering services and reaching consumers.

More Connected

Social technologies will become ubiquitous, enabling better communication and real-time interactions. This creates opportunities for connection, collaboration and support across networks of social enterprises.

Transparency and Accountability

Technology will make it increasingly easy to access information and invite more public scrutiny. Social enterprises will need to ensure robust data to demonstrate good governance, social impact and ever greater levels of accountability.

DELIVERING ON OUR AMBITIONS FOR SCOTLAND



DELIVERING ON OUR
AMBITIONS FOR
SCOTLAND

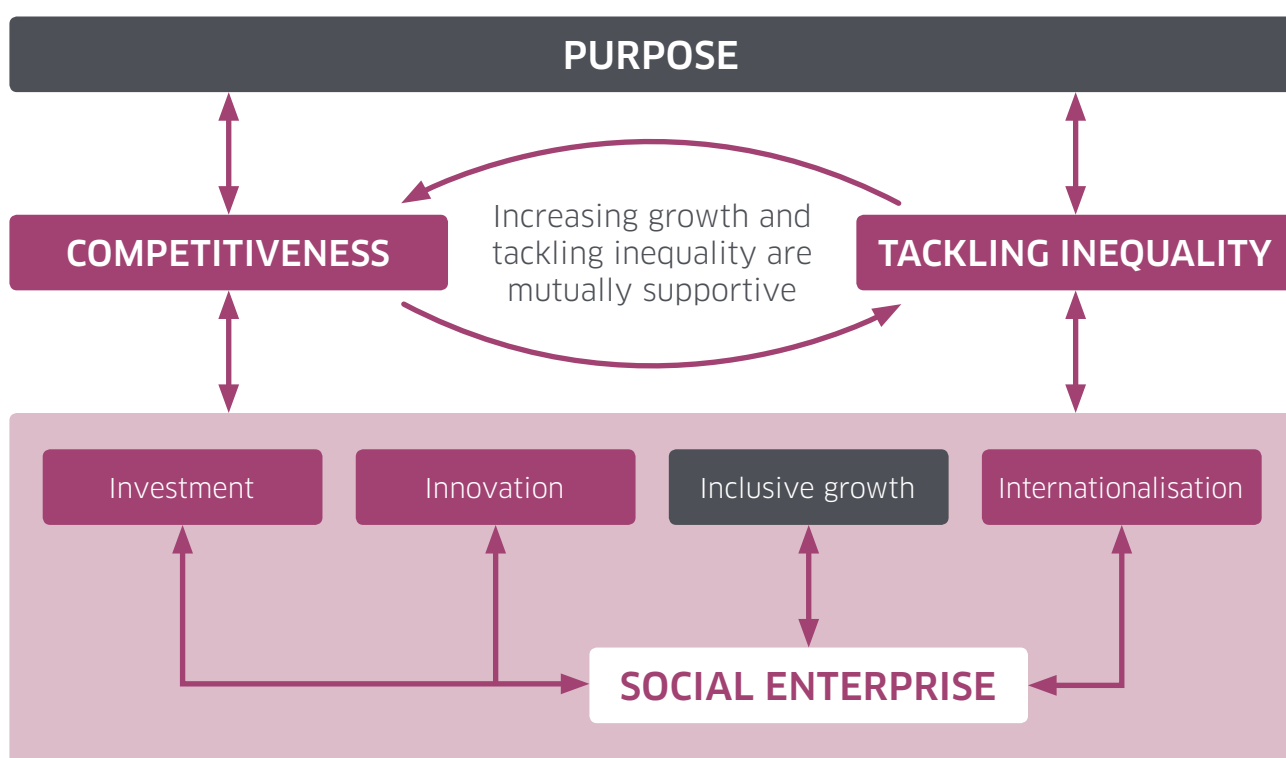
Social enterprise is a vital partner in the economy, civil society and in creating a fairer, more inclusive Scotland. It is key to the sustainable delivery of public services and to realising the potential within Scotland's communities. Social enterprise is also an important part of our national identity and international reputation.

The strategy demonstrates how enduring values – a belief in enterprise, a commitment to fairness, equality and solidarity, and a passion for democratic engagement – can be delivered through social enterprise, to make Scotland a fairer and more prosperous country, **improving outcomes for all of Scotland's citizens.**

Inclusive Economic Growth

One of the reasons the Scottish Government supports the social enterprise sector is in recognition of its contribution to our core purpose of increasing sustainable **economic growth**. It will help deliver our shared ambition of greater prosperity for our country while ensuring that there is fairness in how our nation's wealth, resources and opportunities are distributed.

Scotland's Economic Strategy



Social enterprises and other socially responsible businesses contribute to each of the four mutually reinforcing priorities set out in Scotland's Economic Strategy⁵, and make a particular contribution to our approach to **inclusive growth**. As an inclusive way of doing business, the social enterprise sector can help us address inequalities in the distribution of income, regional performance and opportunity that hold our economy back.

As part of this approach, social enterprises have been shown to deliver **fair work** and well-paid jobs. In turn, they can help to harness the talents of more people and boost productivity. This is consistent with the aspirations of Scotland's Fair Work Convention⁶ and the commitment we expect from progressive businesses across Scotland⁷.

Also, through establishing viable business activity in underserved markets and in fragile local economies, social enterprises contribute to **place and regional cohesion**. The impact of social enterprise is particularly pronounced in the Highlands and Islands region where the sector plays a key part in a balanced economic strategy for the region⁸. Our investment in social enterprises can therefore help ensure that more parts of the country are benefiting from economic growth and prosperity, while supporting rural development, protecting fragile communities and promoting the Gaelic language.

More generally, through the services they deliver and the opportunities they create, social enterprises play a key role in

tackling inequalities – a central goal of the Scottish Government since 2007⁹. Social enterprises can help us to do more to address the underlying causes of poverty and inequality across a range of issues to ensure everyone is able to live in a fairer, healthier and happier country, where all people are valued and able to achieve their potential. These commitments are reflected in our **Fairer Scotland Action Plan**¹².

By helping to unlock the full potential of more people furthest from the **labour market**¹⁰, social enterprises can help harness productive capacity and therefore strengthen long-term economic performance.

Social enterprises are also working hard to promote **equality** and tackle discrimination and prejudice where it still exists. The sector has already shattered the glass ceiling for women at the top of social enterprises, found ways to successfully reintegrate people with convictions and disabilities into the labour market, and demonstrated potential to reach out to minority ethnic communities. Through social enterprise we can work towards making Scotland a fairer country – an inclusive society, open to all individuals and groups in all their diversity. More broadly social enterprise is consistent with our commitment to embed **human rights**¹¹ in everything we do – particularly economic, social and cultural (ESC) rights. This includes work to implement the UN Guiding Principles of Business and Human Rights.

⁵ Scottish Government, Scotland's Economic Strategy, March 2015 <http://www.gov.scot/Publications/2015/03/5984>

⁶ Scottish Government, Working Together for a Fairer Scotland; Scottish Government Response to the Working Together Review, August 2015 <http://www.gov.scot/Publications/2015/08/7871>

⁷ <https://scottishbusinesspledge.scot/>

⁸ See <http://www.hie.co.uk/> for more

⁹ See: Scottish Government, Achieving our Potential, (2008), <http://www.gov.scot/Resource/Doc/246055/0069426.pdf>; Scottish Government, Equally Well, (2008), <http://www.gov.scot/resource/doc/229649/0062206.pdf>; Scottish Government, Early Years Framework (2009), <http://www.gov.scot/Resource/Doc/257007/0076309.pdf>.

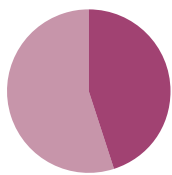
¹⁰ Scottish Government, Scotland's Labour Market Strategy, August 2016 <http://www.gov.scot/Publications/2016/08/2505>

¹¹ See Scotland's National Action Plan for Human Rights (SNAP) <http://www.snaprights.info>

¹² Scottish Government, Fairer Scotland Action Plan, October 2016 <http://www.gov.scot/Publications/2016/10/9964>

SCOTLAND KEY FACTS

Source: Social Enterprise in Scotland: Census 2015



45% OF SOCIAL ENTERPRISES
OPERATE WITH A STATED OBJECTIVE OF
'CREATING EMPLOYMENT OPPORTUNITIES'



ONE-THIRD
OF ALL SOCIAL ENTERPRISES
ARE LOCATED IN
RURAL AREAS

IN
60% 
OF SOCIAL ENTERPRISES
THE MOST SENIOR EMPLOYEE
(CEO OR EQUIVALENT)
IS FEMALE

THE AVERAGE PAY
DIFFERENTIAL
BETWEEN THE HIGHEST
AND LOWEST PAID
WITHIN SOCIAL ENTERPRISES IS

£ **1:2.5** £

Business Innovation and Entrepreneurship

The Scottish Government's long-term commitment to social enterprise will support our shared ambition to create a world-leading entrepreneurial and innovative nation¹³.

This ambition, to make Scotland the best place in the UK to do business, focuses on innovation, skills and productivity. In particular, the ability of Scottish businesses to succeed depends on **innovation** as a fundamental driver of long-term competitiveness.

Fostering a strong culture of **entrepreneurship** goes hand in hand with innovation and will help create a more innovative and productive economy. Scotland is already fortunate to have many inspirational **social entrepreneurs**, but by encouraging more we can create the opportunity for people from all walks of life to create, lead and grow successful social enterprises.

A variety of evidence from work in schools, colleges and universities has shown the potential of social enterprise to ignite a

passion for entrepreneurship and social change among young people. A more widespread focus on social enterprise can therefore provide an opportunity to pursue an **education system** with entrepreneurship and innovation at its core, where the potential of **Scotland's young workforce**¹⁴ is developed. This will seize the opportunities presented by Curriculum for Excellence, Career Education Standard (3-18), Enterprising Schools programme, College reform, and innovation among Scotland's world-leading universities.

As a relatively youthful and dynamic business sector, social enterprise already supports the formation of **new business** activity. We see opportunities for our investment in social enterprise to give rise to new business models in many sectors of the Scottish economy, and to grow its contribution in fast-growing sectors such as the creative industries where its presence is already strong. There are also opportunities to continue to develop innovative business models that contribute to a more **circular economy**¹⁵, finding a productive use for resources that would otherwise go to waste.

¹³ Scottish Government, Scotland Can Do Action Framework, April 2014 <http://www.gov.scot/Publications/2014/04/3454>

¹⁴ Scottish Government, Developing the Young Workforce: Scotland's Youth Employment Strategy, December 2014 <http://www.gov.scot/Publications/2014/12/7750>


¹⁵ Scottish Government, Making Things Last: A Circular Economy Strategy for Scotland, February 2016 <http://www.gov.scot/Publications/2016/02/1761>

SCOTLAND KEY FACTS

Source: Social Enterprise in Scotland: Census 2015



OVER 200
SOCIAL ENTERPRISES
FORM EACH YEAR

42% 
**OF ALL SOCIAL
ENTERPRISES**
ACTIVE TODAY WERE FORMED
IN THE LAST TEN YEARS

14% 
**OF ALL SOCIAL
ENTERPRISES**
OPERATE WITHIN THE ARTS AND
CREATIVE INDUSTRIES SECTOR

Better Public Services

High quality public services are essential to a fair and prosperous society. The Scottish Government's commitment to social enterprise will support our vision of a public service delivery landscape that is affordable and rises to the challenge of tackling inequalities.

Those who deliver public services recognise that the world is changing and that our services need to respond to the changing demands and expectations of the public. Our approach to public services and to public service **reform** continues to be informed by the findings of the Christie Commission on the Future Delivery of Public Services¹⁶. This provides a consistent and clear strategic direction, including a decisive shift towards prevention, greater integration of public services at a local level, and greater creativity in the way the public service workforce is mobilised.

We will continue to work with the social enterprise community to support the delivery of person-centred services that our fellow citizens rely on. Social enterprises will support the next phase of public service reform in Scotland.

The social enterprise sector has a long history of public service innovation, finding new and better ways to deliver services

that shift the balance of provision from costly crisis intervention to **prevention**. By investing in social enterprise models, we recognise the potential to reduce future demand on Scotland's public services. This is central to our commitments relating to health and social care integration, reducing reoffending, the expansion of early learning and childcare, and many other areas of public policy.

The development of the social enterprise sector is also opening up new forms of **partnership** and new approaches to complex social problems. Our trust in and support for social enterprises will enable better collaboration across organisational boundaries and more effective local delivery based on the shared outcomes that matter to people.

Social enterprise also brings a large frontline workforce of **people** skilled in co-producing services based on local talents and networks. By working collaboratively, we will unlock the full creativity and potential of people at all levels of public service, empowering them to work together creatively.

¹⁶ Scottish Government, Report on the Future Delivery of Public Services, June 2011 <http://www.gov.scot/Publications/2011/06/27154527/0>

SCOTLAND KEY FACTS

Source: Social Enterprise in Scotland: Census 2015

9/10



NINE-IN-TEN SOCIAL ENTERPRISES PROVIDE GOODS AND PRODUCTS



61%

OF SOCIAL ENTERPRISES PROVIDE SERVICES TO PUBLIC SECTOR CUSTOMERS



HEALTH AND SOCIAL CARE IS A MAJOR MARKET, PROVIDING A FOCUS FOR 12% OF SOCIAL ENTERPRISES

Stronger Communities

The Scottish Government's long-term commitment to social enterprise will support our goal of strong, resilient and supportive communities.

Scotland's communities are a source of energy, creativity and talent. They are made up of people with rich and diverse backgrounds who each have something to contribute to making Scotland flourish. We know that we will only achieve sustainable and inclusive communities for all our citizens when local people themselves play a full part in delivering change.

Across the country, thousands of people have already come together to form democratically controlled social enterprises that are now running locally important services. Social and community enterprises are an important part of strengthening communities and increasing **participation**. They can lead to the delivery of better, more responsive services and better outcomes for communities.

Community and co-operative enterprises are already playing a key role in **community-led regeneration**, supporting the vision first set out in Scotland's Regeneration Strategy¹⁷. By supporting more locally controlled enterprises, we can enable communities to take on the ownership of viable physical assets (land, buildings, renewable energy technologies, etc.), help people to organise and respond to challenges in places where capacity is currently low, and create sustainable community anchor organisations that can lead to long-term regeneration. This supports our priorities for Scotland's cities, town centres, rural and island communities.

As community ownership is central to the powers of the Community Empowerment (Scotland) Act¹⁸ we expect to see an increase in community owned and controlled social enterprises over time as community asset transfer and participatory

¹⁷ Scottish Government, Achieving a Sustainable Future: Regeneration Strategy, December 2011, <http://www.gov.scot/Publications/2011/12/09110320/0>

¹⁸ See <http://www.gov.scot/Topics/People/engage/CommEmpowerBill>

budgeting are used by communities to reshape local services and create **empowered communities**.

Creating empowered communities and enabling community enterprise to flourish will support wider policy priorities, for

example, strengthening local economies, improving local housing, putting land to productive uses, localising food production, linking local energy supply to demand, and supporting community action on climate change.

SCOTLAND KEY FACTS

Source: Social Enterprise in Scotland: Census 2015



International Reputation

The Scottish Government's long-term commitment to social enterprise will support our international ambitions as outlined in Scotland's Economic Strategy and International Framework¹⁹.

In particular, our International Framework outlines our commitment to being a good global citizen, making distinctive contributions in addressing global challenges such as climate change, tackling inequality and promoting human rights, sharing knowledge and skills and technical expertise for global good. Our support for social enterprise internationally will help us to achieve this aim.

The Scottish Government is working to strengthen Scotland's place and standing in the world. For a country of just over five million people, we command a global reputation and awareness that far outstrips our size. There is enormous potential for us to capitalise yet further on that excellent international reputation through social enterprise. As such, we have already set out our commitment to growing Scotland's international excellence, leadership, and impact in this field in our **Internationalising Social Enterprise Strategy**²⁰.

¹⁹ Scottish Government, Scotland's International Framework, March 2015 <http://www.gov.scot/Publications/2015/03/3466>

²⁰ Scottish Government, Internationalising Social Enterprise: A Strategy for Scotland, 2016 <http://www.gov.scot/Publications/2016/09/3750>

Many social enterprises are already good **global citizens**, collaborating internationally and supporting our international development efforts²¹. By helping to grow the international reach of social enterprises, we will be able to use our international activity to promote policy priorities such as climate change, gender equality, educational attainment, human rights and democratic participation – exchanging knowledge and building relationships in support of our domestic priorities and implementation of the United Nations Sustainable Development Goals in Scotland by 2030.

A small but growing number of social enterprises now **trade** in overseas markets, supporting the aim of Scotland's Trade and Investment Strategy²². We will encourage more social enterprises to increase awareness of international opportunities and become more global in their outlook, helping them to go on to grow their international sales and impact.

Social enterprise is already enhancing Scotland's reputation and attractiveness. Through supporting social enterprises to expand their footprint in fields such as heritage and tourism, and their connections outside of Scotland, we can make the country an attractive destination for foreign visitors and inward **investment**.

Our pioneering work in the social enterprise field also means that Scotland is becoming recognised as a world leader in knowledge about social enterprise and the leading destination for learning about it. Further action will enable us to build on Scotland's world-class **education** offering and reputation for academic research excellence.

SCOTLAND KEY FACTS

Source: Social Enterprise in Scotland: Census 2015

7% 
OF SOCIAL ENTERPRISES
OPERATE INTERNATIONALLY,
SOME HAVING AN
OVERSEAS PRESENCE



IN 5% OF CASES,
SOCIAL ENTERPRISES HAVE EXPORTED
OR LICENSED GOODS OR SERVICES TO
OVERSEAS MARKETS
IN THE LAST 12 MONTHS

ALMOST
250 
SOCIAL ENTERPRISES
ARE ESTIMATED TO BE
SUPPORTING TOURISM AND
HERITAGE IN SCOTLAND

²¹ See Scottish Government, International Development Policy (2008), <http://www.gov.scot/Publications/2008/05/06144819/0>; Scottish Government, Scotland's International Framework (2015), <http://www.gov.scot/Publications/2015/03/3466>

²² Scottish Government, Global Scotland - Scotland's Trade and Investment Strategy 2016-2021, March 2016 <http://www.gov.scot/Publications/2016/03/7779>

A VISION FOR SOCIAL ENTERPRISE



A VISION FOR SOCIAL
ENTERPRISE

Over the next decade social enterprise will be at the forefront of a new wave of ethical and socially responsible business in Scotland. It will become a far-reaching and valued alternative and a key part of the Scottish way of doing business.

The Scottish Government has worked with the sector to develop and agree the following ten-year strategy for social enterprise. We take as our starting point the **Vision for Social Enterprise**²³ that was developed by the social enterprise community itself.

A Growing Movement

During the next ten years, social enterprise will catch hold in every part of Scotland, taking seed in disadvantaged urban areas as well as rural communities. The rapid expansion of the sector will be fuelled by the quality, courage and commitment of a growing number of social entrepreneurs. It will be accelerated by a consistent and well-functioning local ecosystem of support. Over time, the sector will develop as a broad movement, bound by common principles. As it develops, the sector will retain its strong community roots, independent orientation, and entrepreneurial character.

Becoming the Norm

During the next ten years, social enterprise will become widely accepted as a more just, democratic and inclusive way of doing business. It will feature in the curriculum and behaviours of every school, college and university in Scotland, inspiring young people who will undertake the change toward the type of society we aspire to. Social enterprise will also become a career of choice, offering a fair workplace where skills are nurtured and work is fairly rewarded. In time, it will be considered by default by anyone thinking about starting a business.

Becoming Visible Everywhere

During the next ten years, the social enterprise sector will develop a growing footprint and profile across Scotland. In time, social enterprises will be found delivering goods and services in every economic sector. Social enterprise brands and entrepreneurs will become recognised and valued by the general public, corporate and public sector customers alike. Social enterprises will become seen as the epitome of ethical, transparent and responsible business behaviour. While many social enterprises will opt to remain small and strongly rooted in their communities, some will grow fast, enjoy considerable success and go on to become the standard bearers of the movement.

²³ Building a New Economy: Scotland's Vision for Social Enterprise 2025, <http://www.senscot.net/docs/SEVision2025.pdf>

Touching More Lives

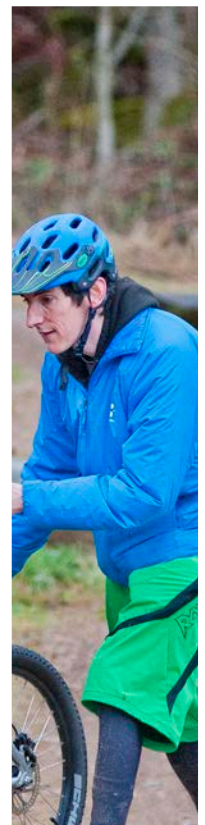
During the next ten years, social enterprises will help transform the lives and prospects of families and communities in all parts of Scotland. They will become widely known for delivering high quality and sustainable services that reduce inequality, lift people out of poverty, foster more empowered and resilient communities, and improve health, wellbeing and quality of life. Social enterprises will introduce game-changing social innovations that will reshape public services in Scotland, providing long-term solutions not short-term fixes. The contribution of the sector will be gauged on a more balanced set of measures of national wellbeing.

Sitting Alongside Others

During the next ten years, the social enterprise sector will take its place as a thriving, productive, and integrated part of the Scottish economy. It will develop based on strong foundations of solidarity and co-operation, increasingly drawing on strength and resources from within – thousands of social enterprises supporting each other and trading with each other. The sector will become firmly established as part of the public service infrastructure in Scotland, based on a partnership of trust and mutual respect with public authorities. At the same time, it will increasingly develop ethical alliances within a wider movement of socially responsible businesses.

A Source of National Pride

During the next ten years, social enterprise will come to be seen as central to the Scottish way of doing business – a natural extension of Scotland's strong, fair and inclusive national identity. During the period, Scotland will go on to reinforce its position as one of the best places in the world to start and grow a social enterprise. Scotland's leadership and commitment to social enterprise will also become a key part of the country's international reputation in business and politics.

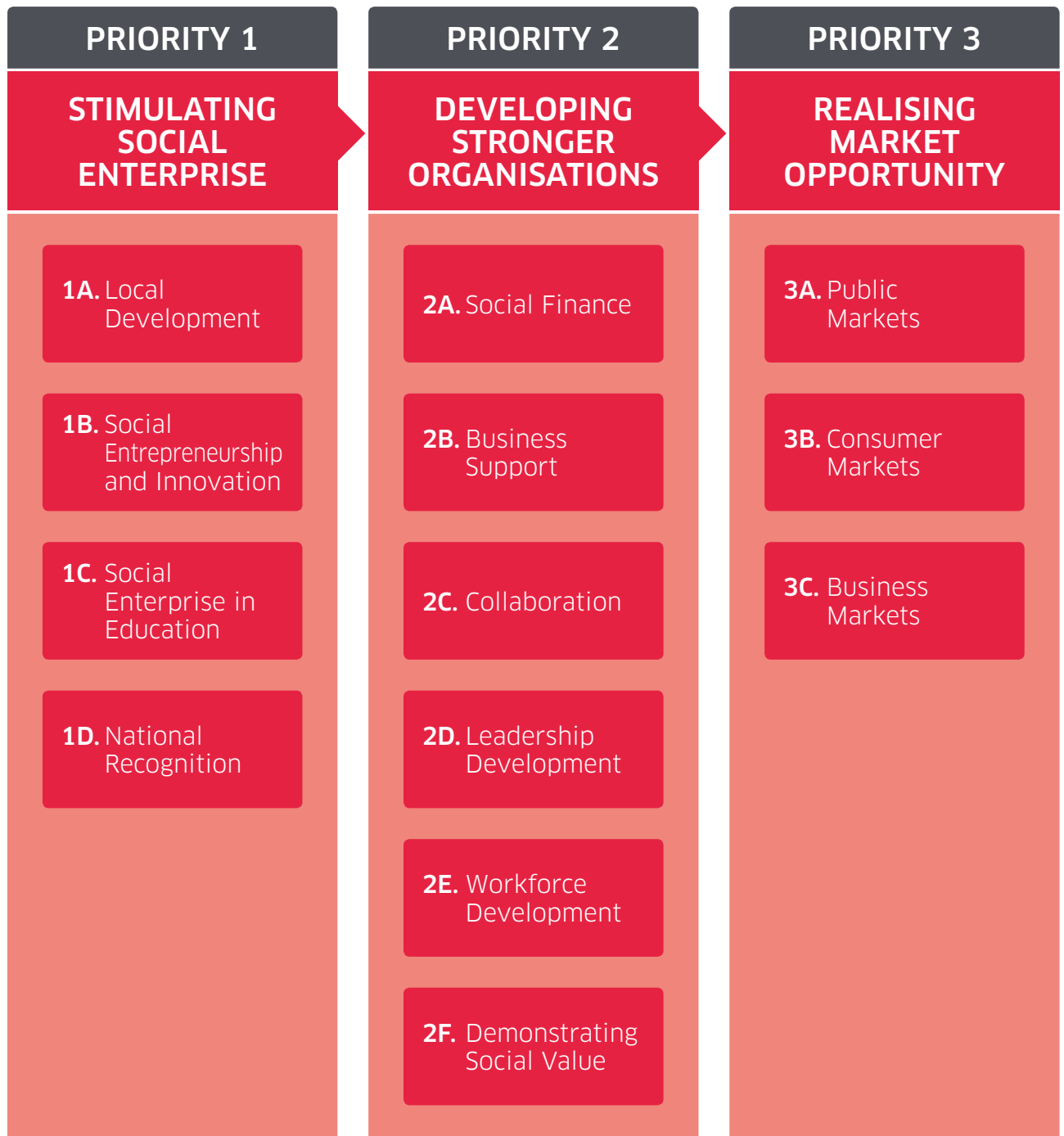


OUR FRAMEWORK AND PRIORITIES



OUR FRAMEWORK AND PRIORITIES

We will deliver on our shared vision for social enterprise through long-term and concerted effort around three strategic priorities.



The following pages go on to describe the main priorities, objectives and action areas that form our strategic framework.

PRIORITY 1: STIMULATING SOCIAL ENTERPRISE



PRIORITY 1:
STIMULATING SOCIAL
ENTERPRISE

We will enable thousands more people to find out about and start social enterprises in the places they live, work or study.

To do this we will progress the following workstreams:

1A. Local Development

1B. Social Entrepreneurship and Innovation

1C. Social Enterprise in Education

1D. National Recognition



1A. Local Development



Context

The Scottish Government recognises that most social enterprises start out as a response by active citizens to a perceived local need. They are strongly rooted in their community and develop through trading activity carried out in their local village, town or neighbourhood.

Over previous decades, Scottish Government policy initiatives and funding programmes have created opportunities for communities to take on and run services in an enterprising and sustainable way. In fields such as early learning and childcare, social care, transport, land, housing, and many more. During the timeframe of this ten-year strategy many new opportunities will arise.

However, in some places and among some groups of people, community and co-operative enterprise has failed to take hold. Not all communities are equal in terms of the professional skills, networks, people or resources available to them. Likewise, not all communities are equal in the encouragement and support they receive. We must therefore ensure that people get the help they need to get social enterprise activity off the ground, regardless of location or other differences. Where possible and appropriate, we must also ensure that support programmes are locally delivered and locally responsive.

Future Directions

Our ambition is to create the conditions where community and co-operative enterprise can flourish more widely across Scotland.

Community Development

We will work with others, including the community learning and development sector, to ensure that our communities, particularly those experiencing deprivation, receive the continuous community development support needed to define their objectives, initiate community activity, develop their skills and run local assets and services in an enterprising way.

Local Strategies

We will work with Local Government and third sector partners to encourage coherent and localised strategies for developing the social enterprise sector in every part of Scotland, linked to local Community Planning arrangements.

Support Infrastructure

We will work to ensure a consistent and high quality system of social enterprise representation and support in each local authority area. This local support infrastructure must remain responsive over the long-term, building on established third sector and business support arrangements.

Equality Groups

We will work to ensure that social enterprise plays its full part in tackling inequality and discrimination based on gender, disability, age, sexual orientation, race, religion or belief. Where necessary we will put in place additional awareness-raising and specialist, early stage capacity building support where potential exists to realise latent potential. Our approach will embrace Scotland's cultural diversity and contribution to our community language priorities, such as the promotion of Gaelic.

1B. Social Entrepreneurship and Innovation



Context

Social entrepreneurs are making a difference, in big ways and small, in local communities and across Scotland. Individually and collectively, these can-do people are seizing the initiative, setting up charities and social enterprises, and introducing new ways of tackling social issues. In turn, they are offering inspiration and impetus that can bring about wider changes in our public services and society.

The Scottish Government has already offered considerable support to social entrepreneurs. Our Social Entrepreneurs Fund has helped to unlock the potential of successive waves of social entrepreneurs. Mainstream and specialist business support arrangements continue to support socially-motivated entrepreneurs to get started. More and more entrepreneurial people are finding social enterprise a good fit, a way of earning a living, running their own business, while doing their bit to tackle inequality and work towards a fairer society.

Despite progress, the potential to pursue social entrepreneurship is not yet widely understood across Scotland. Social entrepreneurs - when they emerge - can feel isolated, unrecognised and unsupported. They also often find unnecessary obstacles in their way when trying to get promising ideas off the ground. We must ensure that these can-do people get the encouragement and support they need.

Future Directions

Our ambition is to encourage and support more people from all walks of life with the potential to create, lead and grow social enterprises.

Getting Started

We will work with others to make it easier for social entrepreneurs who need help to find it. This will require targeted area-based programmes to stimulate individual and collective social entrepreneurship, a growing network of local champions and mentors, and effective start-up support. Anyone looking to start a business or charity should be enabled to consider social enterprise and understand its potential.

Seed Capital

We will help ensure that budding social entrepreneurs have access to the seedcorn capital they need to test, refine, replicate or grow ideas into viable social enterprises. This will be part of our wider approach to developing the social finance market in Scotland.

Spaces for Innovation

We will work with partners to encourage the development of co-working spaces where social entrepreneurs can collaborate with others and where social innovation can flourish. This should be part of a more coherent approach to encouraging local civic innovation.

Intrapreneurship

We will work with partners to unlock the entrepreneurial talent in various institutional settings, including public authorities, universities and large charities. This will help develop enterprising services that are locally rooted and sustainable.

1C. Social Enterprise in Education



Context

As children grow they begin to understand their part in society and the collective responsibility they share towards it. By helping children and young people to understand and experience social enterprises as creative and impactful businesses, we believe they will aspire to effect positive change and play their part in improving society.

During recent years, we have worked with others to begin realising opportunities presented by Curriculum for Excellence, the Career Education Standard (3-18), and our Developing the Young Workforce strategy. Alongside and within our Enterprising Schools programme in particular, great progress has been made in introducing social enterprise learning. This has helped to unlock the innate desire of young people to take action on pressing social issues and, in social enterprise, given them a powerful tool to achieve this.

Despite much progress, social enterprise education is still not fully understood or embraced in educational settings. We must therefore redouble efforts to introduce and normalise learning about social enterprise and ensure the widest possible role for it in formal and informal education.

Future Directions

Our ambition is to ensure values-based social enterprise learning in every educational setting.

Early Learning and Childcare

We will help create opportunities for children to experience social enterprise from the earliest age in pre-school settings, and for social enterprises to play a growing role in the expansion of Scotland's early learning and childcare provision.

Schools

We will work with education partners to extend social enterprise education into every school, supporting young people and teachers to set up, grow and sustain hands-on social enterprise learning. This will be supported by advances in career education, work placements, and school-employer partnerships.

Colleges

We will encourage colleges to think more creatively about social enterprise, finding ways to tap into the large and growing pool of young socially entrepreneurial talent in further education and support young people's transition to work.

Universities

We will work with partners to encourage supportive environments where social entrepreneurship can flourish beyond business schools and across all parts of universities. We will build on Scotland's reputation for research excellence in the social enterprise field. With the active engagement of administrators, academics and student associations this might also include more teaching, campaigns, funding competitions and incubators to encourage social enterprise activity.

Informal Education

We will work with others to cultivate a growing role for social enterprise in youth work, family and adult learning in Scotland. We will explore ways to engage young people in informal educational activities linked to social enterprise, helping them to learn about themselves, others and society. Likewise, through adult learning we will explore ways to help individuals acquire the knowledge, skills and confidence they need to engage in social entrepreneurship and contribute to society.

1D. National Recognition



Context

Over the last decade the social enterprise movement in Scotland has taken shape, gained a voice, and achieved a growing significance. Our ambition is now to move social enterprise from the margins to the mainstream of civic society, public life and business in Scotland. To do so we must quickly step up the level of recognition afforded to the social enterprise sector and build links with others working towards the same goals.

For some years now, the Scottish Government has supported the work of a number of bodies that represent the interests of the social enterprise community. With and through these bodies we have helped to grow recognition, win influence, and build a coherent infrastructure of support.

However, there is much more to do if we are to build mass, collective understanding of social enterprise locally and to help realise its full potential. We want more decision-makers, influencers and supporters (in Scotland and internationally) to understand social enterprise, giving rise to further local action and more social enterprise activity.

Future Directions

Our ambition is to grow national recognition and support for social enterprise.

A National Movement

We will continue to invest in Scotland's national infrastructure of representation and support for social enterprises, to raise public awareness of social enterprise and enable more community and voluntary organisations to understand social enterprise and embrace its potential.

A Community of Business

We will encourage work that embeds social enterprise more firmly within Scotland's business community. We want to see: more widespread social enterprise representation and leadership in national and local business networks; more partnerships between private businesses and social enterprises; and wider consideration of social and co-operative business models as part of business restructuring and succession strategies.

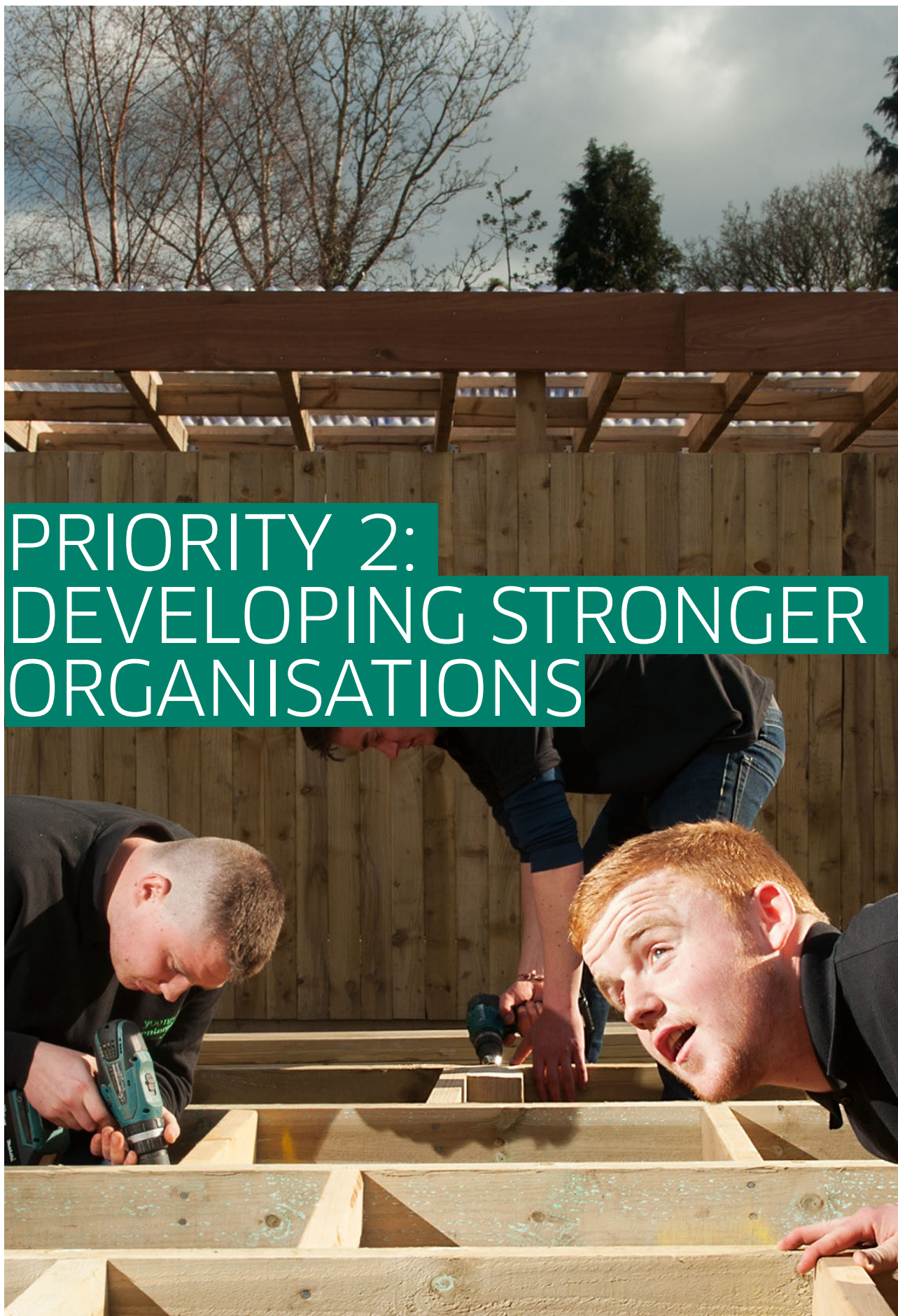
An Enabling Government

Through pan-organisational action and co-ordination with our statutory partners, we will raise awareness of social enterprise and work to realise opportunities as part of policy formulation, through active consideration of alternative service delivery models, and in the design of public sector programmes, services, partnerships and funds.

International Engagement

We will step-up overseas policy, culture and trade-oriented engagement in the social enterprise field. This will help to frame, lead and accelerate global developments in the social enterprise movement, deliver on Scotland's distinctive contribution as a good global citizen, while gaining national and international recognition for our endeavours.

PRIORITY 2: DEVELOPING STRONGER ORGANISATIONS



We will ensure that all social enterprises have the resources, knowledge and networks they need to achieve their potential.

To do this we will progress the following workstreams:

2A. Social Finance

2B. Business Support

2C. Collaboration

2D. Leadership Development

2E. Workforce Development

2F. Demonstrating Social Value



2A. Social Finance



Context

Over the past decade many social enterprises have adapted to a changed environment through testing new service models and attempting to scale up to meet new needs and contract opportunities. This has required different ways of funding organisations, including the use of various forms of repayable finance i.e. 'social investment'. Such finance is increasingly important to enable social enterprises to make needed capital investments, develop revenue streams, build capacity, and manage cash flow effectively.

The Scottish Government has played its part in making the shift from reliance on grant funding to a more sustainable funding mix. This includes our support for the pioneering Scottish Investment Fund and the introduction of a series of funds to stimulate social entrepreneurship and the social enterprise market more generally. Our work, and that of others, has supported the development of a strong supply of social finance for Scotland.

However, there are still challenges to overcome as the social finance market develops. Social enterprise leaders remain cautious about taking on commercial loans with a view to operating in sometimes uncertain and challenging private and public markets. Also, the current supply of repayable finance does not yet adequately meet the needs of the many social enterprises that remain small and have relatively modest ambitions for growth – issues remain in terms of the availability of small amounts of loan funding, the affordability of the money available, and the ability to repay within a suitable timeframe and on conventional terms.

Future Directions

Our ambition is for the social enterprise sector to achieve its optimal scale and impact over the next decade through access to appropriate finance.

Investment-Readiness

We will work with social investors and business support agencies to ensure that social enterprises have the advice, skillset, and confidence required to make the most of the finance available. There must be a greater awareness and appetite for risk on all parts together with concerted efforts to reduce uncertainty and fear.

Intelligent Grant-making

We will work with other grant-makers to ensure that adequate funding is available for social enterprises to test new ideas, support trial trading, and develop the track record and confidence to access follow-on loan finance.

Responsive Finance

We will work with social lenders to encourage responsive forms of finance, including small-scale lending and blended capital (mixing grants and loans), equity-like investments (revenue participation), patient recoverable capital (over longer timeframes), and repayable grants. We will encourage grant-makers and lenders to come together in more creative ways, packaging funds and finding ways to bring down the cost of servicing debt to deliver measurable social impact.

Unlocking Capital

We will work with partners to help unlock appropriate forms of social enterprise finance, including from: retail investors, via Donor Advised Funds, Community Share Issues and Social Investment Tax Relief; mutually-owned funds, where social enterprises and workers pool their own funds; and traditional forms of SME finance, including established loan guarantee schemes.

2B. Business Support



Context

The Scottish Government appreciates the significant diversity within the social enterprise sector – differing traditions, business models, motivations and goals. This leads to a very wide range of needs and aspirations, some specific to social enterprises and some common to all forms of business. We recognise that these varied aspirations are best served by a diverse ecosystem of business support, mainstream and specialised, nationally organised and locally delivered.

In this respect, we have made considerable progress. Scotland now enjoys one of the most extensive systems of business support for social enterprises in the world. A combination of mainstream business support and specialised provision has provided a level of expertise, capacity and reach previously unavailable.

Despite progress, there remains much to do. Business support must be flexible and responsive, providing coverage across the country, including to those with different needs, for example, community enterprises²⁴. For some social enterprises, the overall support ecosystem can also appear complex and difficult to navigate, with access to business support problematic for some equalities groups, including minority ethnic communities. We must therefore ensure that business support is tailored to different needs, accessible and delivered in ways that are responsive, while remaining flexible enough to respond to changing needs and market opportunities over the next decade. We must also ensure that social enterprises are effectively case-managed and are able to access the right support at the right point in their development.

Future Directions

Our ambition is to build the strength of the social enterprise sector by building on the strengths of Scotland's system of business support.

Advisor Network

We will work with mainstream and specialist business support providers towards creating a more knowledgeable, connected and empowered network of business advisors and professional advisors (accountants, legal advisors, etc.) committed to supporting social enterprise.

Specialised Support

We will continue to encourage and support the delivery of specialised business support to enable social enterprise start-up, growth and resilience. We will ensure that this is tailored, accessible, responsive to the needs of local community enterprises, and delivered in a way that complements mainstream provision.

Mainstream Services

We will work with our mainstream business support services to appropriately prioritise support to social and co-operative enterprises, and ensure a responsive portfolio of stand-alone support products, effective co-ordination between local and national provision, and continuous and measured improvement in services to the sector.

Internationalisation Support

We will work with our national and international partners to help expand the activity of social enterprises in overseas markets. This should ensure that an increasing number of social enterprises are accessing high quality export advice and related financial assistance, and are growing beyond Scotland.

²⁴ Local People Leading, A Vision for a Stronger Community Sector, March 2016

2C. Collaboration



Context

The Scottish Government recognises that many social enterprises remain small, stretched and financially fragile. In an increasingly market-oriented environment, and climate of restricted resources, social enterprises pursue a fine balance between collaboration and competition – collaborating with partners on some issues while competing with them on others. With current trends set to continue, we believe that social enterprises can ultimately achieve much more by working together than alone. We must therefore look beyond single organisations and consider new ways of organising and supporting wider systems of provision.

There are many examples of social enterprises collaborating to achieve a greater social impact. Some of this work has been aided by the Scottish Government's investment in Social Enterprise Networks, new models of Public Social Partnership and service co-production, the work of Co-operative Development Scotland, as well as early work to support social enterprise consortia development.

Over the next decade we want to see more social enterprises benefit from shared resources, reduced costs, and access to new markets. To do this there are various barriers to overcome, including the absence of pre-existing relationships between organisations, and the perceived loss of independence or control associated with collaboration.

Future Directions

Our ambition is for more social enterprises to realise the full benefits of organisational co-operation.

Social Enterprise Networks

We will support the extension of Scotland's Social Enterprise Networks to every part of Scotland that wants one. These should develop as an important collective voice on key issues for the sector, establish an extended range of peer mentoring and peer-to-peer support, and facilitate further collaboration between social enterprises.

Consortia Development

We will support work to initiate and develop new co-operative and consortia models. This activity should enable social enterprises to tender for contracts together, find new ways of sharing risk and reward, and deliver on a larger scale - or create a greater social impact - with increased efficiency.

Collaborative Technologies

We will encourage more efficient methods of communicating, connecting, and embarking on collaboration. This may include, for example, the use of technologies and systems that enable information-sharing, peer-to-peer connection, tendering and sub-contracting, and collaborative models of service delivery.

2D. Leadership Development



Context

We recognise that the single most important determinant of the success of any organisation is the quality of its leadership. Effective leadership – both individual and collective – will be essential if social enterprises are to navigate successfully the uncertain period ahead. We have therefore established leadership learning and development as a central component of our support to the sector.

We have worked with partners to ensure that leadership and entrepreneurship learning and development opportunities have been delivered to thousands of aspiring leaders across urban and rural Scotland. These opportunities have helped give rise to some extraordinary entrepreneurial and leadership talent and led to transformative change for individuals, their teams, organisations and communities.

There is still scope to extend opportunities further and to dismantle the remaining barriers to participation. Time, cost and flexibility continue to present obstacles to individual participation in leadership experiences. The development of leadership culture and practice is still not always adequately prioritised or resourced by organisations. More generally, we are not yet drawing from or developing a sufficiently wide pool of leadership talent.

Future Directions

Our ambition is to fully realise the personal and organisational potential within social enterprises through leadership development.

Learning Programmes

We will continue to encourage and support high quality learning and development experiences. This will include the extension of accredited leadership and entrepreneurship learning, further opportunities for cross-sectoral learning, and more programmes tailored to the needs of targeted organisations and clusters of organisations.

Future Leaders

We will work with partners to find new and better ways of nurturing the contribution of community leaders, developing the social enterprise leaders of the future and supporting succession planning as earlier waves of social enterprise leaders hand over the baton during the next decade.

Empowered Governance

We will work with partners to ensure progressive governance and an enabling leadership culture in organisations. We will encourage new ways of engaging with social enterprise directors and trustees, developing their collective potential not simply as organisational stewards but as entrepreneurial leaders.

International Leadership

We will further Scotland's international ambitions by both: encouraging opportunities for social enterprise leaders to develop their international outlook, learning, and connections; and facilitating the extension of our world-class social enterprise education, research, and leadership programmes into international markets.

2E. Workforce Development



Context

Social enterprises rely on a capable and motivated workforce and, in turn, have been shown to actively nurture the contribution of their employees. Indeed, many Work Integration Social Enterprises (including Social Firms and Supported Businesses) exist mainly to improve the employability and employment prospects of people furthest from the labour market. The evidence now available tells us that collectively this already adds up to a very substantial contribution to volunteering, job creation, social inclusion, and employability in Scotland.

As part of wider commitments set out in our Developing the Young Workforce, Fair Work, and Labour Market strategies, we have already supported many social enterprises to make their contribution. Over the next decade we want to build on these solid foundations.

We recognise, however, that the contribution of social enterprises remains fragile. By taking on and nurturing some of Scotland's most vulnerable employees, social enterprises experience higher employee support costs, lower productivity and reduced profitability. This situation is not always recognised or adequately compensated. Likewise, in recent years, we have not fully recognised the role of social enterprises in supporting social inclusion, health and well-being outcomes for the individuals they support.

Future Directions

Our ambition is to create the conditions where all social enterprises are able to provide fair workplaces and nurture human potential.

Careers and Skills

We will work with partners to ensure that social enterprise becomes a destination of choice for young people. Knowing about social enterprise will become a firmly established entitlement in career education and Scotland's young workforce will be able to benefit from an expanded range of training and progression opportunities.

Fair Workplace

We will recognise and champion social enterprises (and other responsible employers) that pay the Living Wage in Scotland, respect employee rights, champion equality and diversity (including at Board level), strive towards greater levels of workplace democracy, and implement other progressive workplace policies.

Work Integration

We will step-up our support to Work Integration Social Enterprises. This includes finding creative ways to enable Social Firms to take on employees with higher support needs (including the use of targeted wage incentives) and to enable an expanded base of Supported Businesses to flourish commercially and sustain employment for disadvantaged and disabled people.

Devolved Employment Services

We will use new powers for employment support to good effect. This will include contracting and commissioning models that encourage partnership delivery and provision from a wide range of providers, including social enterprises. The aim is services that build on delivery strengths in Scotland, which focus support on those with highest need, while supporting our ambitions for sustainable economic growth, social justice, inclusion and fair work.

2F. Demonstrating Social Value



Context

As fair, inclusive, and impactful businesses, social enterprises should ultimately be measured on both their social and commercial performance. We must therefore ensure that social enterprises are able to produce the evidence they need to show they deliver well, produce impacts (social, economic and environmental), and live up to appropriate values and practices. This is vital if social enterprises are to extend influence, make better decisions and ensure public accountability. It is also vital if we are to generate better evidence about the impact of the social enterprise sector and in doing so ensure good policy-making.

The importance of demonstrating social value has been widely recognised within the sector. However, despite the availability of various performance frameworks, quality systems, and impact measurement approaches, social enterprises have generally been slow to embed effective practices.

There are some barriers to overcome before further progress can be made. The field is currently complex and confusing to the sector, with differing approaches and expectations on the part of purchasers, funders and investors. Current impact measurement methodologies tend to be perceived as inherently complicated and beyond the skillset and means of most social enterprises to implement, particularly those that are relatively new and small. There is limited support that social enterprises can access to help navigate their options and implement effective systems.

Future Directions

Our ambition is for all social enterprises to be able to demonstrate social value in a holistic, transparent and compelling way.

Measuring Impact

We will explore approaches to developing a flexible and holistic Scottish model of impact measurement. This could provide a standard for tracking and reporting on the value that social enterprises deliver in their market, the workplace, for their supply chain, local economy, communities, and environment. It could enable even the smallest of organisations to provide a balanced account of their performance and impact.

Social Reporting

We will work with funders, purchasers and regulators to encourage reporting requirements that are co-ordinated, consistent and proportionate, whilst minimising duplication. Over time, we will consider extending the requirement for all social enterprises to produce a straightforward Annual Social Report in a consistent format that is aligned with the annual reporting requirements of Scotland's main regulators.

Capability Building

We will work with partners to promote awareness and commitment to social impact measurement and to help develop the associated understanding and capabilities of social enterprises. Recognising that there is more to be done, further investment will be required in the support models, technologies and advice available to the sector.

PRIORITY 3: REALISING MARKET OPPORTUNITY



PRIORITY 3: REALISING MARKET OPPORTUNITY



We will enable more consumers, public authorities and businesses to understand and purchase from social enterprises.

To do this we will progress the following workstreams:

3A. Public Markets

3B. Consumer Markets

3C. Business Markets



3A. Public Markets



Context

Against a challenging backdrop the public sector in Scotland continues to spend in excess of £10bn each year on a very wide range of goods and services. The Scottish Government recognises that this considerable purchasing power creates a market in which social enterprises can and should play a more central role.

During a decade framed by legislative and regulatory changes, the foundations for sustainable and socially responsible public sector procurement are now in place. This has created an environment where it is possible to routinely deliver local economic and social benefits through procurement processes and where public contracts are among the most accessible in the world to SMEs and social enterprises. In this context, more public sector commissioners and buyers are experimenting with the flexibilities afforded to them, and more social enterprises are stepping up to deliver public contracts.

However, even within a quickly changing public services market we appreciate that there is more that can be achieved. Public sector policy and procurement practice remains variable across the country and there is the opportunity to cascade the innovation and creativity that already exists. As it stands, some social enterprises are also not in a position to access opportunities due to their limited size, capacity or track record.

Future Directions

Our ambition is to increase the number and range of social enterprises involved in the delivery of Scotland's public services.

Public Sector Engagement

We will work with public sector partners, locally and nationally, to develop a deeper understanding of social enterprise and a commitment to a more radical, collaborative culture. This will include the development of a growing network of public sector and third sector leaders and champions committed to realising social value and working with social enterprises.

Collaborative Commissioning

We will work with public bodies to achieve a transformative change in commissioning practices. This will include ensuring that public authorities routinely consider social enterprise delivery as part of service reviews and make use of Public Social Partnerships and similar models of collaborative service design and co-production. These approaches are intended to make the most of trusted relationships with local social enterprise suppliers and support innovation in the process.

Social Procurement

We will continue to develop the Scottish model of procurement. We will encourage contracting authorities to explore creative ways to open up market opportunities to social enterprises. We will encourage forward procurement planning to create the time and space required for social enterprises to respond collaboratively. We will ensure that Community Benefit Clauses are embedded more widely across public contracts. Where appropriate to do so, we will encourage public bodies to reserve agreed contracts for Supported Businesses in fields where they have the capacity, expertise and potential to create additional social value.

3B. Consumer Markets



Context

We know that people across Scotland are becoming more concerned about where and how they buy products and services. These ethical considerations are increasingly likely to positively influence purchasing from social enterprises, where other factors such as price, quality, and availability are more or less the same. We recognise that if social enterprise is to really take off during the next decade then it must be fuelled by this consumer demand.

This consumer behaviour already chimes well with the strong ethical and community focus of social enterprises. Over the last ten years, a growing number of social enterprises have entered consumer markets. Many are now making and selling excellent, high-quality products as well as services. Indeed, more social enterprises today are selling to the general public than to Scotland's public sector.

However, there is still vast untapped potential. Public awareness and recognition of social enterprise remains low. Social enterprise products and services are not yet widely available or easily accessible to consumers. Many social enterprises are also still learning that the inherent goodness of their offering alone is not enough to compete successfully in consumer markets.

Future Directions

Our ambition is for social enterprise to be more visible to consumers and for more social enterprises to tap into the growing desire from consumers to buy ethically.

Buy Social Certification

We will encourage and support the introduction of Buy Social as an internationally recognised third party certification programme to label social enterprise products and services. This will need to be supported by a coherent and long-term national campaign.

Social Enterprise Nation

We will support partners to encourage villages, towns, cities and islands to showcase social enterprise activity and to make a commitment to purchasing recognised social enterprise products and services. As part of a 'Social Enterprise Nation' campaign this should encourage local people, organisations, and networks to get inspired and creative about promoting social enterprises through local media and events.

Consumer-facing Enterprises

We will encourage targeted business support to social enterprises operating in consumer markets. Interventions should raise the aspirations of social enterprises and help them bring forward the right products at the right price. Such interventions should also recognise the importance of avoiding unfair competitive advantage relative to other forms of business, while remaining compliant with state aid and competition law.

3C. Business Markets



Context

The Scottish Government views social enterprise as part of a wider community of businesses. As such, we envisage substantial opportunities to increase trade within this community at both the national and international level. These business-to-business opportunities exist regardless of whether the potential purchaser is part of the private sector, social enterprise community, or wider third sector.

Some progress has already been made. Social Enterprise Networks have given rise to a growing range of opportunities for inter-trading among social enterprises. Some larger, forward-thinking private companies have also welcomed social enterprises into their supply chains, in part encouraged by the introduction of Community Benefit Clauses and social enterprise sub-contracting requirements in public contracts.

Overall, however, trade and relationships between social enterprises and other companies have so far been modest. Most conventional, privately owned companies have low levels of awareness about social enterprises or are unsure how to find them. Social enterprises themselves are also often unaware of the opportunity to sell to other businesses, may lack relationships within the business community, or are not yet well placed to serve this market.

Future Directions

Our ambition is raise the level of trade between social enterprises and other businesses.

A Sharing Economy

We will work with partners to test and develop new models of economic exchange between social enterprises and with the wider third sector. This might include online platforms, sector currencies, regional buying consortia, and systems of local exchange and trading. These should enable and incentivise organisations to pool and share resources, buy and sell from each other, and keep money circulating within the social economy.

Corporate Supply Chains

We will work with partners to encourage an increase the level of social purchasing by private companies. This will involve raising awareness of opportunities to buy from social enterprises, and to understand the associated business and community benefits of doing so. It will require more creative ways of brokering relationships between social enterprises and prospective corporate partners and purchasers.

DELIVERING AND MEASURING SUCCESS



DELIVERING AND
MEASURING SUCCESS

The implementation of this ten-year strategy will be facilitated by the Scottish Government's Equality, Human Rights and Third Sector Division. Delivery will be co-ordinated and progress reviewed by a multi-agency **Social Enterprise Forum**.

The strategy will be implemented through a series of three-year **Social Enterprise Action Plans** setting out agreed actions, resource commitments, responsibilities and deliverables. We will review progress annually against **Key Performance Indicators** included in the action plans, drawing on routinely collected performance information and an annual consultation with stakeholders.

The introduction of additional actions or changes in direction will be evidence-based. A **programme of social enterprise research** will offer new insights, fill gaps in knowledge, shape further areas of intervention, and establish the feasibility of new approaches. This will build on Scotland's world class research capabilities in the social enterprise field.

We will monitor changes in the sector by way of a biennial **Social Enterprise Census**. Building on baseline data produced in 2015, this will track the changing scale, characteristics and contribution of the sector over the timeframe of the strategy. This will be complemented by effective self-evaluation arrangements built into the design of all main policy programmes and initiatives. In doing so we will seek to better understand the contribution of our policies and re-orientate these as necessary.

To strengthen our multi-agency focus and drive accountability, we will introduce an appropriate suite of headline social enterprise change indicators that enable us to measure the contribution of the sector towards achievement of our national outcomes and policy goals.

We will carry out a full review of our strategy at its midpoint in 2021 and on conclusion in 2026.



ANNEX: CONSULTATION METHODS



We carried out a consultation in partnership with the social enterprise community between May and September 2016, which has shaped this strategy. This consultation involved a number of main elements.

We facilitated a series of ten **thematic roundtable events** that involved 154 representatives from national agencies, local authorities, grant-makers, social investors, national third sector intermediary organisations, Third Sector Interface bodies, Social Enterprise Networks, and social enterprises.

We canvassed the views of the sector widely, and received 205 **written submissions** describing priorities and ideas for the strategy. The responses came from 27 individuals, 121 social enterprises, 42 community and voluntary organisations, and 12 third sector intermediary bodies.

We set up an **online consultation** that enabled social enterprises from across the country to upload and prioritise ideas for the strategy in a democratic, open, and efficient way. This received 3,334 votes on 71 ideas.

We held two focus groups involving representatives from **minority ethnic communities** and convened a group discussion with **rural social enterprises** in Argyll and Bute.

We carried out an **internal Scottish Government consultation** that incorporated feedback and written responses from a range of key stakeholders across divisions and agencies.

We received written and verbal feedback on **early drafts of the strategy** from key stakeholders within government and from the wider social enterprise community.

We have conducted an **Equality Impact Assessment** of the Strategy, involving further targeted consultation with equalities representative groups.

In the spirit of the forthcoming Islands Bill, which will include a provision to **island-proof** future legislation, policies and action plans, we have consulted specifically with stakeholders who represent island communities to ensure the strategy reflects the needs of those communities, and will consult further with appropriate stakeholders and local authorities as we move forward with developing the first action plan to ensure that there is no detrimental impact on our island communities.







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