

The Social Enterprise Business Support Ecosystem in Scotland

Report for RaiSE: Enhancing Social Enterprise Competitiveness

 *Social Research*

 *Service Design & Innovation*

 *Strategy & Collaboration*

 *Evaluation Support*

 *Social Impact Measurement*

November 2017

Executive Summary

This report presents the findings of the research carried out by Social Value Lab and the Yunus Centre on the support arrangements for social enterprises in Scotland building on the findings from the 2017 Social Enterprise Census¹ and additional consultation. It has been completed to support the RaiSE programme, an Interreg programme bringing together six pro-active regions and one advisory partner to address the common challenge of enhancing competitiveness of social enterprises².

Despite an adverse economic climate, the social enterprise sector in Scotland is growing and overall quite successful.

However, social enterprises in Scotland are negatively affected by the economic climate, a large section is struggling financially and most are cautious about the future.

Social enterprises face a range of challenges that hinder growth, of which a lack of time/capacity to develop trading potential (54%), insecure or declining grant funding (51%) and increasing costs (51%) are the most frequently reported.

The sector has identified 22 areas where support would be helpful, with some regional variances.

For the purpose of this report three different categories of support were identified:

1. General business support: publicly funded support available to all businesses and accessible to social enterprises.
2. Specialist business support for social enterprises.
3. Specialist business support targeted at particular parts of the sector.

There is a comprehensive support structure for social enterprises established in Scotland.

The awareness of the variety and spread of support available presents a particular challenge in navigating the system of support for some social enterprises.

Although the social enterprise sector is profitable overall, a significant group is struggling.

Increasing bureaucracy and stricter regulations cause problems for social enterprises.

More specialised support is harder to access for social enterprises with fewer contacts or organisational capacity, or who are newer to the sector.

Tailored, one-to-one support is harder to access due to resource limitations.

Criteria for intensive support from mainstream business support providers sometimes seem too strict for many social enterprises.

More established social enterprises require specialist professionals (paid consultants), which is difficult to attract funding for.

¹ <http://www.gov.scot/Resource/0052/00524559.pdf>

² <https://www.interregeurope.eu/raise/> Scottish Enterprise is the RaiSE partner for Scotland.

The quality and availability of support varies geographically. There is a perception that social enterprises in urban areas have more choice of support compared to their rural counterparts.

The connection and alignment between national programmes/contracts and local actors across Scotland could be improved.

Charities and voluntary organisations considering to embark on the social enterprise journey need more support in the pre-start-up phase. Community groups require more intensive and bespoke support during the start-up phase.

Third sector providers need more practical support to increase their share in tendering for public contracts.

Social impact measurement continues to be the most frequently reported support need.

There is some free training available in social impact measurement, but extensive training courses and practical support is only available from professionals that charge a commercial rate fee.

Board members are sometimes lacking the entrepreneurial skills to govern organisations on their social enterprise journey.

Social enterprises would benefit from more peer-mentoring and support.

1. Introduction

This report provides an overview of the social enterprise business support ecosystem in Scotland.

Background

This report reflects the research undertaken by Social Value Lab and Yunus Centre for Social Business and Health at Glasgow Caledonian University into the Scottish social enterprise business support ecosystem.

Social Value Lab is the national hub for social enterprise research, strategy, evaluation and impact measurement. Its mission is to produce the evidence and ideas that support stronger, more enterprising communities in Scotland.

Yunus Centre for Social Business and Health (Yunus Centre) is Glasgow Caledonian University's research centre focusing on micro-credit, social enterprise and health economics.

The Context

The Scottish Government has a long-standing commitment to developing the full potential of social enterprises and sees the sector as vital to achieve its long-term goal to “creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth”.³

Social enterprise creates inclusive growth, tackles inequalities, implements fair working practices and promotes human rights.

Between 2014-16 the government has engaged with the wider social enterprise sector to co-produce a national ten-year social enterprise strategy.

In order to represent the voice of the social enterprise sector, nine of the main representative national organisations carried out a consultation and produced a vision document: Scotland's Vision for Social Enterprise 2025⁴.

In 2015 the Scottish Government, in co-operation with others⁵, commissioned the first pilot Social Enterprise Census to get a better understanding of the scale, scope and financial clout of the sector⁶.

In 2016 the Scottish Government published Scotland's Social Enterprise Strategy 2016-26⁷. The strategy identifies three strategic priorities: Stimulating Social Enterprise, Developing Stronger Organisations and Realising Market Opportunity.

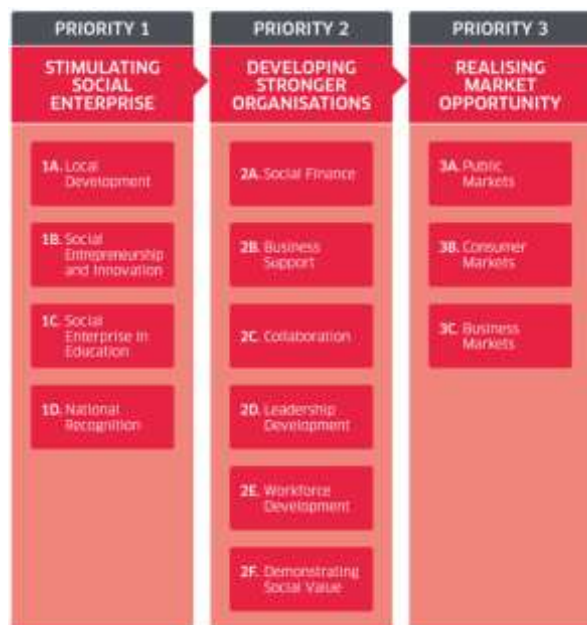
³ <http://www.gov.scot/About/Performance/scotPerforms/purpose>

⁴ <http://www.socialenterprisescotland.org.uk/files/afdd2f29fd.pdf>

⁵ The 2015 Census was funded by the Scottish Government, Scottish Enterprise, Highlands and Islands Enterprise, The Big Lottery Fund, Co-operative Development Scotland, Social Investment Scotland and Nesta.

⁶ <http://www.socialenterprisescotland.org.uk/files/1a891c7099.pdf>

⁷ <http://www.gov.scot/Resource/0051/00511500.pdf>



The strategy is accompanied by a three-year Action Plan⁸, setting out the concrete actions of the Scottish Government to achieve the aims set out in the strategy.

In order to track the impact of the strategy and action plans, the Scottish Government is committed to undertake a Social Enterprise Census every two years, with the 2017 Census⁹ offering the latest analysis.

The 2017 Census included a representative survey of the social enterprise sector¹⁰ and explored the barriers social enterprises encounter as well as their support needs.

Scottish Enterprise, supported by the European Commission, under the auspices of the RaiSE programme¹¹, commissioned Social Value Lab and the Yunus Centre to undertake further

research into the social enterprise business support ecosystem to build on the findings from the 2017 Social Enterprise Census.

Our Method

The study was carried out by Social Value Lab and The Yunus Centre between July and September 2017. It was based on a mixed research design that involved a number of stages:

- Additional analysis of the Social Enterprise Census 2017 survey results into the support needs of the social enterprise sector in Scotland
- Desk-based review of the business support infrastructure for social enterprises in Scotland.
- Telephone interviews with business advisers (11), Third Sector Interface (TSI) staff (5), Social Enterprise Network (SEN) coordinators (6) and Local Authority Economic Development staff (1).
- Telephone interviews with 13 social enterprise leaders across Scotland.
- Focus group discussion with social enterprise leaders in Glasgow.

The findings of the research are set out in the following pages.

⁸ <http://www.gov.scot/Resource/0051/00516611.pdf>

⁹ <http://www.gov.scot/Resource/0052/00524559.pdf>

¹⁰ The survey attracted 1,351 responses of the total population of 5,600 social enterprises, representative of geography (urban/rural) and economic sector.

¹¹ The RaiSE programme brings together seven regional partners to address the common challenge of enhancing competitiveness of social enterprises. <https://www.interregeurope.eu/raise/>

2. Social Enterprise Support Needs

This Section sets out the circumstances social enterprise is operating in, outlines the challenges they are facing and analyses the main support needs.

Social Enterprise Growth

Despite an adverse economic climate, the social enterprise sector in Scotland is growing and overall quite successful. The 2017 Social Enterprise Census shows a growth of the number of social enterprises with 8% since 2015. Social enterprises are active across all economic sectors, covering the whole geography of Scotland and are generally profitable. The sector contributes more than £2bn GVA to the Scottish economy and provides more than 81,000 FTE employment.

The Economic Climate

Social enterprises are affected by the state of the economy, austerity and public spending.

Half of all social enterprises (50%) reported a negative effect of the economic climate on the outlook for their business, and only a small minority (7%) was positive.

TABLE 2.1: REPORTED EFFECT OF THE ECONOMIC CLIMATE OVER THE LAST 12 MONTHS ON THE PROSPECTS OF SOCIAL ENTERPRISES

	% of all SEs
Positively	7%
Neither Positively or Negatively	44%
Negatively	50%

Source: Social Enterprise in Scotland, Census 2017

Reasons stated for this negative view included:

- Uncertainty about Brexit and a potential second independence referendum in Scotland.
- Continuing austerity measures and reducing public funding.
- Financial pressures on consumers, such as static wages and rising inflation and prices.
- Rising costs for social enterprises, without the ability to increase prices for their goods and services accordingly.

Financial Uncertainty

Although overall the social enterprise sector is profitable with a total profit of £89m and an average profitability ratio 4.0%, the underlying data give more reason for concern.

Four out of ten (41%) of social enterprises are making a loss.

TABLE 2.2: SOCIAL ENTERPRISES MAKING A SURPLUS/DEFICIT

	% of all SEs
Making a Surplus	58%
Breaking Even	1%
Making a Deficit	41%

Source: Social Enterprise in Scotland, Census 2017

Many social enterprises (43%) have seen their income decrease since 2015.

Source: Social Enterprise in Scotland, Census 2017

TABLE 2.3: TWO-YEAR CHANGE IN INCOME AT ORGANISATION LEVEL

	% of all SEs
Income Has Increased	57%
Income Has Decreased	43%

Source: Social Enterprise in Scotland, Census 2017

Most social enterprises (62%) have seen their cost increase since 2015.

TABLE 2.4: TWO-YEAR CHANGE IN COSTS AT ORGANISATION LEVEL

	% of all SEs
Costs Have Increased	62%
Costs Have Decreased	38%

Source: Social Enterprise in Scotland, Census 2017

Business Confidence

The 2017 Census has introduced a Social Enterprise Confidence Index based on the method employed by the ICAEW UK Business Confidence Monitor.

Using this method, a Confidence Index of +100 would indicate that all survey respondents were much more confident about their prospects, while -100 would indicate that all were much less confident.

Business confidence in the social enterprise sector is low and the first Social Enterprise Business Confidence Index is negative and stands at -7.8.

TABLE 2.5: REPORTED CONFIDENCE LEVEL

	% of all SEs
Much More Confident	6%
Slightly More Confident	17%
As Confident	41%
Slightly Less Confident	29%
Much Less Confident	8%

Key Challenges

Social enterprises in Scotland report a number of obstacles/barriers that prevents them from growing. These challenges are the same across the board in rural and urban areas, and regardless of age or size.

Most frequently mentioned barriers are the lack of time and capacity, declining grant funding support and increasing cost.

TABLE 2.6: KEY OBSTACLES/BARRIERS

	% of all SEs
Lack of time/capacity to develop trading potential	54%
Insecure or declining grant funding	51%
Increasing costs	51%
Difficult market/trading conditions	27%
Cash flow difficulties	22%
Public awareness or preconceptions of social enterprise	21%
Skills gaps or shortages	20%
Difficulties securing public contracts/service level agreements	20%
Competition within the market	20%
Difficulty accessing finance	20%
Recruitment and retention difficulties	17%
Difficulty complying with regulations or legislation	14%
Inadequate business support	13%

Source: Social Enterprise in Scotland, Census 2017

A further analysis of the comments on obstacles and barriers in the 2017 Social Enterprises Census survey

revealed a number of other issues including:

- Lack of volunteers, both for operational tasks and governance of the organisation. It is especially difficult to attract young people as volunteers.
- Rurality presents additional barriers, in particular the small and declining size of population and the lack of and high cost of public transport.
- Bureaucracy and increasingly more demanding rules, regulations and processes are a burden for small social enterprises. Frequently

mentioned were procurement rules and processes, staff and volunteer qualifications required and environmental regulations.

Social Enterprise Support Needs

The Social Enterprise Census 2017 survey has identified 22 areas of support relevant for the social enterprise sector.

TABLE 2.7: AREAS OF SUPPORT FOR SOCIAL ENTERPRISES

Area of Support	Prevalence in SE Census 2017 Survey
Measuring Social Impact	44%
Researching New Opportunities	40%
Collaborating With Others to Succeed	39%
Developing Your Workforce	39%
Developing Your Marketing Strategy	39%
Developing New Products or Services	35%
Improving Your Business Practices	33%
Developing Digital Capabilities	33%
Attracting New and Young Talent	33%
Preparing a Business Plan for Growth	32%
Planning for Business Change and Succession	30%
Developing Leadership Capabilities	28%
Tendering for Public Sector Contracts	23%
Learning New Business Skills	22%
Finding Property Solutions	19%
Finding a Business Mentor	19%
Improving Environmental Sustainability	14%
Managing Your Intellectual Property	12%
Starting up a New Business Venture	10%
Attracting Repayable/Loan Finance	8%
Recovering from Business Difficulties	8%
Doing Business in International Markets	6%

Social enterprises reported that support to measure their wider social impact was perceived as most useful.

Social enterprises identified support with the growth of their business as helpful, including research, business planning, product development and tendering for public contracts.

Source: Social Enterprise in Scotland, Census 2017

The sector further identified facilitation of collaborative working as helpful.

Another area where support was seen as useful is in attracting and developing employees, including developing business and leadership skills.

Support to strengthen the business, including marketing, business recovery, intellectual property and digital capabilities, was highlighted as a support area.

Finally, there were a number of other support needs identified, including property solutions, mentoring, environmental sustainability, loan finance and exporting.

Regional and Age Variance

There is some difference in support needs between the Scottish Regions, between social enterprises located in urban and rural areas and between starting and more established social enterprises.

In Aberdeen/shire succession, planning is seen as an issue, while social impact measurement is less mentioned.

In the East of Scotland the development of the workforce is slightly more pressing than the national average.

In the Highland Region attracting talent, in particular young people, to the social enterprise sector is an issue.

In the South of Scotland, social impact is a lesser issue, while attracting talent and developing digital capabilities are considered as more pressing.

Tendering for public contracts appears to be an issue in the Tayside region.

The West of Scotland broadly follows the national pattern, with researching new opportunities less prevalent, and succession planning slightly more prevalent compared to the national averages.

Social enterprises in urban areas have slightly different priorities from those in rural areas.

Attracting new and young talent is the most frequently reported support need for urban social enterprises.

The support needs in rural Scotland broadly follow the national pattern.

The age of the organisation, the length of time that it has been in business, has little effect on their support needs.

Business planning to facilitate growth, is more important for starting social enterprises than it is for more established ones, while researching new opportunities is less frequently required.

For the tables containing the differences in support needs between urban and rural Scotland, the 6 Regions and between organisations aged 1-4, 5-10 and over 10 years, see Appendix A.

3. The Social Enterprise Support Infrastructure

This Section describes the business support infrastructure for social enterprises in Scotland.

Introduction

There is a wide range of business support available to social enterprises in Scotland, ranging from general business development support to specialist provision, support available for the whole business community to social enterprises, delivered by national organisations as well as at a local level.

Describing all highly localised support mechanisms available to social enterprises goes beyond the scope of this research. Instead, this report describes the relevant business support that:

-
- delivers on a national scale, including support services delivered by local organisations consistently throughout the country;

 - is publicly funded;

 - is free, or highly subsidised, at the point of access;

 - focuses on advice and support, not providing grant funding or finance; and

 - is predominantly aimed at helping organisations to start and develop their business, not at achieving their social aims.

It should be noted that the report excludes:

-
- representative organisations that do not provide business support;

 - sources of funding and finance; and

 - organisations that provide information only, including online portals and hubs.

For the purpose of this report we have mapped three different categories of support:

1. General business support: publicly funded support available to all businesses, delivered by public agencies, which is accessible to social enterprises.
2. Specialist business support for social enterprises.
3. Specialist business support targeted at particular parts of the social enterprise sector.

General Business Support Available to all Businesses

There is a comprehensive system of business support in Scotland that is also available to social enterprises. Mainstream business support is delivered by Business Gateway, which refers high growth businesses on to Scottish Enterprise or Highlands & Islands Enterprise (dependent on location) for account-managed services. Local Authorities provide business development support through their Economic Development departments. Skills Development Scotland (SDS) is responsible for upskilling the workforce. Specialist export support is provided by Scottish Development International (SDI).

TABLE 3.1: GENERAL BUSINESS SUPPORT AVAILABLE TO ALL BUSINESSES

<p>Business Gateway</p>	<p>The official mainstream business support provider of professional resources, business advice and training workshops. It is delivered by Local Authorities and has a network of 57 local offices and over 300 Advisers working across Scotland.</p> <p>Services and programmes:</p> <ul style="list-style-type: none"> • Online guides and case studies. • Training courses, workshops and events. • Business Gateway Enquiry Service (BGES). • Start-Up Advisory Service. • Existing & Growing Businesses Service. • Business Gateway Local Services. • Additional ERDF funded services. • Digital Boost. • Digital Health Check.
<p>Scottish Enterprise</p>	<p>The main economic development agency and a non-departmental public body of the Scottish Government.</p> <p>Working with partners in the public and private sectors to identify and exploit the best opportunities to deliver a significant, lasting effect on the Scottish economy.</p> <p>Services and programmes:</p> <ul style="list-style-type: none"> • Programme of free training and events. • Advice on exporting, innovation, organisation and leadership development and manufacturing. • Account managed service for high growth businesses. • Scottish Manufacturing Advisory Service: hands-on experts specialising in process improvement, lean manufacturing, innovation and allied disciplines. • Co-operative Development Scotland is part of Scottish Enterprise. • Knowledge Hub , online library of business intelligence. • Intellectual property and asset management service.

<p>Highland and Islands Enterprise (HIE)</p>	<p>The main economic development agency for Highlands Scotland, combining a remit for integrating economic and community development. Delivering a full range of business support.</p> <p>Services and programmes:</p> <ul style="list-style-type: none"> • Programme of free training and events. • One-to-one business development advice. • Co-Innovate Programme: supports innovation for small enterprises. • Broadband for Business. • Export Advisory Service.
<p>Scottish Development International (SDI)</p>	<p>The international arm of Scotland’s enterprise agencies with 40 offices in around 20 countries across the world.</p> <p>Services and programmes: SDI’s ACE export support framework delivers support based on the three stages of development to doing business internationally:</p> <ol style="list-style-type: none"> 1. Awareness and Ambition <ul style="list-style-type: none"> • Marketing promotion/activity. • Market Awareness events. • Export Advisory Service. • GlobalScot online network. 2. Capacity and Capability <ul style="list-style-type: none"> • Diagnostic tools. • Strategy Development. • Preparing to Export programmes. • Mentoring. • GlobalScot online network. • Talent Scotland. • Technical support. • Export Advisory Service. • GlobalScot online network. • Market research. • Learning Journeys. 3. Expansion and Exploitation <ul style="list-style-type: none"> • Overseas market support. • Research. • Market Opportunities. • Networks. • Exhibitions. • Missions. • Learning Journeys. • Matchmaking Service. • Market planning. • GlobalScot online network. • TalentScotland. • Incubation. • Soft Landing services.

<p>Skills Development Scotland (SDS)</p>	<p>The national skills body supporting the people and businesses of Scotland to develop and apply their skills, providing training and support.</p>	<p>Services and programmes:</p> <ul style="list-style-type: none"> • Financial assistance in training and developing the workforce. • Modern apprenticeships. • Our Skillsforce: free online advice, skills planning, HR support and funding. • Skills for Growth: a free skills diagnostic service and consultancy support to produce people and training plans. • Marketplace: an online tool that connects schools and colleges with businesses. • Partnership Action for Continuing Employment (PACE): support to minimise the risk of redundancy before it happens.
<p>Local Authority Economic Development teams</p>	<p>In addition to Business Gateway, each Local Authority has an economic development team supporting local businesses.</p>	<p>The support available varies, but usually includes: town centre and place regeneration; area marketing and promotion; inward investment and trade promotion; business support; business property and infrastructure development; skills and inclusion; employability support; sector initiatives; strategy development and economic intelligence.</p>
<p>Chambers of Commerce</p>	<p>A network of 26 Chambers of Commerce across the country.</p>	<ul style="list-style-type: none"> • Business mentoring service. • Women’s business mentoring service. • International Trade Services. • International Trade Documentation Service.

Specialist Business Development Support for Social Enterprises

There is an extensive range of specialist support services available to social enterprises in Scotland.

The main programme of specialist business support for social enterprises is Just Enterprise, a Scottish Government funded programme, delivered by a consortium of

ten social enterprise support agencies. Just Enterprise delivers a range of services for all social enterprises, from start-up to growth¹².

Most local Authority areas have a Social Enterprise Network (SEN) that provides networking and peer support.

A Third Sector Interface (TSI) is operating in each Local Authority area. TSIs are the one-stop shop support services for the third sector and TSIs have a remit to support social enterprises.

There are a range of other specialist social enterprise support providers that operate in a specific area or provide a particular service.

TABLE 3.2: SPECIALIST BUSINESS DEVELOPMENT SUPPORT FOR SOCIAL ENTERPRISES

Just Enterprise	A consortium of social enterprise support agencies, providing start-up, business support, business recovery, procurement, leadership and learning services to third sector organisations across the country. Services provided include: one-to-one consultancy support, skills development, workshops and training and leadership programmes.
Social Enterprise Networks (SENs)	Geographic and thematic networks of peer support and joint working. There are 16 local SENs and thematic networks support social enterprises in Food, Culture, Employability, Health, Tourism and Sport. The SEN's are facilitated and supported by Senscot.
Third Sector Interfaces	Each local authority has a TSI, a single point of access for support and advice for the third sector within the local area. Support available for social enterprises varies per local authority.
HISEZ (Highlands and Islands Social Enterprise Zone)	The support and development agency for social enterprises in the Highlands and Islands. Delivering Just Enterprise Service, HISEZ Fusion (networking), local community planning services, community consultation, advise on implementation of plans, business planning support for aspiring community enterprises, community capacity building, support for business start-up, development and sustainability and evaluation.

¹² The Just Enterprise consortium consists of CEIS, HISEZ, Firstport, the Social Enterprise Academy, Forth Sector Development, Community Enterprise Ltd, CEMVO Scotland, Lanarkshire Enterprise Services Ltd, Ready for Business and Inspiralba.

Scottish Council for Voluntary Organisations (SCVO)	Membership organisation for Scotland's charities, voluntary organisations and social enterprise delivering training and support.
CEIS	Well-established social enterprise support agency, delivering training, investment programmes and one-to-one support, including: strategy development and business planning, legal structures, financial planning, management and reporting, market and business research, marketing & digital marketing, sales & business development and tendering for contracts.
Senscot	Support and network organisation for grassroots social enterprise, including Partnership for Procurement, a programme of practical support to social enterprise in identifying and responding effectively to emerging tender and other business opportunities. Senscot facilitates and supports the SENs and delivers legal services through its subsidiary Senscot Legal.
Community Enterprise	Provides free capacity building to support early growth and planning, and on-going mentoring. As well as this it delivers national, thematic and regional support contracts which social enterprises can tap into.
Social Enterprise Academy (SEA)	Provides learning and development programmes focused on building sustainable enterprises and achieve greater social impact.
School for Social Entrepreneurs Scotland (SSE)	An independent national provider of training in the form of specialised workshops and ongoing opportunities to enable individuals to use their entrepreneurial and creative skills to develop social businesses, social enterprises and charities that benefit the communities in which they live.
Firstport	Provides support for new social enterprises and entrepreneurs during start-up with issues such as choosing a legal structure, developing and strengthening a business model, writing a business plan and cash flow projections. Delivers Launch Me, an investment readiness and business support for social enterprises less than three years old.
Evaluation Support Scotland	Provides resources, workshops, training and one-to-one advice on impact measurement.
Scotland Unltd	Provides support for social entrepreneurs at every stage of their journey with advice and resources.
Pilot light	Mentoring service matching directors from charities and social enterprises with teams of senior business people and facilitate a year-long engagement to plan for sustainability, development and growth.

Social Investment Scotland (SIS)	Providing loans and support to develop and grow social enterprises. Services include Business Assist (workshops and one-to-one support) and a Social Investment Diagnostic Tool.
Cranfield Trust	Provides corporate volunteers as pro bono consultants.

Sector specific support

There are a number of organisations that provide support to specific parts of the social enterprise community. This support is not exclusive to social enterprises, but social enterprises consist a significant part of their client-base.




TABLE 3.3: SECTOR SPECIFIC SUPPORT

Social Firms Scotland	The national support body for Social Firms, delivering one-to-one business development support, events and training.
Development Trust Association Scotland (DTAS)	Provides support to development trusts in Scotland, supporting them to unlock the potential within their community. Delivers Community Shares Scotland and the Community and Ownership Service (COSS, support for community-based organisations to take land or other assets into community ownership).
Council for Ethnic Minority Voluntary Organisations (CEMVO)	Provides support to the ethnic minority third sector including specific social enterprise support through two social enterprise development officers. Delivers Youth Social Enterprise Project.
Community Resources Network Scotland (CRNS)	Provides guidance and expertise on operating within the reuse, repair and recycling sector.
Community Energy Scotland	Provides community energy project development support.
Community Land Scotland	Provides networking, lobbying and support to community groups who own and manage land.
Community Transport Association	Provides advice, information, training and hands-on support for community transport organisations that helps operators work to high standards of practice. Training programme for community transport providers.
Community Woodlands Association	Provides advice, assistance and information, facilitating networking and training for community woodlands organisations.
Federation of City Farms and Gardens	Provides specific support for community growing organisations through expert development workers who deliver advice, training and encouragement.

Scottish League of Credit Unions	Provides on-site and group training sessions, bespoke solutions, advice on legislative, regulatory, compliance and financial issues and considerations, and facilitating networking for credit unions.
Association of British Credit Unions Limited (ABCUL)	Provides a full range of information, training and development services to credit unions.
Co-operative Development Scotland	Part of Scottish Enterprise. Provides networking and support for company growth in Scotland through co-ownership and collaborative business models.
Community Catalysts	Helps wellbeing, health and care enterprises negotiate regulatory, legislative and bureaucratic barriers.

Appendix A provides an overview of support providers used by the social enterprises taking part in the 2017 Social Enterprise Census survey.

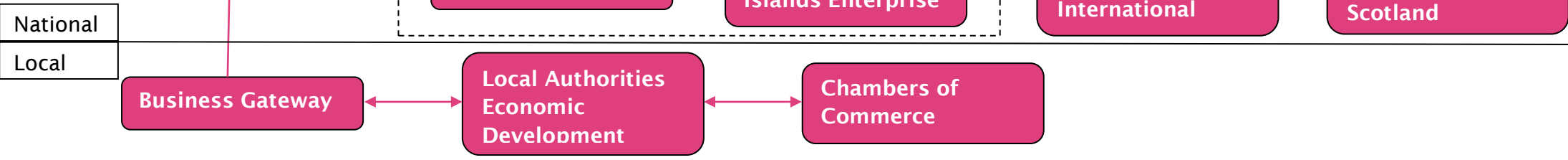
The Figure overleaf provides a schematic overview of the social enterprise support infrastructure on three levels¹³:

1. General business development support 
2. Specialist business development support for social enterprises 
3. Sector specific support 

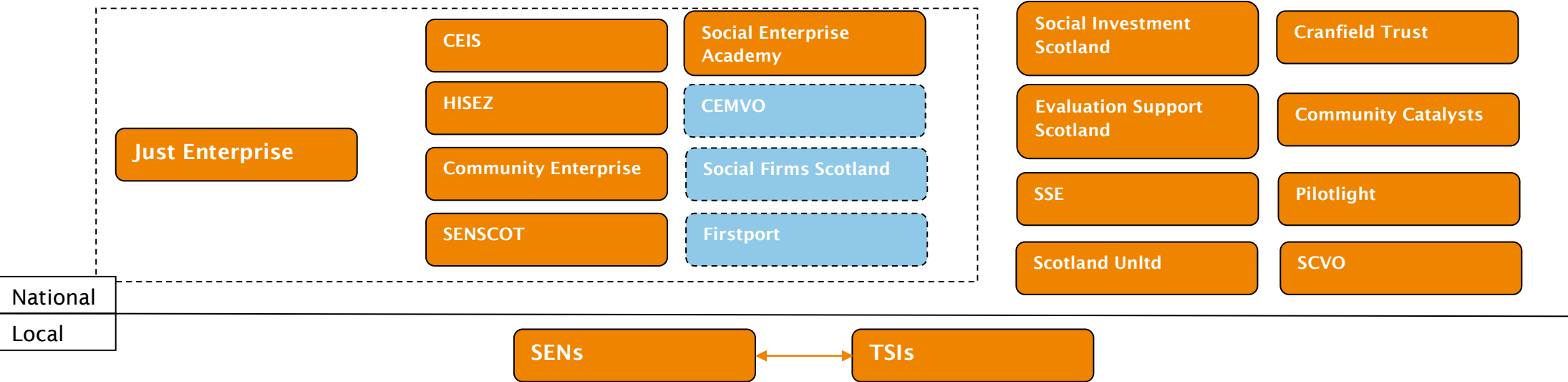
¹³ For each level a distinction between support available on a national level and on a local level is made. Arrows represent typical referral routes. The dotted boxes refer to the main national business support deliverers: Scottish Enterprise and Highlands and Islands Enterprise for general business development support and Just Enterprise for the specialist business development support for social enterprises.

General Business Development Support

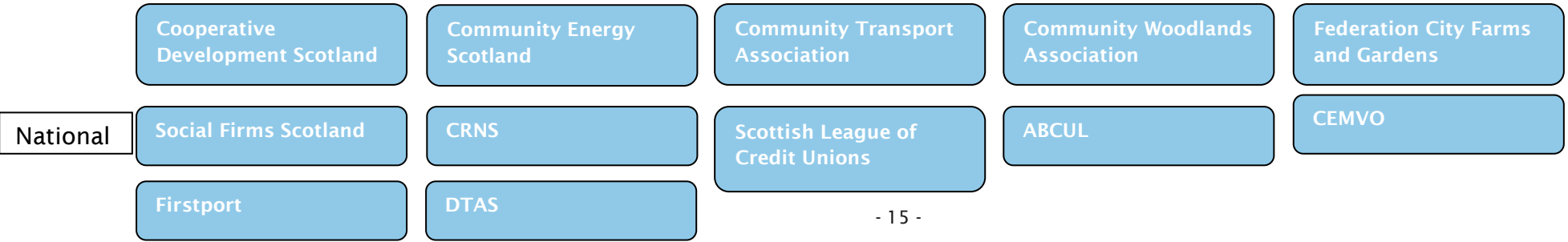
Scottish Enterprise – The Social Enterprise Support Ecosystem in Scotland



Specialist Business Development Support for Social Enterprises



Sector Specific Support



4. Gaps in Support Provision

This section examines the perceived gaps in business support provision, drawing on the feedback from interviews and focus group. This incorporates the perspective of both social enterprise advisors and social enterprise leaders.

The Availability of Support

There was widespread acknowledgement that Scotland benefits from a comprehensive system of business support for social enterprises.

Most social enterprises consulted were able to identify a wide range and variety of sources of support, offered by both national and local providers. They identified online information and guides, local workshops and events, as well as dedicated support available from advisers in a range of settings.

Indeed, some social enterprise leaders highlighted their surprise at the welcome level of available support upon first becoming involved with the sector.

The interviews and focus group revealed recognition that there was support on offer to meet the needs of social enterprises, from start-up through to the more advanced stages of organisational growth and maturity.

The specialist, national programme Just Enterprise was highlighted in particular as providing support to social enterprises at different stages of their development. It was also noted that partners in the Just Enterprise consortium offered a variety of different support specialisms.

However, the feedback indicated that the awareness of the variety and spread

of support available might be a challenge for some social enterprises.

The Accessibility and Responsiveness of Support

While there was a wealth of support available, there was less satisfaction relating to the accessibility and responsiveness of support.

The feedback pointed to a particular challenge in navigating the system of support. For social enterprises, the challenge related to the ability to identify the appropriate provider that could address their particular issue or was based in their locality, and a lack of clarity about how to access this support.

A distinction was made between access to 'general' and 'specialist' support. Business support of a general nature appeared from the feedback to be relatively more straightforward to identify than quality specialised provision (i.e. support that was topic-specific or technical in nature). This was particularly the case for those social enterprise leaders with fewer contacts or organisational capacity to draw on, or who were newer to the sector.

While it was generally appreciated that there is a wealth of free – at point of access – support, the need for more bespoke and specialist support has been identified by many interviewees,

both advisers and social enterprise leaders.

One challenge identified was the level of tailored support that could be offered. Generally, it is recognised that resource limitations in the support system meant fewer advisers (often employed on a part-time basis) with limited time to allocate per organisation (generally limited to short, time-limited assignments). Interviewees highlighted the need for more one-to-one and tailored support than was currently available.

Another challenge identified in accessing higher value, specialised support was the criteria set by provider agencies. Some interviewees felt that access to this ‘higher level’ business support was limited by criteria that was too stringent (e.g. an excessively high level of turnover and expectation of growth in turnover) adopted by some agencies, which limited their ability to access the support that would help them to grow and expand.

The more established organisations interviewed as part of this study have indicated the need for more specialist and tailored support of the type that normally comes from private consultants. However, it was recognised that the funds to pay for such consultants were not available or difficult to obtain.

Geographic Variations in Business Support

The feedback revealed an issue with the consistency of provision across Scotland.

Interviewees pointed to geographic variation in the perceived quality of provision, reflecting the varying

availability of people and resources within the support system.

Regional and local variations were highlighted both in the variety of support and the depth of expertise available.

Indeed, the urban-rural dichotomy underpinned much of the discussion with both support providers and the beneficiaries of that support. There was a perception that those social enterprises located in urban areas have more choice of support compared to their rural counterparts, mostly because of the accessibility to larger networks which (for some respondents) enable the exposure to a wider range of opportunities.

This issue extended to the perceived need for improvements in the connection and alignment between national programmes/contracts and local actors across Scotland.

The Availability of Early Stage Support for Social Enterprises

The feedback from the interviews and focus group also revealed some variation in support, dependent on the life stage of the social enterprise.

There was a particular gap identified at pre-start stage in two respects.

Firstly, there was reported to be a gap in the support available for communities (groups of people in their locality, rather than sole entrepreneurs), which were perceived as requiring additional assistance to stimulate local action and help to identify entrepreneurial solutions to local problems.

Secondly, it was reported that established voluntary organisations wishing to transition to social enterprises, or to establish trading ventures were not comprehensively advised. This was identified not only as an issue of support but also represents a lack of opportunities to discuss the pros and cons of embarking on social enterprise activity.

Furthermore, the need for more intensive and bespoke support during the start-up phase (regardless of the origins of social enterprises) was reported. Comments related to the need for more mentoring, handholding and peer support relating to the technical aspects of formation (e.g. HR, finance) and to the personal commitments required for setting up a social enterprise.

Specific Gaps and Areas of Improvement

The consultation with stakeholders (support providers and social enterprise leaders) also revealed a number of gaps or areas of improvement relating to particular types of support.

Tendering for Contracts

It was recognised that tendering for public sector contracts has attracted a lot of attention, including in the latest Social Enterprise Action Plan. However, interviewees highlighted the need for more practical and hands on support in identifying, writing and reviewing tenders.

Social Impact Measurement

It was reported that the ongoing drive to measure social impact has stimulated a lot of interest for social enterprises in order to demonstrate their contribution to society and/or

quantify their outcomes. While some basic level of training was identified on Measuring Social Impact (social Enterprise Academy, including within the Just Enterprise programme) and to support self-evaluation (Evaluation Support Scotland), there was recognition that there is currently no free or hands-on source of support for social enterprise to help measure their impact.

Board Development

As part of the transition that third sector organisations make, it was reported that there was a need to expand the support for Board members. In large part this is about helping them to understand the need for organisations to become more entrepreneurial and give them the capabilities to lead this change. It was also noted that smaller, community-based organisations would need more support to improve board leadership more generally, the relationships between Chief Executive and Chair and how to handle sometimes difficult situations.

Peer Support and Mentoring

Again as part of the transition and development that organisations experience, the need for additional peer support was identified. It was recognised that peer-mentoring could help provide a platform to discuss issues relating to the shift from being a traditional charity to a social enterprise, the personal commitments required for setting up a business, as well as the practicalities of dealing with VAT and/or Human Resources (HR). The feedback suggested that such advice and mentoring could most effectively be provided on a peer-to-peer basis.

5. Conclusions

This section draws out the main conclusions from the research.

From this study, the following main conclusions emerged.

1. The social enterprise sector in Scotland is growing and generally successful.
2. There is a comprehensive support structure for social enterprises established in Scotland.
3. The awareness of the variety and spread of support available presents a particular challenge in navigating the system of support for some social enterprises.
4. Although the social enterprise sector is profitable overall, a significant group is struggling.
5. Increasing bureaucracy and stricter regulations cause problems for social enterprises.
6. More specialised support is harder to access for social enterprises with fewer contacts or organisational capacity, or who are newer to the sector.
7. Tailored, one-to-one support is harder to access due to resource limitations.
8. Criteria for intensive support mainstream business support providers sometimes seem too strict for many social enterprises.
9. More established social enterprises require specialist professionals (paid consultants), which is difficult to attract funding for.
10. The quality and availability of support varies geographically. There is a perception that social enterprises in urban areas have more choice of support compared to their rural counterparts.
11. The connection and alignment between national programmes/contracts and local actors across Scotland could be improved.
12. Charities and voluntary organisations considering to embark on the social enterprise journey need more support in the pre-start-up phase. Peer-mentoring and support would be beneficial in this area.
13. Community groups require more intensive and bespoke support during the start-up phase.
14. Third sector providers need more practical support to increase their share in tendering for public contracts.
15. Social impact measurement continues to be the most frequently reported support need.
16. There is some free training available in social impact measurement, but extensive training courses and practical support is only available from professionals that charge a commercial rate fee.
17. Board members are sometimes lacking the entrepreneurial skills to

govern organisations on their social enterprise journey.

18. Social enterprises would benefit from more peer-mentoring and support.

Appendix A – Detailed Analysis Support Needs

Support Needs: Support Used by Social Enterprises in Scotland

The 2017 Social Enterprise Census asked what business support they have used over the last 12 months. More than one-third of respondents (36%) indicated that they have not received any support. Those that had received support reported a great variety of support providers.

	Support Provider	% of all SEs
1.	Just Enterprise	21.2%
2.	Local Authority	18.7%
3.	Business Gateway	16.7%
4.	Third Sector Interface	16.3%
5.	Other (not mentioned in the list above)	15.8%
6.	Highlands and Islands Enterprise (HIE)	13.3%
7.	Professionals (e.g. consultants, lawyers)	7.9%
8.	Firstport	5.9%
	Social Enterprise Academy (SEA)	5.9%
9.	HISEZ	5.4%
10.	Scottish Enterprise	4.9%
11.	Social Enterprise Networks (SENs)	3.4%
	School for Social Entrepreneurs	3.4%
	Development Trust Association Scotland (DTAS)	3.4%
12.	Chamber of Commerce	3.0%
	Senscot	3.0%
14.	Universities / Colleges	2.5%
15.	Social Firms Scotland	2.0%
	SCVO	2.0%

Support Needs: Regional Differences

	Top 10 Support Needs Aberdeen	% of all SEs
1.	Researching new opportunities (2)	50%
2.	Developing your marketing strategy (5)	46%
3.	Planning for business change and succession (-)	46%
4.	Developing your workforce (4)	44%
5.	Developing new products or services (6)	44%
6.	Measuring social impact (1)	43%

	Top 10 Support Needs Aberdeen	% of all SEs
7.	Collaborating with others to succeed (3)	41%
8.	Developing digital capabilities (8)	39%
9.	Developing leadership capabilities (-)	37%
10.	Attracting new and young talent (9)	33%

	Top 10 Support Needs East of Scotland	% of all SEs
1.	Measuring social impact (1)	47%
2.	Developing your workforce (5)	42%
3.	Collaborating with others to succeed (4)	41%
4.	Researching new opportunities (2)	39%
5.	Developing your marketing strategy (3)	37%
6.	Improving your business practices (7)	36%
7.	Developing new products or services (6)	34%
8.	Preparing a business plan for growth (10)	34%
9.	Developing digital capabilities (8)	34%
10.	Planning for business change and succession (-)	29%

	Top 10 Support Needs Highland	% of all SEs
1.	Measuring social impact (1)	44%
2.	Attracting new and young talent (9)	40%
3.	Researching new opportunities (2)	40%
4.	Developing your workforce (5)	38%
5.	Collaborating with others to succeed (4)	36%
6.	Developing your marketing strategy (3)	36%
7.	Developing new products or services (6)	35%
8.	Improving your business practices (7)	33%
9.	Preparing a business plan for growth (10)	33%
10.	Developing digital capabilities (8)	31%

	Top 10 Support Needs South of Scotland	% of all SEs
1.	Developing your marketing strategy (3)	43%
2.	Researching new opportunities (2)	41%
3.	Collaborating with others to succeed (4)	41%
4.	Attracting new and young talent (9)	39%
5.	Developing digital capabilities (8)	38%
6.	Measuring social impact (1)	36%
7.	Developing your workforce (5)	36%

	Top 10 Support Needs South of Scotland	% of all SEs
8.	Developing new products or services (6)	33%
9.	Preparing a business plan for growth (10)	29%
10.	Improving your business practices (7)	20%

	Top 10 Support Needs Tayside	% of all SEs
1.	Researching new opportunities (2)	52%
2.	Measuring social impact (1)	46%
3.	Developing your marketing strategy (5)	37%
4.	Collaborating with others to succeed (4)	37%
5.	Developing your workforce (3)	37%
6.	Tendering for public sector contracts (-)	37%
7.	Improving your business practices (7)	35%
8.	Developing digital capabilities (8)	33%
9.	Attracting new and young talent (9)	30%
10.	Preparing a business plan for growth (10)	30%

	Top 10 Support Needs West of Scotland	% of all SEs
1.	Measuring social impact (1)	43%
2.	Developing your marketing strategy (3)	41%
3.	Collaborating with others to succeed (4)	40%
4.	Developing your workforce (5)	38%
5.	Researching new opportunities (2)	37%
6.	Developing new products or services (6)	37%
7.	Improving your business practices (7)	34%
8.	Planning for business change and succession (-)	34%
9.	Preparing a business plan for growth (10)	32%
10.	Tendering for public sector contracts (10)	32%

Support Needs: Urban vs Rural

	Top 10 Support Needs Urban Scotland	% of all SEs
1.	Attracting new and young talent (9)	41%
2.	Researching new opportunities (2)	39%
3.	Measuring social impact (1)	38%
4.	Developing your workforce (5)	36%
5.	Developing your marketing strategy (3)	36%
6.	Collaborating with others to succeed (4)	34%
7.	Developing new products or services (6)	34%

	Top 10 Support Needs Urban Scotland	% of all SEs
8.	Preparing a business plan for growth (10)	33%
9.	Developing digital capabilities (8)	32%
10.	Improving your business practices (7)	30%

	Top 10 Support Needs Rural Scotland	% of all SEs
1.	Measuring social impact (1)	46%
2.	Collaborating with others to succeed (3)	42%
3.	Developing your workforce (4)	41%
4.	Developing your marketing strategy (5)	41%
5.	Researching new opportunities (2)	40%
6.	Developing new products or services (6)	35%
7.	Improving your business practices(7)	34%
8.	Developing digital capabilities (8)	33%
9.	Preparing a business plan for growth (9)	32%
10.	Planning for business change and succession (10)	32%

Support Needs: Maturity

	Top 10 Support Needs 0-4 yrs.	% of all SEs
1.	Measuring social impact (1)	50%
2.	Collaborating with others to succeed (4)	48%
3.	Developing your marketing strategy (3)	46%
4.	Preparing a business plan for growth (10)	41%
5.	Improving your business practices (7)	39%
6.	Researching new opportunities (2)	39%
7.	Developing your workforce (5)	39%
8.	Developing new products or services (6)	38%
9.	Tendering for public sector contracts (-)	33%
10.	Attracting new and young talent (9)	31%

	Top 10 Support Needs 5-10 yrs.	% of all SEs
1.	Measuring social impact (1)	46%
2.	Researching new opportunities (2)	45%
3.	Developing your workforce (5)	41%
4.	Developing your marketing strategy (3)	39%
5.	Collaborating with others to succeed (4)	38%
6.	Improving your business practices (7)	36%
7.	Developing new products or services (6)	36%
8.	Planning for business change and succession (10)	34%

	Top 10 Support Needs 5-10 yrs.	% of all SEs
9.	Attracting new and young talent (9)	33%
10.	Developing digital capabilities (8)	32%

	Top 10 Support Needs 10+ yrs	% of all SEs
1.	Measuring social impact (1)	41%
2.	Researching new opportunities (2)	39%
3.	Developing your workforce (5)	39%
4.	Collaborating with others to succeed (4)	37%
5.	Developing your marketing strategy (3)	37%
6.	Developing digital capabilities (8)	35%
7.	Developing new products or services (6)	34%
8.	Attracting new and young talent (9)	33%
9.	Preparing a business plan for growth (10)	30%
10.	Improving your business practices (7)	30%

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