



**Social Enterprise NI**

# Buying from Social Enterprises

## A Guide for Charities

*The number of Social Enterprises is growing across the UK. Today there are approximately almost 70,000 Social Enterprises, contributing around £24billion to the economy. However, despite this growth, there is still a general lack of awareness about what a Social Enterprise is and how it differs from a traditional charity. This guide explores the concept of a Social Enterprise; it answers four key questions:*

### **1. What is a Social Enterprise?**

Social enterprises are businesses that trade to tackle social problems, improving communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. When they profit, society profits.

You may unknowingly use Social Enterprises products or services, for example is your home recycling scheme operated by Bryson? Do you save money on your childcare bill using Employers For Childcare Vouchers? Do you ever stop for lunch in the Bobbin Café at Belfast City hall? These are all Social Enterprises operating in Northern Ireland, each with a trading arm and a social mission.

### **2. How do Social Enterprises differ from Traditional Charities?**

Both Social enterprises and Charities exist to fulfil a social mission or aim. Both invest the majority of their profits in doing social good. The only difference is that instead of relying on grants, donations or funding, Social Enterprises are self-financing, generating their own income through trading activities.

Trading activities include providing goods and services, selling directly to the public or to businesses or public bodies.

### 3. How can charities support the work of social enterprises?

Social Enterprises, like charities, are not profit driven. They reinvest the majority of their profits into fulfilling their social aims. Here are four ways charities can support the work of Social Enterprises.

- **Review your suppliers:** Are there ways you can incorporate Social Enterprises into your supply chains? Have a look at your current suppliers, is there a social enterprise that would provide a similar product or service with a greater social impact? Check out the Buy Social NI directory for a list of Social Enterprises and their products and services here:  
<http://www.buysocialni.org.uk/>

- **Change your policy:** Commit to supporting Social Enterprises through your policies and procedures. For example can you commit to, where possible, using a Social Enterprise over private providers, or at least explore all social enterprise options first when looking for goods or services?
- **Work together:** Are there ways your charity can work with Social Enterprises? For example, if you are applying for funding, can you partner with a Social Enterprise?
- **Spread the word!** Encourage your suppliers and clients to buy from Social Enterprises.

### 4. How can a charity become a Social Enterprise?

Many Social Enterprises develop from charities. In the current climate, with reduced funding throughout the sector and the uncertainty surrounding Brexit, adopting a social enterprise approach could contribute to a more secure and sustainable future for your organisation.

Adopting a Social Enterprise business model will mean a change in the culture of your organisation and a new way of thinking. Rather than being dependent on a funder, you must adopt a business approach and generate your own income. Moving from grants, funding and donations to trading to secure funds is a huge change. For management and staff it involves

dealing with new customers and clients, satisfying their needs instead of a funder or investor.

It can be difficult for charities to transition to a 'business mind-set' but remember, your social mission and aims are still at the centre of the work you do, the funds you generate will continue to advance and grow your charitable work.

In many ways a business mind-set can actually advance your social mission, for example a charity that exists to encourage NEETs into employment could set up a social enterprise which employs NEETs. This could address the problem and advance the overall social mission.

### Practical advice for starting up a social enterprise

Are you ready to become a social enterprise? Consider the following questions...

#### Which legal form will your social enterprise take?

Social enterprises come in many shapes and forms, although there is no legal definition of a social enterprise and no defined legal form you must take, there are a number of options available to you, such as unincorporated associations, limited companies, Community Interest Companies and charitable incorporated organisations. You should carefully consider each of the options and choose one which best suits your social enterprise.

In some cases becoming a Social Enterprise doesn't necessarily involve changing your legal structure, there is no legal barrier to charities carrying out trading activities as long as they are in line with your social mission and your governing documents allow it. If you are setting up a completely new trading business to generate income you may have to take a different approach, such as setting up trading company which is

wholly owned by the charity, but you must consider the relationship between the two.

It may be useful to seek professional advice before coming to a decision. See NI Business Info for information on each of the legal forms available to you:  
<https://www.nibusinessinfo.co.uk/content/choose-right-structure-your-social-enterprise>.

#### Have you looked at potential support to help you start up?

There are a number of social enterprise supports available in Northern Ireland, through local councils, Social Enterprise Hubs, Enterprise Agencies and other organisations. See Social Enterprise NI's Guide to Social Enterprise Supports for more information (insert final link).

## *Will you need to licence your business activities?*

Depending on the type of business you set up, you may need to adhere to government regulations and apply for licences. For example if your business will include preparing and selling food you will need to register your premises under Food Business Regulations. Gov.uk has a Licence finder tool which is very useful in finding out which licenses apply to your social enterprise. See <https://www.gov.uk/licence-finder>.

## *Have you thought about finance?*

Have you explored all the finance options available to you and worked out exactly how much you will need both as a start-up and longer term? You should also think about setting up record keeping systems.

## *Is your business plan viable?*

Have you developed a robust business plan? This should set out your ambitions and aims, specific actions you are going to take and associated timeframes and an overview of resources.

## *Have you considered strategies to market your business?*

Have you conducted research into the need for your service or product? Have you thought about marketing strategies and how you will promote your business? You may need to develop a sales and marketing strategy.

## *Will you need to employ staff?*

If this is your first experience of employing staff make sure you meet the requirements of becoming an employer and are aware of the policies and procedures you must adhere to. See NI Business Info's guide to employing staff for the first time, <https://www.nibusinessinfo.co.uk/content/become-employer-first-time/>.

- one-to-one mentoring
- showcasing opportunities
- networking with like-minded people

## *Case Study – Transitioning from a Charity to a Social Enterprise*

### **Employers For Childcare**

Employers For Childcare began as a community project in 1998. Its aim was to support working parents to access and stay in work.

To operate it relied solely on funding. Soon funding streams began to dry up, in order to continue to provide charitable services, in 2004 Employers For Childcare Vouchers, a profit making business was set up. The Voucher Company operates the Childcare Voucher Scheme on behalf of employers across the UK.

By 2008, Employers For Childcare became 100% self-financing. Today it operates three social enterprises, all of the profit from each of these companies is invested in the work of the charity – providing services to support local parents, such as the Family Benefits Advice Service.

To date, Employers For Childcare has reinvested over £4million into providing services for local families.

## *The Value of Social Enterprise Hubs*

If you are considering becoming a Social Enterprise and have explored each of the questions detailed above, now is the time to get in contact with your local Social Enterprise Hub. The hubs offer support for new and emerging social enterprises. All potential social enterprises can avail of free workshops, training and mentoring one to one support. There are 11 hubs located in Northern Ireland, they are located in the following areas:

<i>Town</i>	<i>Contact Details</i>	
<b>Ballymena</b>	Ecos Centre, Broughshane Rd, Ballymena, BT43 7QA	<b>T:</b> (028) 2565 0989 <b>E:</b> <a href="mailto:northern@socialenterprisehub.co.uk">northern@socialenterprisehub.co.uk</a>
<b>Derry/Londonderry</b>	14 The Diamond, Londonderry, BT48 6JA	<b>T:</b> (028) 7127 7270 <b>E:</b> <a href="mailto:northwestern@socialenterprisehub.co.uk">northwestern@socialenterprisehub.co.uk</a>
<b>Lurgan</b>	45 Market Street, Lurgan, BT67 9BG	<b>T:</b> (028) 3898 5710 <b>E:</b> <a href="mailto:southern@socialenterprisehub.co.uk">southern@socialenterprisehub.co.uk</a>
<b>Lisburn</b>	4-6 Market Place, Lisburn, BT28	<b>T:</b> (028) 9266 3983 <b>E:</b> <a href="mailto:southeastern@socialenterprisehub.co.uk">southeastern@socialenterprisehub.co.uk</a>
<b>Downpatrick</b>	Grove Shopping Centre, Downpatrick, BT30 6LZ	<b>T:</b> (028) 4483 9532 <b>E:</b> <a href="mailto:southeastern@socialenterprisehub.co.uk">southeastern@socialenterprisehub.co.uk</a>
<b>Strabane</b>	1&2, 8C and 8D Railway Street, Strabane, BT82 8EF	<b>T:</b> (028) 7188 0234 <b>E:</b> <a href="mailto:western@socialenterprisehub.co.uk">western@socialenterprisehub.co.uk</a>
<b>Enniskillen</b>	Clinton Centre, Belmore St, Enniskillen, BT74 6AA	<b>T:</b> (028) 6634 2806 <b>E:</b> <a href="mailto:western@socialenterprisehub.co.uk">western@socialenterprisehub.co.uk</a>
<b>North Belfast</b>	Units 1&3, 52 York Street BT15 1AS	<b>T:</b> (028) 9560 9521 <b>E:</b> <a href="mailto:northbelfast@socialenterprisehub.co.uk">northbelfast@socialenterprisehub.co.uk</a>
<b>South Belfast</b>	Unit 9 & 6, 127-145 Sandy Row BT12 5ES	<b>T:</b> (028) 9032 9205 <b>E:</b> <a href="mailto:southbelfast@socialenterprisehub.co.uk">southbelfast@socialenterprisehub.co.uk</a>
<b>West Belfast</b>	Unit 5 Blackstaff Stop, 129 Springfield Road, BT12 7AE	<b>T:</b> (028) 9023 1605 <b>E:</b> <a href="mailto:westbelfast@socialenterprisehub.co.uk">westbelfast@socialenterprisehub.co.uk</a>
<b>East Belfast</b>	14, 16 & 16B Castlereagh Road BT6 9AP	<b>T:</b> (028) 9045 5835 <b>E:</b> <a href="mailto:eastbelfast@socialenterprisehub.co.uk">eastbelfast@socialenterprisehub.co.uk</a>

For further information, contact the Social Enterprise team at Invest NI on 0800 181 4422 or [socialenterprisehubs@investni.com](mailto:socialenterprisehubs@investni.com)

## For more information:

For more advice and information, contact Social Enterprise Northern Ireland or contact your local Social Enterprise Hub.

### Useful resources

Social Enterprise NI, <http://www.socialenterpriseni.org/>

Buy Social NI directory, <http://www.buysocialni.org.uk/>

Invest NI, <http://www.investni.com/start-a-business/support-for-social-enterprises.html>

NI Business Info, [https://www.nibusinessinfo.co.uk/content/support-social-enterprises-northern-ireland?\\_ga=1.188366952.1527032686.1476358474](https://www.nibusinessinfo.co.uk/content/support-social-enterprises-northern-ireland?_ga=1.188366952.1527032686.1476358474)