Forming a Social Enterprise

This resource is aimed at supporting the start up of a Social Enterprise in Rotherham.

What is a Social Enterprise?

- Named not by legal structure but by how the organisation applies commercial strategies to improve human and environmental wellbeing.
- Can be for profit or not for profit e.g. Social Business, CIC or a charity
- Key factors:
  - Extent it engages ethical reviews of good service it produces and processes
  - Extent to which it defines its social purposes and evidences its social impact
  - Extent it demonstrates ownership, management and governance by passing control of its human, social and financial capital to its primary stake holders

Social Enterprise UK report that "the average pay ratio between social enterprise CEO pay and the lowest paid is just 3.6:1 – for FTSE 100 CEOs, this ratio stands at 150:1."

The senior staff and directors in a social enterprise have an average annual income of £20,000 - £40,000, this is one of the typical ethical practices that ensure social purpose and social impact is upheld.

Starting a Social Enterprise

If you want to start a Social Enterprise as a business, you must set up a business structure. The structure may be in the form of:

- A charity or a Charitable Incorporated Organisation
- Co-operative
- Community Interest Companies (CICs)
  The CIC structure is a special type of limited company that exists for community benefit. If you wish to form a CIC please see the separate bitesize resource 'Forming a CIC': https://www.varotherham.org.uk/wp-content/uploads/2018/10/Forming-a-CIC-Final-2018.pdf
- Limited company
- Sole trader or business partnership

There is an exception, you will not need to set up a business if you are setting up a small organisation such as a sports club or voluntary group and do not intend to make a profit. Instead you may form an unincorporated association.

It is important to know - although the term social enterprise implies an autonomy you must still comply with any legal requirements for your legal structure, any relevant regulatory bodies and with your governing document.

For more information about setting up a social enterprise visit the following website: https://www.gov.uk/set-up-a-social-enterprise

Support

If you are based in the Sheffield City Region you may enquire about start up and development support from the Social Enterprise Exchange.

Website: http://www.socentxchange.net/
Email: info@socentxchange.net
Telephone: 0330 159 3880