

A GUIDE TO SETTING UP A SOCIAL ENTERPRISE IN LEEDS

Produced by



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INDEX OF CONTENTS

Introduction	Page 2
Before you start up	Pages 3-4
Starting up	Pages 5-8
Recruitment and HR	Pages 8-10
Marketing and Networking	Pages 11-12
Growth and Expansion	Pages 13-17
Appendix 1 – Additional Resources	Pages 18-19
Appendix 2 – Business Plan format	Page 20
Appendix 2 – Case Studies	Pages 20-23

1. Introduction

This guide was put together in 2015 by a team of graduates working for Leeds City Council, in a project supported by the Leeds Community Foundation. It is intended to assist you in starting, running and potentially expanding your social enterprise.

A Social Enterprise is essentially a business with a social purpose. It trades, provides goods and/or services to customers, and aims to make a profit. The main (and crucial) difference between a social enterprise and a commercial business is that a social enterprise re-invests its profits to further its social purpose. Its ultimate aim is to improve and benefit the society that we live in.

A social enterprise is not a legal entity in itself (like a charity or a limited company); it is an umbrella term that covers lots of different legal forms that share the same key characteristics and values. Social Enterprise UK¹ (www.socialenterprise.org.uk) defines social enterprises as having the following key characteristics and values:

- Having a clear social and/or environmental mission (set out in governing documents)
- Generating the majority of income through trade – not donations or other forms of fundraising
- Reinvesting the majority of profits to further the social mission

You may be at the very early stages of thinking about developing a social enterprise, or already up and running, but hopefully this guide can give you some hints and tips about things you need to think about and the networks and resources available in Leeds to help you.

Top tips when you're starting up your social enterprise

- Be clear what type of social enterprise you are or want to be.
- Do something you feel passionate about. It will help you stay focussed through difficult periods.
- Don't do it alone – look for help and advice from local organisations and/or industry-relevant bodies.
- Visit similar enterprises for advice.
- Try and work in partnership with others, for example, the local authority.
- Explore different business/governance models and choose the one that works best for you.
- Understand the market and know who your competitors are.
- Do your market research and be clear about who your target customers are and what they are prepared to pay for your product or service.
- Prepare an accurate, well prepared and thought-out business plan. This will help you not to feel overwhelmed and is a reminder of what you need to focus on at different times, so you feel in control.
- Always have a strong business focus on what you want to do: cost your services/products properly and ensure nothing makes a loss (unless you deliberately decide to do that sometimes for specific reasons).

¹ www.socialenterprise.org.uk

2. Before you start up

Starting a social enterprise can be a challenging experience. However it can also be extremely rewarding, as the experience will give you the opportunity to make a positive difference to people's lives.

Before rushing off to set up a social enterprise, it is important to check you have a viable idea. This section outlines some of the things you might want to think about before you start.

2.1 Research into product and customers

You will need to consider:

- What is the product or service that you are offering and what are the benefits it will provide to your customers? If you cannot clearly articulate what you are selling, how will you attract customers to buy from you?
- Who are your target customers – is it the general public, local charities, the business sector?
- How will you sell or deliver your product or service – from your home, online, from business premises?
- What price will you be able to charge? This needs to cover your costs, make a profit and still be at a level that customers are prepared to pay?
- How will you promote your offer to your target market?
- What is the competition doing?

You can gain the above information in a number of ways:

- You might look at existing market research that has been conducted.
- You could consult with people directly through questionnaires/surveys, focus groups or open drop-in sessions within particular communities that you may want to target.
- You can also gain an understanding of the wider picture by speaking to other organisations, such as charities and statutory agencies that operate in the sector you want to move into.
- You can research other social or commercial businesses that deliver similar products and services to gather ideas about pricing and promotion.

Another good idea is to visit or talk to other social enterprises to gain advice on what they did and use the case studies in this guide to find out:

- How they set up and what legal structure they adopted.
- How they raised the finance to start up their social enterprise.
- What advice and support it is critical to have in the early stages.

This will begin to give you information about the need for the product or service in your area, the strength of the competition and how you can differentiate what you are offering. It is essential in helping you understand if your idea is financially viable and will provide important information about: your target market; suitable pricing models; how and where to promote; and what the likely demand will be.

2.2 Sources of information

The Leeds Data Mill (www.datamillnorth.org) holds lots of useful information about Leeds, including data on businesses & the economy, arts & culture and health & housing.

The Leeds Observatory (<http://westyorkshireobservatory.org>) is another useful resource with data on the population of Leeds and different needs in the city.

Leeds has a vibrant social enterprise sector and further information can be found at www.leeds.gov.uk/Business/Pages/SocialEnterprise.aspx.

There is also a government website with valuable information about setting up a social enterprise – www.gov.uk/set-up-a-social-enterprise.

2.3 Regulations

It is essential you understand the sector you are entering, and what specific regulations and standards you need to be maintaining as you build your product.

These can include things such as:

- 'Safeguarding' - if you are working with young people or vulnerable adults.
- Food Safety regulations - if you are making or handling food.
- Data protection - if you are keeping any confidential information
- Employment legislation
- Care Quality Commission (CQC) Registration - if you are providing regulated health or social care services.

Some regulations are industry-specific, so it is essential you do thorough research before you go any further. Simple internet searches will help point you in the right direction, as well as local government webpages for any regulations specific to your location.

3. Starting Up

Now that you've done your research and established that there is a market for your product or service, it's time to take the next step. This section of the guide will walk you through key steps in setting up a social enterprise.

3.1 Developing a Business Plan

As with any other successful business, you will need a business plan explaining the aims and objectives of the business and how you plan to achieve these. Business plans typically include:

- A description of the social enterprise and its social purpose. This will include a mission statement, which is a formal summary of the aims and values of the organisation.
- Details of the products or services that your organisation will offer and the pricing strategy (both to deliver the product and the price to the customers).
- Details of the target market (which is where your market research is important).
- Your financial plans, including: anticipated income and expenditure; any start-up funding required; and a cashflow forecast for the first 12 months of trading.
- The legal status you intend to use; how the organisation will be governed.
- Any regulatory considerations.
- An assessment of relevant skills and experience you have, and what you might need to source from elsewhere.
- An assessment of key risks and how you will mitigate them.

3.2 Legal Status

Now you've got a good idea of what your social mission is and how you'd like to help, it's time to decide which is the best form for your organisation to take to enable you to best carry out your objectives. You need to consider:

- How your organisation will be governed.
- How the social aims of your social enterprise will be protected.
- How you are intending to raise finance, both now and in the future.
- What the legal and cost implications are of your chosen legal form.
- What level of personal responsibility you are comfortable with.

There are several different options when setting up a social enterprise, with the main legal forms outlined below. Remember, if you are not sure, then it is best to seek independent legal advice as it can be difficult and potentially costly to change your legal structure at a later date.

Community Interest Company (CIC)². A CIC is a special type of limited company which exists to benefit the community, rather than private shareholders. CICs are regulated by the Community Interest Company Regulator and are required to have some form of asset lock, but provide greater flexibility than a charity or Charitable Incorporated Organisation (CIO). CICs are required to submit a Community Interest report annually to the regulator. There are two types of CICs - limited by shares or limited by guarantee. For more information, visit: www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies.

Charity or Charitable Incorporated Organisation (CIO). A charity must have 'charitable purposes' that help the public, also known as being 'for public benefit'.

² HM Government (2016) 'Setting up a social enterprise' <https://www.gov.uk/set-up-a-social-enterprise>

Company Limited by Guarantee. A form of private limited liability company which is often used by not-for-private-profit-companies who needed to incorporate before the CIC legal form was available. All companies must be registered with Companies House and file an annual company return and annual accounts. No shareholders so not privately owned.

The three legal entities listed above tend to be the most common options for social enterprises, but you can also choose to be:

- Co-operative (<http://www.uk.coop/resources/simply-start>)
- Mutual Society (<https://www.fca.org.uk/firms/mutual-societies>)
- Business Partnership <https://www.gov.uk/set-up-business-partnership>

Co-operatives UK have also produced a useful guide to different legal forms used for not for private profit organisations which can be accessed here: <http://www.uk.coop/legal>.

If you are unsure about which legal form is the best fit is for your organisation, you can access free business advice from local organisations, such as the Leeds Chamber of Commerce, the Business & IP Centre and Leeds Enterprise Network. You may also be able to access some pro bono legal advice through some of the law firms in Leeds.

Organisations such as Voluntary Action Leeds and Leeds Community Foundation may be able to sign post you to sources of pro bono support.

3.2 Finance and Funding

You should also consider how you will fund the costs of starting up your new social enterprise. The business plan needs to include how you will cover the operating costs in the first months or years until your income covers some or all of your operating costs.

There are a range of different sources of finance, which are covered briefly below. However, before you approach a finance provider or funder, you need to be clear about what finance you need, how long for and what it will be used for. If you are considering taking on loan finance or other sources of investment, you will also need to consider when you will be able to start paying the investment back. It is a good idea, as part of your business plan, to develop a monthly cash flow forecast for the first year of trading and consider how you will cover any gaps in income.

3.2.1 Grants

A grant is a financial award given by a body to an eligible grantee. The grants are not expected to be repaid by the recipient and therefore do not hold the same sort of risks as a loan. In most cases there is a written application process, which then needs to be processed and approved, often taking a period of weeks or months. The eligibility for most grants depends upon whether the organisation's activities meet the key criteria.

To research funding opportunities that may be available to your organisation, you can access this free funding information database which is funded by Leeds City Council:

<http://www.idoxopen4community.co.uk/lcc/>

For information on small grants available in Leeds, you could also contact the Leeds Community Foundation: <http://www.leedscf.org.uk/>

3.2.2 Loans

A loan is a debt provided by one entity (lender) to another entity (borrower). A legally binding contract is drawn up that details the arrangement by which a lender gives money or property to a borrower. The borrower in return agrees to return the property or repay the money, in most cases with interest charges, at some agreed point in the future. Before entering into a contract and receiving a loan, the borrower must ensure they have fully understood their responsibilities as, in most cases, it will be a legal obligation for the borrower to repay the loan, and in such cases where they are unable to repay, the law will ensure the lender is fully compensated for their loss of payments. It is therefore vital that the borrower ensures they are able to:

- Make all interest payments.
- Make any loan repayments on time and in full.
- Address all the risks of not being able to pay back the loan, and what financial consequences this may have.

Examples of social enterprise loan providers are: Key Fund <http://thekeyfund.co.uk/> and Charity Bank, <https://charitybank.org/etc>. And Unity Trust Bank <https://www.unity.co.uk/> Leeds City Region Enterprise Partnership (<http://www.the-lep.com/>) also offer start up loans.

3.2.3 Crowdfunding

Crowdfunding is 'the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet'. To support this, a new £2 million fund has been set up to help people invest in causes they care about through peer-to-peer (P2P) and crowdfunding platforms. The new P2P Impact Fund will enable regulated social sector organisations, (for example, social enterprises and charities) to take on investment through the thriving crowdfunding market. www.gov.uk/government/news/p2p-impact-fund-social-enterprises-get-2-million-boost

3.2.4 Private Social Investment

This is when an individual or organisation invests in a social enterprise in anticipation of getting some financial and social benefits. When looking for investment in a social enterprise, there are several benefits to the investor. One is the reward of seeing an investment benefit the local community; however, they can also reap the benefits of return on their investment, either in the short or long term, and can also access a number of tax reliefs if the investment qualifies under the Social Investment Tax Relief (SITR) scheme.

SITR is designed to support charities and social enterprises in accessing certain debt and equity finance from individual investors by offering 30% income tax relief. It is available for investments made on or after 6 April 2014 and is modelled on the existing Enterprise Investment Scheme. In order to be eligible for SITR, investments must pass 9 simple tests, relating to:

- The legal status, size and activities of the charity or social enterprise.
- The type and size of the investment, and the availability of other relief.
- The nature of the investor.

For more information visit: <https://www.gov.uk/government/publications/social-investment-tax-relief-factsheet/social-investment-tax-relief>

4. Recruitment and HR

It's important to get the best people to work for your social enterprise. These are some things you should think about.

4.1 Advertising your Vacancies

The first thing to consider is how you advertise your roles and who you want to target. There are various ways you could get the word out about the vacancies within your organisation.

You can advertise in:

- A newspaper e.g. Yorkshire Post, or a more local newspaper that is distributed throughout the area you wish to target.
- Leeds City Council's 'Jobshop' or through Jobcentre Plus.
- Recruitment websites e.g. Leeds City Council jobs, Indeed, Universal Jobs Match.
 - Through third sector and social enterprise websites, such as Doing Good Leeds - <https://doinggoodleeds.org.uk/>.
- General advertising sites like Gumtree.

When writing up your job advertisement, it is really important to get the wording right. Make sure that you carefully detail the duties and responsibilities attached to the post, as well as any qualifications/experience deemed essential for the role. Create a job description and person specification that potential applicants can measure themselves against. Always be clear about the type of candidate that you're looking for, as well as what your organisation can offer **them**.

Remember, you must not discriminate on the grounds of age, gender, race, religion, sexual orientation, or marital status and you should consider how you can encourage a diverse range of applicants. To learn more about equal opportunities and your responsibilities under the Equality Act 2010, visit the Equality and Human Rights Commission website:

<http://www.equalityhumanrights.com/>

4.2 Interviews

When inviting shortlisted candidates to interview, make sure that you are in a position to offer reasonable adjustments to candidates with disabilities. For example, this could be moving the interview location to the ground floor of a building to make it more accessible for a person in a wheelchair.

Interview questions should be prepared in advance, and they should focus on the specific job role that the candidate has applied for. It is important to steer clear of any questions that may be deemed discriminatory. This could include asking about health problems or plans to have children.

The person interviewing should have a copy of the essential criteria for the post, so that they can review the candidate's responses against the requirements of the role during the interview.

4.3 Appointments and Pre-Employment Checks

Once you have decided who to appoint, you should begin to carry out the pre-employment checks before you agree a start date.

You should contact their referees to obtain references – ideally, one of these should be from their current or most recent employer.

You need to obtain proof that your preferred candidate has the right to work in the UK. Under the Immigration, Asylum and Nationality Act, it is an offence to employ someone who does not have the permission to live and work in the UK. The Home Office's 'Right to Work Checklist' details the types of documentation that can be accepted, and can be consulted by clicking this link:

<https://www.gov.uk/government/publications/right-to-work-checklist>

Finally, make sure to take a copy of the candidate's bank details so that they can be paid for the fantastic work they will be doing as part of your organisation!

4.4 Disclosure and Barring Service (DBS) Checks

The Disclosure and Barring Service (DBS) helps employers make safer recruitment decisions and helps to prevent unsuitable people from working with vulnerable groups, including children. It replaces the Criminal Records Bureau (CRB) and Independent Safeguarding Authority (ISA).

The DBS are responsible for:

- Processing requests for criminal records checks (DBS checks).
- Deciding whether it is appropriate for a person to be placed on or removed from a barred list.
- Placing or removing people from the DBS children's barred list and adults' barred list for England, Wales and Northern Ireland.

If the role you are recruiting to requires the post-holder to regularly work with children or vulnerable adults, you will need to ensure that the preferred candidate's appointment is subject to a satisfactory DBS check.

If you are unsure whether the role you are recruiting to requires a DBS check, review the guide to eligibility. For more information on the Disclosure and Barring Service, visit:

<https://www.gov.uk/disclosure-barring-service-check/overview>.

4.5 Help with Recruitment & Human Resources

Jobcentre Plus offers practical recruitment support and advice to employers that open up jobs to its jobseekers, including help with:

- Developing pre-employment training (specific to your job requirements) for people that need it.
- Agreeing new ways to help people work in your business e.g. by offering flexible working patterns.
- Giving your existing employees the chance to mentor people who want to work.
- Reviewing your recruitment processes to make sure they don't exclude anyone unnecessarily.

Contact or visit your local Jobcentre Plus to find out more.

The Small Business Recruitment Service provides individual support for small businesses, which includes:

- A helpline with specialist advisors who understand the recruitment needs of small businesses.
- Help with the design and wording of your job vacancy advert.
- Signposting to other types of support.
- A contact who can advise you on the local labour market.

- An aftercare service which ensures that you continue to get the service you need after you have recruited someone.

The helpline for the Small Business Recruitment Service is open Monday to Friday, 8am to 6pm and can be reached by calling 0345 601 2001.

Employment Leeds, part of Leeds City Council, offers help to businesses regarding recruitment. An individual account manager will be assigned to match your needs with their knowledge of local communities, funding streams and skills providers. They will help develop job descriptions and employee specifications, draft recruitment adverts and advertise vacancies through their network of job shops. Your Employment Leeds adviser will also assist with screening candidates, shortlisting and interviews. They also provide support to organisations that are interested in taking people on through apprenticeships.

Employment Leeds can also help with developing your workforce, identifying the right training provider to equip your company with the skills you need to build your business. Funding to help develop workforce skills is also available through the LEP Skills Service (see below).

<http://www.leeds.gov.uk/Business/Pages/recruitmentsupport.aspx>

The Leeds City Region Enterprise Partnership (LEP) skills service provides support to small and medium sized businesses. Small and medium sized business based in the Leeds City Region that have a budget to put towards training could be eligible for funding of between £500 and £50,000. Find out more and apply by visiting the LEP website -

<http://www.the-lep.com/for-business/skills-and-training/lep-skills-service/>

ACAS (Advisory, Conciliation and Arbitration Service) is an organisation devoted to promoting employment relations and HR excellence. They provide advice, training, conciliation, and other services for employers and employees, to help prevent or resolve workplace issues.

They provide advice on all things HR related. This can range include:

- Employment rights and regulations.
- Contracts.
- Terms and conditions.
- Sickness, disciplinary and maternity queries.

You can access a range of free resources, tools, advice, and guidance by visiting the ACAS website:

<http://www.acas.org.uk>. You can also call an ACAS advisor on 0300 123 1100 (8am to 8pm, Monday to Friday and 9am to 1pm, Saturday).

5. Marketing and Networking

Developing a market and communications plan is a key part of starting up your new social enterprise. You've done your market research to understand more about your target market, but now it's time to get the message out! A marketing plan should include information on:

- Your target customers (who do you want to sell to?)
- Your unique selling point (what is it that's different about your social enterprise?)
- Pricing and positioning (where do you want to sit in the market?)
- The methods you will use to reach your target customers (further information on different marketing tools is outlined below)

Networking is also incredibly important for budding social entrepreneurs, but the key skill isn't working out what you need from others (that should be easy) but working out what others might need from you. Great networkers are generous to others, as they hope others might be to them. Networking is also a key skill in raising funds and a great source of up-to-date information. Use social networking and always be on the lookout for events, trade shows and meetings to build your network.

5.1 Creating a Website

This is one, if not *the*, most important aspect of building a successful social enterprise in this digital age. If you don't have a website, people can't search for you online and there will be no way of them knowing about the fantastic services you have on offer or the ways that you can help them.

This article by The Guardian covers the main steps of creating a website and can be accessed by clicking on this link: <http://www.theguardian.com/money/2011/jul/22/self-employment-set-up-website>. The article includes advice on domain names, actually building your website, web hosting and getting visitors to your site. Resources such as <https://wordpress.com/> can be used to create a website for your social enterprise for free.

5.2 Social Media

Social media is one of the most effective tools for marketing your services and social mission to a large amount of people you may not normally have the chance to directly interact with.

Facebook is a social network that allows users to create their own profile, build a network of people interested in your organisation and provide regular updates on your products and services. As of March 2015, Facebook had over 1.44 billion active users, which makes it a powerful tool in marketing your Social Enterprise. For more details on how to use Facebook for your business, follow this link: <https://en-gb.facebook.com/business/overview>.

Twitter is an online social networking service that allows registered users to read and post short 140-character messages called 'Tweets'. Users can also 'favourite' and 'retweet' messages, which is a way of sharing information to a wider audience. <https://twitter.com/>

LinkedIn is a networking site for professionals and allows you to build a network of useful contacts and raise the profile of your organisation. <https://www.linkedin.com>

Blogging – a blog is a regularly updated website or web page run by an individual or small group which is written in a more informal style. Websites can also contain links to a blog. www.blogger.com.

5.3 Other forms of marketing

You may also want to consider:

- Local Advertising.
- Press – newspapers, blogs, general journalism.
- Marketing – local advertising, flyering, networking.

Top tips once you've started trading

- Take on board someone in a similar industry for the admin/business side of things.
- Don't try to do everything on your own. Accept help from others and trust them to do the job.
- Think about your service offer – do you have more than one target market so that all your eggs are not in one basket?
- Understand your financial cycle – will you have peaks and troughs in the year, or will you have a steady flow of income? Does your budget reflect this accurately? Will your cash flow be good enough to pay the bills in leaner periods?
- Keep a very close eye on your finances – what is this month's trading like? What has done well, what hasn't? Do you need to change anything?
- Look ahead – don't get caught unawares by problems that you could have foreseen.
- Market your services/products effectively – don't throw money away on inappropriate marketing, but make sure you do enough of it; your business won't succeed if no one knows you're there!
- Be prepared for lots of hard work.

6. Growth and Expansion

So you've set up your Social Enterprise and can really see the impact it's making and want to continue this even further and reach a larger audience – it's time to think about expanding! An organisation is only successful when it uses all its resources effectively - whether human, physical, financial or intangible. Therefore, an organisation should look into how it can increase its potential by:

- Increasing staff numbers or knowledge through recruitment or training.
- Increasing the number of volunteers.
- Increasing funds through investment.
- Increasing assets through purchasing of new technologies.
- Increasing reputation by developing Corporate Social Responsibility.
- Branching out through commissioning new contracts.

This section outlines some of the things you may need to consider.

6.1 Funding

Expansion and growth often requires some additional investment, as you may need to increase your marketing expenditure to attract new customers, employ more people or move into new premises to enable your business to grow. As with starting up, there are many different loans and grants out there targeted specifically at social enterprises, but there are terms and conditions with them that you will need to think about before applying. Most loans and grants at this stage will ask that you can demonstrate the following:

Social impact

This is evidence that your social enterprise is working and achieving your aims and objectives and is a therefore is a good enterprise to invest in. There are a range of social impact tools that you can use to demonstrate this. For more information, visit:

- Charities Evaluation Service - <http://www.ces-vol.org.uk>
- The Social Return on Investment (SROI) Network - www.socialvalueuk.org/resources/sroi-guide/

Financial viability

Most investors or grant funders will want evidence that the social enterprise has been trading for a certain amount of time (for example 12 months) and that you are sustainable in the longer term. As a minimum, you will be required to supply your annual accounts and may also be asked for your cash flow forecast for the forthcoming year. You'll also need a clear idea of what the cost of expansion will be and details how of any grant applied for would be spent.

You should consider developing a "business growth plan" which will demonstrate your commitment to the social enterprise and allow the loan company or grant maker to see how their money will be used to further help the impact of the social enterprise. If additional finance is needed to expand the enterprise, then it will be worthwhile revisiting the Finance section. See also the useful resources section.

6.2 Public Sector Commissioning

Commissioning is the process of deciding what public services are needed and how best to use the resources available to get the best for local people, and is a key way you could look to expand your social enterprise.

If you have products or services that could support the delivery of a public sector body's aims and objectives, then tendering for these opportunities might be a route to expand your enterprise.

Before you start tendering for work, it would be a good idea to find out who the commissioners are for the public body that you would like to tender for work from, what they will be looking for and what needs they are looking to address in the city. For example, Leeds Adult Social Care's Market Position Statement provides further information on current and future commissioning intentions regarding health and social care examples in Leeds:

<http://www.leeds.gov.uk/docs/Market%20Position%20Statement%202015-18%20V02%20June%202016.pdf>

If you can demonstrate that your social enterprise can meet the needs they want to address, or can help with the priorities for the city, then this will stand you in good stead for gaining a commissioning contract. A good place to start is the Leeds City Council website, which has a number of these city strategies listed: <http://www.leeds.gov.uk/council/Pages/Plans-and-strategies.aspx>

However, even though your social enterprise may meet these needs, it does not necessarily mean that you will automatically get the contract. Most contracts go out to tender, which means that other social enterprises, third sector organisations and private businesses can bid for the contract. This means that it is important that you network and ensure that your social enterprise, and the good work that you are doing, is known to build up a good reputation.

Commissioning can be thought of as a four step process:

- 1) Joint needs assessment – this would assess the needs of the city and what the priorities are.
- 2) Delivery Planning – identifying resources, providers and commissioners.
- 3) Procurement – assessing competition and the best value for money.
- 4) Performance management – social value, resource identification and supplier development.

Leeds City Council advertise all contracts of £10k or more on the YOR tender site which is the procurement portal for the Yorkshire and Humber region. It is a good idea to register on the site, so that you receive notification of suitable tendering opportunities. <https://www.yortender.co.uk>

Support is also available through Voluntary Action Leeds on getting commissioning ready. <https://doinggoodleeds.org.uk/advice-explorer.html>

6.3 Corporate Social Responsibility

You may wish to consider working with private sector businesses that can offer expertise or skills that would be useful to your enterprise as part of their Corporate Social Responsibility/Community Investment strategy. Businesses may offer to invest resources such as equipment, assistance with marketing and facilities, or allow their staff to volunteer for you. Several of the large consultancy firms in Leeds have free support programmes for social enterprises or offer pro bono support. It's important to know what you expect from a business and what you can offer them in return. Finding the right business partner can bring a wide range of benefits to both organisations. Leeds City Council and the third sector in Leeds have produced a guide to corporate social responsibility which provides a step by step guide on how to find the right business, as well as some examples of where these partnerships are working successfully in Leeds. <https://doinggoodleeds.org.uk/community-investment.html>

6.4 Volunteers

Volunteers can be a valuable resource for social enterprises. Voluntary Action Leeds run the Leeds Volunteer Centre and are a useful resource if you're considering using volunteers for the first time or already use volunteers and want to attract more. <https://doinggoodleeds.org.uk/i-need-volunteers/>

APPENDIX 1 – ADDITIONAL RESOURCES

There are a number of organisations in Leeds and the wider Yorkshire and Humber region that can provide advice and support to social enterprises looking to grow and expand.

Section 1: Local infrastructure organisations

Leeds Community Foundation

Leeds Community Foundation offers support, guidance and financial grants to community groups, charities and social enterprises that are making a difference in Leeds. They manage a number of grant funds on behalf of Leeds City Council, the Clinical Commissioning Groups, national bodies and local philanthropists. For details of their open grant funds, visit their website: <http://www.leedscf.org.uk/>

Social Enterprise Yorkshire and the Humber (SEYH)

SEYH represents, promotes and connects social enterprise in the region. It is a not-for-private-profit company limited by guarantee. Its members are social enterprises within the region and it provides information and events on a range of relevant topics for social entrepreneurs.

<http://www.seyh.org.uk/support-for-social-enterprise-in-west-yorkshire>

Social Enterprise Support Centre

This is based in Leeds and provides advice and support to the social enterprise sector. They can assist with starting up, growth strategies, social impact measurement, leveraging investment, board development and spinning out of the public sector. <http://www.sesc.org.uk/>

Voluntary Action Leeds

Voluntary Action Leeds is a local charity that provides direct support services and specialist advice to third sector organisations across Leeds, helping them carry out their work and ensuring they are well represented in partnership work. Information on the support available and useful information about events, networks and training in Leeds can be found on the Doing Good Leeds website.

<https://doinggoodleeds.org.uk/>

SEE Ahead

SEE Ahead is a social enterprise providing business support and training to social enterprises in Leeds; a team of qualified social enterprise business advisers and trainers dedicated to helping organisations to become more sustainable by developing strategic and business plans, income generation ideas and various other business topics. For more information and access to 10 free factsheets see <http://seeahead.co.uk/>

Section 2: sources of help and advice

The Business and IP Centre Leeds is a one-stop source for all your business and intellectual property needs. <http://www.leeds.gov.uk/bipcleeds/Pages/default.aspx>

Leeds Enterprise Network series has been designed to support the innovation and entrepreneurial development of students, staff, aspiring entrepreneurs and early stage businesses in our region.

<http://www.leedsbeckett.ac.uk/eiahub/training-and-events/leeds-enterprise-network/>

Social Enterprise UK, together with their members, are the voice for social enterprise nationally. They do research, provide information and tools, share knowledge, build networks, raise awareness and campaign to create a business environment where social enterprises can thrive. They have a network of almost 9,000 organisations and operate an information website.

http://www.socialenterprise.org.uk/uploads/files/2012/07/start_your_social_enterprise.pdf

School for Social Entrepreneurs Yorkshire and Humber provides course to help individuals start, sustain, and scale social enterprises, charities and community projects.

<https://www.the-sse.org/schools/yorkshire-humberside/>

West and North Yorkshire Chamber of Commerce provide business support that both members and non-members can access, for example, for help with developing a business plan, or advice on marketing and sourcing new customers. <http://leeds.wnychamber.co.uk/>

Section 3 - Funding and Finance

Charity Bank provides a range of banking services, including loans, to charities and social enterprises.

<https://charitybank.org/>

Key Fund is a social enterprise that invests in the community and social enterprise sector in the North of England. <http://thekeyfund.co.uk/>

Leeds City Council funding support website provides a searchable database of grants, contract and loan opportunities for the third and social enterprise sector.

<http://www.idoxopen4community.co.uk/lcc/>

Leeds City Region Enterprise Partnership helps small and medium sized businesses in Leeds City Region to develop and grow. <http://www.the-lep.com/for-business/>

Leeds Community Foundation offers support, guidance and financial grants to community groups, charities and social enterprises that are making a difference in Leeds. <http://www.leedscf.org.uk/>

New Enterprise Allowance can provide money and support to help you start your own business if you are getting certain benefits. <https://www.gov.uk/new-enterprise-allowance>

Social Finance is a not for profit organisation that partners with the government, the social sector and the financial community to find better ways of tackling social problems in the UK and beyond.

<http://www.socialfinance.org.uk/services/social-impact-bonds/>

UnLtd is a provider of support to social entrepreneurs in the UK and resources individuals through its core Awards Programme. <https://unltd.org.uk/>

Unity Trust Bank is a not for profit bank offering banking facilities and loans to social enterprises and charities. <https://www.unity.co.uk/>

Ideas that Change Lives

Ideas that Change Lives is a grant and business support programme funded by Adult Social Care Leeds City Council and run by Leeds Community Foundation in partnership with SEE Ahead to support enterprises who help Leeds residents with care and support needs to lead more independent lives. For

more information on the grants, business support and workshop programme-
<http://www.leedscf.org.uk/ideas-that-change-lives/>

APPENDIX 2 – BUSINESS PLAN FORMAT

There are a range of different business plan templates available online, so you can either source one that best suits your needs, or you can draft your own. The key areas you are likely to need to cover in your business plan are outlined below, with credit to The Social Business, whose guidance on business planning can be accessed here: http://thesocialbusiness.typepad.com/social_business_plans/

1. A description of the social enterprise and its social purpose:

- a. This will include a mission statement, which is a formal summary of the aims and values of the organisation.
- b. You might also want to include something about your/your colleagues' personal motivations for starting up your social enterprise and what relevant skills and experience you will be bringing to the enterprise.

2. Details of the products or services your social enterprise will offer:

- a. A description of the product or service you intend to offer.
- b. Who will you offer the product or service to?
- c. Who will deliver your service/sell your product?
- d. How you will charge for your service?

3. Market Research:

- a. Your market, including the size of your market (numbers of people, amount that they spend), any recent/up-and-coming changes/trends in your market and opportunities.
- b. Your customers, including the numbers of potential customers, any relevant demographic information, and their current buying behaviour.

4. Your financial plans, including:

- a. A budget for start-up and ongoing overhead costs.
- b. Projected income/expenditure, including a cash flow forecast for the first 12-36 months of trading.
- c. How you will cover any forecast cash flow deficits, or if what will happen if your income projects are not as positive as projected?
- d. Any start-up funding required and where this will be sourced from.

5. Legal:

- a. The legal set up of the organisation and how it will be governed.
- b. Any other regulatory considerations for your business.
- c. Key policies that you need to develop to make sure your business operates legally (e.g. health and safety).

6. People:

- a. An assessment of what relevant skills and experience you have and what you may need to source from elsewhere.
- b. What external expertise you may need, both to get the enterprise established and on an on-going basis (e.g. legal and financial advice).
- c. Who you may need to recruit to deliver the social enterprise's products and services.

7. Risks:

- a. An assessment of key risks and how you will mitigate these.

8. Action Plan:

- a. Key steps or an outline project plan which sets out the key actions that you need to take before you can start-up your social enterprise and once operational.

APPENDIX 3 – CASE STUDIES

HEART

HEART is a wholly owned subsidiary of Headingley Development Trust (HDT) and is in community ownership.

It was registered in 2008 and the building (a former primary school), was leased from Leeds City Council in 2010, refurbished, then opened for business in 2011.



The aim of HEART was to preserve the building and use it as a community hub, rather than the space being turned into a bar or housing for the student population.

HEART has no regular grants and generates all its income by offering meeting rooms for hire; renting office space to businesses, community organisations and charities; having a business centre for business start-ups; and a vibrant café space open to the public. Events such as music concerts, film screenings and quiz nights take place regularly, as well as a variety of creative and educational group activities, ranging from writing skills classes to yoga sessions. The venue regularly hosts art exhibitions.

They use a variety of methods for marketing, which include: mailing lists; their website; social media (Twitter and Facebook); word of mouth; and advertising in North Leeds Life and at a stall at the monthly farmers market in Headingley.

Richard Norton, one of the board members of Heart says that “Having an accurate business plan and being strong on finances is key to success. Our biggest challenge was trading profitably enough to cover loan payments. Having a regular guaranteed income helps enormously, for example, rental income from the businesses that are based here, especially as there can be peaks and troughs in income from footfall and room bookings. HEART were fortunate in having an initial project group that had a lot of relevant experience. HDT allows us to raise money through community shares and, in the right circumstances, this is a good way of raising money.”

He added that HEART is now a busy, thriving centre providing a focal point for the community that just wasn't there before.

www.heartcentre.org.uk

Bramley Baths

Bramley Baths and Community Limited, an Industrial & Provident Society (IPS), was set up to run Bramley Baths, a community asset transfer from Leeds City Council, in 2012.

The Baths, which operate from a Grade II listed building, is a not-for-profit centre for fitness, health and fun, which houses a public gym, swimming pool, steam room and space for events, meetings and fitness classes. The baths have been operating on behalf of the community since 2013.



Tracy Basu, Chief Executive, says, “We have doubled the opening hours of the Baths and turned a former liability which was losing money, into a community run enterprise generating a small surplus each year. We have done this while benefiting from the autonomy that being a social enterprise provides and adopting an affordable pricing model which is right for the residents in the area.”

In order to establish the organisation, huge amounts of volunteer time was required, and Tracy said that Bramley Baths was lucky to have a dedicated Board of local skilled and knowledgeable residents. They sought advice from Locality and Leeds Community Foundation and also visited other similar enterprises. The Chair of Bramley Baths, former MP John Battle, explored the different business models and sought advice on setting up as a BENCOM, so that they have the best of all worlds - social enterprise, charity and limited company. They received initial start-up funding via Key Fund and Leeds Community Foundation, which was a mixed loan and grant.

Tracy said that “With regard to the day to day operations, being a stand-alone enterprise can be tricky, as all of the skills required to run the organisation need to exist under one roof. We are responsible for setting our own prices, doing our own marketing, maintaining and preserving the building, delivering swim school, HR, Finance, Governance... the list goes on! Establishing a single site team with all of these diverse skills is challenging. It does, however, mean that staff have interesting, varied and rewarding careers.”

Tracy added that “A well prepared thought out business plan is essential, as is the right legal structure. Capturing the passion and support of the local community is key – without this, the business case would not stack up. Working in partnership with, rather than in opposition to, the Council has also been important for us. We all need to work together to achieve the best outcomes for our communities. Keeping the building open in the period of transfer from one organisation to another helped keep costs low and ensured that we took over a going concern – as soon as local services close, it becomes more difficult and costly to get them up and running again. Avoid this if you can.”

www.bramleybaths.com

Revive Leeds

Revive Leeds was set up in November 2010 as a Community Interest Company and is a partnership by three charities - Emmaus Leeds, St Vincent de Paul (SVP) and South Leeds Alternative Trading Enterprise (SLATE) - and Leeds City Council.

The Revive shop is based in Seacroft, Leeds and was opened in August 2011 and is the first purpose built structure of its kind in the UK.



The motivation for setting up Revive was to:

- Rescue items from the rubbish heap, with the aim of reducing the amount of waste going to landfill.
- Educate the general public about reusing and recycling,
- Provide work and volunteering opportunities for people.
- Generate a surplus for the purpose of supporting the beneficiaries of the three host charities.
- Expand and roll out the current success of Revive on multiple household waste sites in the UK.

An initial grant and a loan from the Key Fund were used for set up costs, along with a contribution from each of the three partners.

“Partnership working is not always easy, as all three organisations are of a different size, have different aims and objectives and were all constituted differently. As an example, SLATE was not a charity, however, in order to be able to benefit from any surplus generated from the new venture, it needed to become one. The wealth of knowledge between the three organisations helped enormously in setting up Revive, but we also learn as we go along. It helped taking someone on board from a similar industry to manage the admin /business side of things.”
Louise Megson, Operations Director.

“Our top tip to others looking to set up a social enterprise is to find a skill or interest you’re happy with and adapt it where you can,” says Andrew Zbos, Business Manager.

“Revive Leeds has been an unprecedented success. Prior to launch, careful consideration of models from other council areas in the UK ensured that we acquired best practice from a variety of sources. Revive is now developing an expansion plan and a suggestion is that we research the possibility of expanding via a franchise agreement. This would ensure that all three corporate partners continue to see income coming directly to the founding charities,” said Louise.

www.reviveleeds.co.uk

Get Cooking



Emily Carey, Director of Get Cooking, came up with the idea of teaching basic cooking skills to groups of people with particular social care needs and medical conditions in 2009. With advice from Business Link and an initial grant from UnLtd, Get Cooking classes started in 2010. Operating in Leeds, the business aims to use cooking as a means to aid rehabilitation or recovery and to help people grow in confidence. The customers are a mix of self-funders and people who have been referred from a wide range of sources – local authority, social workers and other contacts.

Emily said: “My passion for food and cooking provided the motivation to set up Get Cooking. Food doesn’t have to be complicated to be good. I always get excited about fresh meals people can make. I saw the gap in the market when working as a social worker with patient groups with specific needs, such as those with brain injuries or with cognitive problems, as these people often struggle with concentration and memory. The recipes in my classes are customised for those with such problems.”

Emily didn’t want her social enterprise to be reliant on grants but they were needed in the start-up phase. Emily was successful in being awarded £10,000 from the Ideas that Change Lives programme (funded by Leeds City Council Adult Social Care) and this money helped her with business planning and was key to moving Get Cooking forward. Money from the Big Lottery, and a ERDF grant via Leeds Community Foundation, helped her to market the business. Income from course fees keeps the business going.

Emily added: “I’d advise anyone thinking of starting a social enterprise to do something you feel really passionate about. It’s hard work, and the passion you have will help you through any difficult periods and keep you motivated. Without that passion, it’s easy to give up. It’s important to accept as much help as you can. Make use of all opportunities and people that have skills that can help you. Don’t underestimate the amount of admin involved in running a business, which can be labour intensive when running courses. In future, I’d like to look at funding to get some admin assistance to free up more time to focus on the cooking side of the business.”

Emily said that having a realistic long term business plan is also key, as it helps you to not feel as overwhelmed and is a reminder of what you need to focus on at different times, so you feel in control. Offering as many different services as you can means all your eggs are not in one basket. Get Cooking are currently looking to expand the business by working with other traders who will be delivering different courses, for example, cooking for babies.

www.get-cooking.org.uk