

# Scotland's Vision for Social Enterprise 2025

**Moving Social Enterprise in from  
the Margins to the Mainstream**

A Paper from CEIS, Community Enterprise, Firstport, HISEZ, InspirAlba, Sencot, Social Enterprise Academy, Social Enterprise Scotland, and Social Firms Scotland.

**Summary Document**

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We are pleased to present our vision of a larger, more vibrant, and more diverse social enterprise movement in Scotland.

When describing 'social enterprises' we refer to businesses that trade for the common good rather than the unlimited private gain of a few. They address social needs, strengthen communities, improve people's life chances, enhance culture or protect the environment. Our focus is on those forms of economic activity that are distinct from the work of community groups and voluntary organisations, but which share much of the same DNA.

In preparing the document we have consulted directly with more than 400 people within the social enterprise community and listened to their ideas.

We want this to be the start of a wide-ranging and inclusive national dialogue on the role of social enterprise in a changing Scotland. We now welcome your views.

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## Introduction

Scotland has a long history of pioneering new forms of business that blend social and commercial goals. These reflect a belief among the people of Scotland in a fairer, more equal society – organised for the benefit of all – where business activity is used as a means to this end and not an end in itself.

Our long-term goal is to ensure that social fairness, cultural fulfilment and protection of the environment become important pre-requisites of all economic activity in Scotland.

Our ambitions are now becoming reality across Scotland. Social enterprises are making a major contribution nationally and our movement is enjoying growing levels of political and economic support.

It is the right time to build on these solid foundations, and to grow the contribution of the social enterprise movement further and faster.

## Vision 2025

Over the next decade we will see social enterprise at the vanguard of a new wave of ethical and socially responsible business in Scotland.

The social enterprise movement will develop as a broad church, bound by a common code and principles; supporting each other, trading with each other. As the movement grows it will retain its community orientation, values and integrity.

It will make its breakthrough as part of a more diverse and vibrant economy, helping to balance economic growth with the protection of public services, the continuing fight against poverty and the promotion of equality.

Social enterprise will become more visible everywhere, making a widespread and positive impact. It will become central to the 'Scottish approach' to doing business and form a key part of the country's international reputation in business and politics.

## Delivering Our Vision

We will achieve this through early action on a number of fronts:

- **Building a movement** that is more confident, more coherent, and more wide-reaching in Scotland.
- **Building capability** through a combination of investment, business support and leadership development.
- **Building markets** that are open to social enterprises and in which they can thrive.
- **Building on potential** by making the most of assets available to us – human and physical assets.

The following summarises our priorities and ideas.

## Building a Movement

We want to grow a broad, confident and successful movement, one able to make its case, exert influence and find strength from within. To realise the full potential of social enterprise by 2025 we must start by:

- *Fostering consensus and **co-operation** so that we build a strong and unified community.* We call for official recognition and widespread adoption of the Voluntary Code of Practice for Social Enterprises. There must be continued development of a self-reliant community of frontline social enterprises across Scotland, connected and energised through a network of Networks. Innovative mechanisms must also be found to enable social enterprises to co-operate, pool and share resources, buy and sell from each other and jointly bid for contracts.
- *Ensuring appropriate forms of **representation** that enable social enterprises to gain influence in decision-making processes.* We call on the First Minister to initiate a high-profile National Conversation on the role of social enterprise in Scotland's future, and for the contribution of social enterprise to be formally built into appropriate public policies and performance targets. As a movement we must now make clear choices about how we wish to represent ourselves at national level. There must also be a major reform of the way that social enterprise is represented and supported locally. This must occur against a backdrop of genuine localism in Scotland where power, services and budgets are devolved to a new tier of municipal authorities.
- *Building **evidence and awareness** that convinces others about the benefits of social enterprise and informs its development.* We call for a major programme of sector research and intelligence that supports sensible choices about the policies required to strengthen our movement and which ensures accountability for associated public sector investment and support. This must be accompanied by new forms of support that enable social enterprises to report on their business performance and social impact in a more balanced, straightforward and proportionate way. We must then make the most of the evidence and stories we produce and engage in hard-hitting ways with new audiences through appropriate media.

## Building Capability

We want to grow a successful grassroots movement of social enterprises that put people and the environment before profit, but which can still achieve commercial success. This is a delicate balance that requires the right blend of finance and external support. To deliver our aspirations by 2025 we must start by:

- *Developing a **social finance** market in Scotland that provides the level and type of capital necessary to grow the sector.* We call for greater access to small amounts of grant funding that is more focused on seeding viable trading activities and better aligned with follow-on social investment. We must also work to develop a much larger pool of capital for investment; this created through full devolution of Scotland's share of appropriate UK-wide funding streams, amended tax reliefs to encourage ethical investment, and a new punitive business tax targeting corruption and profiteering. This must be accompanied by action to stimulate more affordable, flexible and patient forms of social finance and a

more diverse provider market made up of social lenders that operate in the best interests of our social enterprise community. This must be set within a backdrop of sweeping reforms to the mainstream banking sector and measures to stimulate credit unions, co-operative and mutualised financial institutions.

- *Providing specialist and generic **business support** that work in tandem to encourage and support growth.* We must maintain, extend and refine specialist business support arrangements, ensuring effective Scotland-wide coverage and effective access by social entrepreneurs and enterprises from all communities. These arrangements must be joined up with a more responsive system of generalised business support, which ensures that social enterprises are more willing to place demands on the mainstream support available.
- *Fostering stronger **leadership** in organisations.* We must encourage substantial programmes that help recruit commercial and technical capabilities onto the boards of social enterprises and which work to systematically strengthen organisational governance. This must be accompanied by renewed encouragement for social enterprises to invest in learning and the continued development of transformative leadership and learning experiences.

## Building Markets

If Scotland's social enterprise community is to move from the margins to the mainstream, it must strengthen its presence in diverse markets. It must capitalise on the appetite of consumers, public authorities, and businesses to buy ethically and sustainably. To realise our aspirations by 2025 we must start by:

- *Initiating a revolution in **consumer markets**.* We must build a recognisable brand (akin to Fairtrade), and support this through a high-profile national campaign as well as local events and media engagement. In parallel, we must support trail-blazing consumer-facing social enterprises to build their marketing capabilities and build their businesses.
- *Making more significant in-roads into **public service markets**.* We must start by bringing together social enterprises and public authorities around shared service challenges and introduce a new obligation on the public sector to involve social enterprises in the design and testing of services. This should be part of a more radical shift towards public policy and investment based on a preventive approach. This must go hand-in-hand with further measures to encourage public authorities to get the most from small, local social enterprise suppliers through public purchasing. As part of this we call on the Scottish Government to enact EU rules which enable public bodies to reserve agreed health, social and cultural service contracts to social enterprises for a time-limited period and to set stretching targets to ensure a mixed economy of provision in key markets. There must also be an immediate halt to the anti-competitive trading practices of the public authorities, with Arms Length External Organisations (ALEOs) separated from parent authorities and alternative models of service delivery tested.
- *Playing an active role in **business markets**.* We must start by rapidly growing our influence in business networks and find creative mechanisms (including a National Business Pledge) to encourage large companies to behave more responsibly, buy from social enterprises, and continually report on and improve their social performance. We must seize opportunities to form alliances with

forward-looking companies based in Scotland and, where appropriate, support the transformation of ethical and family businesses into social enterprises.

## Building on Potential

If social enterprise is to flourish over the long-term it will need to make the most of the collective talents, creativity and assets available. To realise the full potential of social enterprise by 2025 we must start by:

- *Working with and through our **education** system to inspire a new generation of young people committed to social enterprise.* We now call for self-sustaining social enterprise activity and learning opportunities to be extended to every school in Scotland. We also call for an ambitious new programme of support that will enable universities and colleges to take on a major role in encouraging social entrepreneurs and incubating social enterprise activity.
- *Supporting **entrepreneurship** that is for the wider good of Scottish society.* We must find more creative ways to engage with communities, fuel their imagination and spot talented social entrepreneurs. Allied to this, we call for tax incentives and other measures to make social enterprise a more attractive option for entrepreneurs at start-up as well as specialist support to help early-stage social enterprise activity to grow and reach scale. New programmes must also be brought forward which release the entrepreneurial talent in well-established organisations, including large charities and public authorities.
- *Nurturing **employability** through, and for the benefit of, the social enterprise movement.* Social enterprises must become the workplace of choice, where there is never abuse of Zero Hours Contracts, where work is always fairly rewarded through payment of the Living Wage, and where new tax and pension arrangements provide important new incentives to work in our sector. Further measures must also be introduced to invest in talent, including the development of a ground-breaking Social Enterprise Apprenticeship. We also call for new measures to strengthen the role of social enterprises in tackling unemployment, including a substantial package of support to develop Work Integration Social Enterprises, the abolition of the Work Programme and associated arrangements, and the development of a uniquely Scottish employability programme in which social enterprise can play its full part.
- *Acquiring and developing **physical assets** that can strengthen communities and support the development of social enterprises.* We call on the government to introduce a wide-ranging programme of mutualisation to bring diversity and balance to transport, utilities, energy and other markets. We also call for rapid progress on proposed land reforms and for statutory bodies to fully deploy obligations in support of the transfer of public assets to community control. This requires creative fiscal measures and adequate funds to satisfy the expected demand for community ownership of assets. It will also require a large-scale and sustained programme of investment in the skills, capacity and core resources of hundreds of community anchor organisations across the country.

## Share your ideas and comments

Email your feedback to:

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