**Transition Group Meeting Three
19 August 2022**

**Paper One
Consolidated Position Paper**

Background and Introduction

The Transition Group (TG) has held two meetings in July. The focus of these meetings has been to explore the issues outlined in the Terms of Reference (ToR) and to start to build a common knowledge base and consensus on them, so that the single Social Enterprise Intermediary (SEI) can start with a clear prospectus and structure after any recommendations are accepted by the SES Board.

The key issues identified in the ToR are:

- Membership of the SEI;
- Governance of the SEI;
- The Voluntary Code on social enterprise;
- Functions of the SEI;
- Services to be provided by the SEI;
- Key strategic partnerships for the SEI.

At the first meeting, a paper was requested on 'Values, Role and Ethos' in order to stimulate a discussion on the purpose of the SEI and, in particular the values that underly it and the behaviours that define it. In addition, papers were provided on the current 'eco-system' of support for social enterprise in Scotland, so that the SEI could be located within the wider family of support, and on membership, looking at different models of membership.

At the end of this second meeting, it was agreed that a paper should be produced for the August session of the TG which summarised and consolidated the discussion so far in order to help the TG focus on the most important questions that need to be dealt with in sessions 3 and 4 and to identify any information or external inputs that might be required.

This paper needs to be read in conjunction with two other documents. The first is the business plan submitted by SES to the Scottish Government (SG) and, therefore, the basis for the award of funding to SES. The business plan, in turn develops from the SES strategy 2022-26 (included as an appendix to the business plan) which summarises the values which underpin SES, the objectives of the organisation and the activities it will undertake.

The second is the Memorandum and Articles for SES, which outline its current (but not necessarily future) structure.

This paper has been divided into four sections, relating to four broad questions.

- Section 1: Who are we and what are our values?
- Section 2: What is the eco-system we operate in?
- Section 3: What are our objectives (the ends)?
- Section 4: How can we achieve these objectives (the means)?

Section 1: Who are we and what are our values?

The discussion at the second meeting looked at the values, ethos and role(s) that the SEI might play.

The values identified were those shared by both SES and SENscot in their respective business plans. A question raised was whether there were 'non-shared' values in either plan. Our answer to this is 'no'. The differences were around emphasis.

The TG also wanted to emphasise the importance of behaviours as the acid test of values. That is, it is what organisations do, not what they say, which is important here. The TG wanted to emphasise the need to ensure that values and behaviours run throughout the organisation from the Board, through to the staff and management.

The main **values** identified were:

- *Trust* – the SEI needs to act in a way that builds the trust of members and stakeholders. This, in turn means being honest with them and delivering what it has committed to do;
- *Integrity* is the pre-requisite of building trust. Warren Buffet, 'the sage of Omaha' makes the point that he looks for 'energy, intelligence and integrity' in his managers but that 'without integrity the first two are worthless';
- A willingness to consult and listen to members – is evidence that the SEI is trying to be *inclusive and open-minded*;
- A commitment to *democracy* – means that the SEI values the voices of its members, including those who are not heard at present, in order to shape its future;
- A commitment to *diversity* – illustrates that the SEI wants to create a broad church and resists the idea of a monoculture of motivation and ways of working within social enterprise;
- A commitment to *partnership and collaboration* – recognises that there is power in collective responses and that those outside the movement will have something to offer;
- Promoting *sustainability* – as one of the main features of social enterprise, it is environmentally, financially and socially sustainable;
- Promoting *innovation* in the organisation and across social enterprise as a movement – recognises that this is about not just what is the case, but what is needed;
- A commitment to *excellence and high-quality services.*

What type of organisation are we?

A number of alternatives were discussed:

- Movement builders and bringing social enterprise into the mainstream of economic development;
- Trade body like ABCUL/ SFHA/ Responsible Finance;
- Lobbying organisation;
- Delivering services to social enterprises;

- Funding/accessing funds for social enterprises;
- To facilitate a conversation *amongst* social enterprises and *between* social enterprises and government or other potential supporters.

These are not mutually exclusive and the TG had some initial views. For example, the SEI should not deliver services in competition with members or social enterprises in general.

The TG may wish to firm up some of these options at its next meeting.

Who are our members?

The TG started to look at the principles of membership and the role of the Voluntary Code in defining eligibility for membership;

- Different types of membership (full, associate, corporate) and the voting rights that would follow;
- Who is eligible for membership (organisations, individuals, other intermediaries?);
- 'Passported' membership for members of other intermediaries;
- Membership fees.

The TG may wish to make some initial decisions around defining membership, types of membership and whether or not to charge fees.

How are we governed and by whom?

The TG discussed in outline the responsibilities of Board members and if they 'represented' particular constituencies within the movement.

- What responsibilities do Board members have? In particular, teasing out that they are (as Board members) not representatives of a constituency but have a legal duty to protect the best interests of the SEI itself.
- What is the 'electoral college' and are there reserved places for, say, women led businesses, smaller social enterprises, rural social enterprises and young entrepreneurs?
- Are there maximum/minimum numbers for certain constituencies (e.g. no more than 2 CICs limited by shares)?
- Does the Board have sub-groups or advisory groups?

The TG may want to make recommendations on the size and composition of the Board and spell out the duties of Board members.

Who are our fellow travellers?

The TG discussed the role of supporters (but non-members) and how they can play a role.

- Role of associate members, 'friends of social enterprise', corporates, local authorities, the Scottish Government.

Section 2: What is the eco-system we operate in?

The TG took the view that talking about a 'map' of social enterprise support was unhelpful. A map gives the impression of fixed boundaries, whereas the term 'eco-system' captures the evolving and sometimes messy nature of social enterprise support. Maps also go out of date and give the impression of precision where it does not always exist. The TG discussed how we can update our understanding of the eco-system as it evolves.

The TG agreed that there was a need to recognise that the landscape in the Highlands and on the Islands is different, but that there will local diversity in other areas as well and the SEI will need to be able to contextualise this across the whole of Scotland.

A discussion followed on who is important in this eco-system (key delivery organisations and stakeholders)? A rough typology was discussed:

- Organisations whose sole focus is social enterprise or asset-locked businesses with a social or environmental mission;
- Organisations who have a wider remit/ mixed constituency, but have a commitment to supporting social enterprise;
- Organisations that support different forms of enterprise (e.g. co-operatives) where there is an overlap with social enterprise;
- Organisations who focus on place-based regeneration, community- based regeneration or female and BME entrepreneurship and recognise that social enterprises are part of this constituency;

The TG agreed to give some thought to who is missing from this list and might be added at a later stage?

A related question in the discussion was 'Does this eco-system meet the needs of all social enterprises?'. For example, those who produce things as opposed to those who provide services.

The TG agreed that it would need to consider who are the SEI's priority partners and how to build strategic relationships with them.

Finally, the TG discussed what is the *offer* we need to make in order to encourage collaboration and partnership with other parts of the eco-system? Does the offer include establishing joint programmes and services?

Section 3: What are our objectives (the ends)?

As we have noted, the TG recognised the SES business plan as a starting point for what the SEI wishes to achieve and the objectives which the Scottish Government is willing to fund:

- Building social enterprise as a movement – a broad church that will enable social enterprise to be part of the economic mainstream.
- Generating more social enterprises (including start-ups) as part of this;

- Generating bigger social enterprises and empowering/supporting social enterprises to scale up (if they wish to do so);
- Generating more sustainable, resilient and profitable social enterprises who will still be here in 50 years time;
- Supporting social enterprises to enter and develop new markets where they can have a competitive advantage;
- Influencing the policy framework to make these more likely;
- Influencing the financial framework to make these more likely.

The TG may wish to add to and prioritise some of these areas and to relate particular functions and services to them.

Section 4: How can we achieve these objectives (the means)?

The TG discussed both strategic activities and local, practical, support mechanisms. It discussed the need for:

- Strategic partnerships at a national and local level;
- Supporting local networks where they exist and possibly creating them where they don't;
- Building an evidence base to support a positive narrative about the benefit and impact of social enterprise;
- Focussed functions and services based on the needs of social enterprises and their networks.
- The TG emphasised the importance of not competing with members and not duplicating other organisations (other than in exceptional circumstances and for a limited time.

These issues were summarised in the table below.

Potential role	In scope or not?	Rationale	Who else is active here?
Provide direct business and funding support to social enterprise start ups	No	There are others doing this. Scottish Government does not wish the SEI to invest in this area as a condition of its grant.	
Networking and supporting Networks	Yes	Significant need at local level to maintain and build on good practice	
Lobbying on behalf of social enterprises	Yes	SE needs a consistent and co-ordinated voice to	

		share its concerns, promote its views and 'asks' from SG	
Representing social enterprise movement in Scotland	Yes	As above	
Intelligence and research	Yes	Need to 'horizon scan' and make evidence-based case for social enterprise.	
Accessing Funds (loans, capital/investment, grants) for social enterprises	Yes	To assist social enterprises grow and develop	
Managing Funds for others wishing to invest in social enterprise	Maybe	But need to be careful about overstepping role and conflicts of interest.	

The TG may wish to add to this table and to identify who else is operating in this area.

…and finally

The TG is asked to consider the paper and to suggest additions, alterations and amendments.

It would be helpful if TG members could make any initial comments, or raise issues they want the group to reflect on, by lunchtime on Wednesday, 17th August. We will then review and circulate comments on Thursday 18th August so that all members can see all comments prior to the meeting.

If you don't have time to do this, don't worry, just come along with comments and questions on the day.

Alistair Grimes, 11 August 2022.