

FACTSHEET – SOCIAL ENTERPRISE

What is a Social Enterprise?

Social enterprises are businesses which trade for a social or environmental purpose. Their reason for being is to make the world a better place and to create social benefit through their activities. The positive change generated through the activities of a social enterprise is referred to as its '**social impact**'.

There isn't an agreed legal definition for social enterprise, and different funders and bodies sometimes don't always agree on some of the finer technical details. But there are common features which are widely recognised as defining a social enterprise:

- A **clear social or environmental mission** at its core – clearly stated in the governing document
- They achieve, or aspire to achieve, the majority of their income through **trading** (i.e. selling goods or services)
- They are '**asset locked**' – surplus or profits are reinvested back into the social mission, rather than distributed to shareholders or owners.
- '**Dissolution clause**' – as part of the asset lock, if the organisation closes, any residual assets are transferred to another nominated 'asset-locked body' (i.e. another social enterprise or charity), rather than extracted by the owner or shareholders. This should be stated in the governing document.
- They are **independent of state or government control** – they are controlled in the interest of their social mission

Developing your idea for a social enterprise

Don't feel rushed to set up a new legal entity for your social enterprise until you are clear on the social mission, the business model and how you intend to make it **sustainable**. Contact Bury VCFA who can help you work this through with 1-2-1 support and using business modelling tools like the 'Social Business Canvas'.

Social Enterprise and legal structures

Social enterprises come in many different legal forms. Depending how they are set up, they could be a:

- Company limited by guarantee (*more common*)
- Company limited by shares (*this is much rarer*)
- Community Interest Company (*usually limited by guarantee*)
- Co-operative Society
- Community Benefit Society

A very common legal form for social enterprise is the Community Interest Company limited by guarantee. They are straightforward to set up and are recognised by some funders as being eligible to apply for grant funding, although they should be set up with a robust trading model in



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mind, rather than being overly reliant on grants, which are becoming increasingly competitive and difficult to secure.

There are some subtle differences between a 'trading charity' and a social enterprise, but they share basic characteristics – trading to fulfil a social mission and have a positive social impact.

Trading charities and social enterprises are sometimes referred to as part of the wider '**social economy**'. To find out more about the social economy in Bury and support available for social economy organisations, [follow this link](#).

Social Enterprise in Greater Manchester and Bury

In November 2024, Social Enterprise UK (SEUK) published research about Social Enterprise in Greater Manchester. [Click here to read the report](#).

There are many wonderful social enterprises based in Bury running community centres, arts organisations, support services for children with SEND, catering and hospitality providers, health and wellbeing services, employability programmes and support programmes for marginalised communities.

To see a short interview and to hear the story of a local social enterprise in Bury, The Sunnywood Project, [follow this link](#)

Useful resources

<https://www.socialenterprise.org.uk/app/uploads/2022/07/Start-your-social-enterprise-guide-1.pdf>

- 'Start Your Social Enterprise' guide (Social Enterprise UK)

<https://rise.mmu.ac.uk/courses/social-enterprise/>

- Short course of 'self-study sprints' created by social enterprise consultant Adrian Ashton – demystifying what social enterprise is, how they operate and guidance on setting up one successfully and sustainably

<https://www.the-sse.org/resources/>

- Extensive suite of online resources to help develop, research and pilot your idea, social business planning, legal structures, thinking through a funding strategy, pricing services, HR, social impact measurement (School for Social Entrepreneurs)

<https://www.ourbusinessgm.co.uk/>

- Online platform designed to empower and support the social economy in Greater Manchester. Register to gain access resources and support to help develop your social business, access training, support, networking across Greater Manchester and to promote your work

To get support developing your social enterprise please get in touch with Bury VCFA

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