

Inclusive growth through social enterprise

Scotland's Social Enterprise Action Plan / 2021-2024



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Foreword

Whilst COVID-19 has been traumatic and touched the lives of everyone it has also shone a spotlight on the persistent inequality that still exists across our society.

As we move forward we need to ensure that recovering from the pandemic is about much more than just reverting back to the way things were - instead, we need to reform what we do and reimagine what we want to be. Scotland's renewal must be rooted in fairness and equality. Social enterprises will be central to this work, because they point to an approach that helps us rebalance our economy and enables us to translate our aspirations around creating a wellbeing economy into a reality.

We have so much to build from - our history tells a strong and centuries old story of philanthropy and business with social purpose. Internationally, Scotland is recognised as a world-leader and part of a growing global Social Enterprise movement. And we have a flourishing and vibrant domestic social enterprise sector with our social entrepreneurs continually seeking to develop a more inclusive way of doing business.

Social Enterprises across Scotland are characterised by kindness and compassion and are led by creative, caring and innovative entrepreneurs that are dedicated to making a positive difference. Now more than ever, we need a strong and resilient social enterprise sector to help move Scotland forward.

But even with a strong history and heritage of doing business for social good, and even with a strong reputation domestically and globally for strong social enterprises, we know there is always more we can do.

Our Social Enterprise strategy set us on a wide-ranging, ambitious and long-term programme to develop the potential of Scotland's social enterprise sector. It described a clear path to stimulating social enterprise activity, developing stronger organisations, and realising market opportunity over a ten-year timeframe.

This action plan has been produced collaboratively with the sector and sits within that overarching strategy, setting the approach to social enterprise over the next **3 years** by focussing on three priorities: stimulating the sector, developing stronger organisations and realising market opportunities.

Of course there are many challenges ahead – the impact of COVID has been brutal and harsh, we will need to adapt to the consequences of Brexit, and climate change remains a real and significant threat.

In the face of such challenge, we will need to work together in partnership and across a range of fronts - in a country of just five-million, there is no alternative. And to deliver the actions set out within this Action Plan will require hard work and commitment. But with the prospect of building on

the growing momentum for social change, a renewed sense of localism and a reconnection with what is on our doorstep, and a re-appreciation of what matters in life, the hard work will be worth it. Because if we work together, guided by the principles of fairness and equality and all the values that drive and underpin our social enterprises, we can bring transformative change for our communities and our people.

I am grateful to all those who have collaborated in the production of this important publication. This includes Social Value Lab who have drafted this Action Plan, our public sector partners; Scottish Enterprise, Highlands and Islands Enterprise and South of Scotland Enterprise. It also includes our Third Sector Partners; CEIS, Firstport, Social Enterprise Academy, Social Enterprise Network Scotland, Social Enterprise Scotland and Social Investment Scotland.

Aileen Campbell

Cabinet Secretary for Communities and Local Government

Introduction

The Scottish Government is committed to working with partners to realise the full potential of social enterprise; a way of doing business for the common good that is vital to the economy and for the people of Scotland.

To help guide this work, the Cabinet Secretary for Communities and Local Government and the Cabinet Secretary for Social Security and Older People announced the creation of the Social Renewal Advisory Board. The Board

has been working to capture some of the positive policy shifts we have witnessed during the COVID crisis and to recommend policy approaches and practices that will help the country to reduce poverty and disadvantage and embed human-rights based approaches to advance equality.

The Board published its findings¹ in January 2021 and this action plan will complement and help to drive forward the calls for action from the Board in pursuit of fairness and opportunity for all.

¹ If not now, when? - Social Renewal Advisory Board report: January 2021 - gov.scot (www.gov.scot)



Social enterprises will also be vital to help us tackle the other significant and pressing global challenge we face, the climate emergency. Protecting the environment and ensuring a just transition to a net zero future will mean important changes in the way that we live and grow our economy.

But we are not starting from scratch on our ambitions for a greener and fairer Scotland. Our National Performance Framework (NPF)² articulates the type of country we want to be – one that doesn't just judge Scotland's success on economic growth, but also on the wellbeing of our people and is underpinned by our shared values of kindness, dignity and compassion. And in so many ways our social enterprises are leading by example and showing how business with social purpose can help translate our NPF ambitions into a reality. That's why it is crucial we support our flourishing social enterprise sector to further grow and develop and that is why the actions within this plan, co-produced with the sector itself, help provide the strategic approach necessary to make that happen.



Support for economic recovery

The Scottish Government has accepted the recommendations made by the Advisory Group on Economic Recovery³ and have set out through our Economic Recovery Implementation Plan (ERIP)⁴ how we will use these to strengthen what we are doing to respond to the economic crisis. We are also committing to going further. The economic crisis provides an opportunity to re-imagine Scotland and to begin building a greener, fairer and more equal society: a wellbeing economy.

In September 2020 we launched our **£25m** Community & Third Sector Recovery Programme and we have announced a further **£14m** in February for the next financial year,

2 National Performance Framework | National Performance Framework

3 Towards a Robust, Resilient Wellbeing Economy for Scotland: Report of the Advisory Group on Economic Recovery - gov.scot (www.gov.scot)

4 Economic Recovery Implementation Plan: Scottish Government response to the Advisory Group on Economic Recovery - gov.scot (www.gov.scot)

enabling support for Third Sector and community organisations to continue to the end of June 2021. The programme has two parts, Adapt and Thrive and the Communities Recovery Fund.

The Adapt and Thrive Programme aims to support organisations across the third sector to adapt to the challenges presented by Covid-19 and build back better to thrive in the future. The programme will help organisations to make the necessary changes to operate sustainably so they can continue to have a positive impact on people and communities.

The Communities Recovery Fund aims to support charities, community groups, social enterprises and voluntary organisations in supporting people and communities through the shift from lockdown to recovery.

As well as the Community & Third Sector Recovery Programme we will continue to listen to and work with the sector partners and national agencies to ensure that we recover quickly and with a stronger thriving social enterprise sector.



The contribution of social enterprise

Social enterprise is critical to Scotland's wellbeing economy. Across the country, social enterprises are already reimagining and embracing a fairer way of doing business. Covid-19 has seen social enterprises stand up and play vital roles within their communities, displaying innovation and determination to support the most vulnerable.

Social Enterprises in Scotland support more than **80,000** jobs and contributed **£2.3bn** (Gross Value Added) to the Scottish economy in 2019⁵. These social enterprises trade for the common good and largely, do so in a way consistent with the shared principles and characteristics set out in the *Voluntary Code of Practice for Social Enterprises in Scotland*⁶.

Inherent in the social enterprise approach is a singular focus on addressing complex social and environmental issues. Social enterprises demonstrate how Scotland's businesses can help us work towards a modern wellbeing economy through prioritising sustainable growth, environmental responsibility, promoting fair work, inclusion and opportunities for all.



5 Social Enterprise in Scotland – Census 2019 (socialenterprisecensus.org.uk)

6 Voluntary Code of Practice for Social Enterprise in Scotland (se-code.net)

About this action plan

This action plan forms part of the Scottish Government's long-term commitment to realising the full potential of social enterprise.

In December 2016, we published Scotland's Social Enterprise Strategy⁷ - a wide-ranging and ambitious 10-year framework.

As part of the Strategy in April 2017 we published our first three-year action plan⁸, which set out important early steps to deliver on our ambitious vision for the sector. Key achievements since that time have included:

Investing over £30 million into Scotland's social enterprise sector



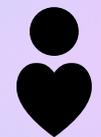
Promoting social enterprise to young people in over 850 schools across Scotland



Investing £5 million in start-up funds to support more than 300 new social enterprises



Providing specialist business advice to more than 4,020 social enterprises



Establishing a £17 million fund providing affordable loans to social enterprises



⁷ Scotland's Social Enterprise Strategy 2016-2026 - gov.scot (www.gov.scot)

⁸ Building a sustainable social enterprise sector in Scotland: 2017-2020 - gov.scot (www.gov.scot)

Since then, evidence from Scotland's Social Enterprise Census project (2019)⁹ has shown how the sector has grown substantially in scale, reach and impact, although many parts of the sector remain fragile.

While much has been achieved during the period of the first Social Enterprise Action Plan (2017-2020) much remains to be done.

Despite considerable innovation and resilience, the fragility of the sector has been revealed by the events of 2020. In response to the Covid-19 situation, the Scottish Government launched a **£350m** emergency communities fund including:

Now, as we seek to build our recovery and embrace new opportunities on the horizon, this new action plan describes our priorities for 2021-24, and details how we will work across the public sector and with partners to build forward and put the social enterprise model at the heart of Scotland's recovery.

Strong collaboration has helped to shape this action plan. It was informed by an extensive process of consultation throughout the social enterprise sector, to reflect the views and aspirations of frontline enterprises, as well as working across government to ensure coherence with wider government policy. A series of consultation events

A **£50 million** Wellbeing Fund provided support to Third Sector Organisations, including charities and social enterprises.



A **£25 million** Third Sector Resilience Fund provided an emergency fund for charities, community groups, social enterprises and voluntary organisations working in Scotland.



A **£25 million** Community and Third Sector Recovery Fund to deliver financial support and access to specialist advice and support.



were undertaken which engaged over **500** social enterprise representatives across the country and written responses were received from almost **300** social enterprises. The development of the action plan was also informed by evidence collected through Scotland's Social Enterprise Census; a biennial analysis of the scale, characteristics and needs of the sector.

Focus of the action plan

This action plan reasserts the Scottish Government's long-term vision of social enterprise at the forefront of a new wave of ethical and socially responsible business in Scotland; far-reaching and becoming central to the way that Scotland chooses to do business.

The plan sets out how we will take action over the next three years to:

- > Work across government, and with national agencies, to create the conditions, opportunities and investment necessary for social enterprises to fully realise their potential;
- > Develop the national ecosystem of support for social enterprises, ensuring that it remains fit-for-purpose and world-leading;
- > Work closely with sector partners to support the recovery from the Covid crisis whilst also looking to raise ambitions, grow capacity, spur

innovation, and ensure the sector is ready to seize opportunities;

- > Develop a third sector equalities baseline to ensure that all activity supported by the Third Sector Unit is calibrated to tackling the barriers faced by people with protected characteristics. With a focus on social enterprise as the first action area.

The pages that follow set out some important guiding principles and outline how we will support the recovery and deliver on the three key priorities set out in Scotland's Social Enterprise Strategy of:

- > Stimulating Social Enterprise
- > Developing Stronger Organisations
- > Realising market Opportunity

We strongly believe that social enterprise can play a pivotal role in delivering on our central purpose and key outcomes as set out in the National Performance Framework, making Scotland a more successful country, with opportunities to create sustainable and inclusive growth, reduce inequalities and increase wellbeing for all. Whilst, Covid-19 has presented significant challenges for the sector, these priorities increase in importance.

Guiding Principles

There are a number of broad principles that will underpin this action plan and guide its implementation over the next three years.

Co-produced

The Scottish Government continues to foster close co-operation with the social enterprise community, and recognises the need to co-produce and co-deliver solutions.

To ensure continuing co-production, we will form a strategic advisory group, reflective of the diverse society we live in and with appropriate representation to guide implementation of this action

plan. Where required, a small number of sub groups and working groups supported by sector partners will be formed to progress key workstreams, this will ensure an effective voice for social enterprises, and share best practice among those organisations supporting the social enterprise sector.

We will maintain a strong relationship with the sector based on effective communication, openness, transparency, and trust.

Joined up

We recognise that many stakeholders must play an active role if we are to deliver on the ambitions of this action plan.



From within the Public Bodies and Public Service Reform division, the Enterprising Third Sector team will continue to perform a strategic role, working across government and with national agencies to pursue parity of service and unlock the full potential of the sector – in areas such as education, economic development, and the environment. We will encourage greater recognition of social enterprise within government policies, plans and programmes and ensure strong cross-directorate working to realise opportunities for the sector in driving inclusive economic growth and reducing inequalities.

Through the delivery of this action plan we will engage with organisations across the public sector, encouraging them to increase their support for frontline social enterprises through the combined energy, resources and investment they can bring. This will build on the already significant contribution of partners in this respect through local social enterprise strategies and plans.

We will work directly with partners to bring forward support that is national in reach and local in impact. We will ensure that any funding opportunities are clearly communicated and that the work we fund will complement and add value to the already vibrant support ecosystem. This will be taken forward via a funding strategy that encourage a more strategic approach, allocating resource to support the sector, linked

to this Action Plan and the National Performance Framework. We will look to prioritise support for national level programmes and projects, whilst encouraging a wider public sector approach to support and encouraging regional and local investment by appropriate departments and bodies. The new funding strategy will be made available for the sector to ensure there is transparency on how funding decisions will be taken.

Evidence-based

We recognise that the work introduced as part of this action plan must be based on the best available evidence and that must remain responsive to the needs of the sector as it evolves. This has been particularly evident during the Covid crisis, with the Scottish Government having made available over **£100m** in emergency grant funding to social enterprises.

We will continue to be led by evidence produced in the biennial census of social enterprise activity, an objective source of data on the contribution, characteristics, and needs of the sector. The Census is supported by a representative steering group from within the Social Enterprise ecosystem and the results will help us better understand the changing needs of the sector as we move past the immediate impact of the global pandemic.

Where possible we will combine data available from the social enterprise

census with other evidence produced by national agencies and sector partners to produce a fuller picture of the contribution of our investment and impact on the sector.

As we have set out above we will ensure transparent and evidence-based funding that achieves maximum impact for the sector, working with strategic partners, and associated programmes we fund as part of this action plan. Funded projects will be monitored against agreed outcomes to ensure that programmes and activity remain effective and increasingly provides good value for money.

Inclusive

We must ensure the activity we directly fund is open and accessible to social entrepreneurs and social enterprises across Scotland.

We will ensure that activity supported under this action plan is inclusive in its design and reach.

In particular it should:

- > Embrace the principles of Fair Work;
- > Remain equally accessible to rural and island communities, reflecting the particular needs of these communities in line with the commitments of the Islands (Scotland) Act 2018¹⁰; and

- > Actively seek to reflect the diversity of Scotland, with particular respect to protected characteristics as set out in the Equality Act 2010¹¹.

We will build these considerations into our funding processes and, where necessary, provide additional focus and support for targeted groups or locations as informed by the census.

Financially sustainable

As a government we must ensure that activity supported under this action plan is efficiently delivered and designed with financial sustainability at its core. We recognise the mixed economy of resourcing that social enterprise needs whilst working with organisations to realise enterprise potential where viable.

We will directly fund ongoing programme activity where it aims to provide a national level of support across the social enterprise sector, where there is evidence of effectiveness, and where it is central to the implementation of this action plan and consistent with its guiding principles.

We will support pilot projects where there is likely to be significant national learning and/or a route to achieving sustainable outcomes.

¹⁰ Islands (Scotland) Act 2018 (legislation.gov.uk)

¹¹ Equality Act 2010 (legislation.gov.uk)



Stimulating Social Enterprise

In the last three years we have seen a continued growth in the number and variety of new social enterprises forming. Across Scotland, social entrepreneurs and enterprising communities are taking on social and environmental challenges in increasingly creative ways. We are committed to creating the conditions where thousands more citizens from all backgrounds can find out about and start social enterprises in the places they live, work or study.

Summary of key actions

During the next three years we will:

- > Double our funding to **£2m** over **3** years to ensure that by 2024 every school child will have the opportunity to engage with a social enterprise project in their school career, introducing the benefits of the social enterprise model to young people across Scotland;
- > Invest an additional **£1.5m** to build on the successful programme of support offered through Adapt and Thrive which helps community organisations wanting to diversify their income streams;
- > Create the conditions where place-based social enterprise activity and communities can flourish, through enhanced promotion, developing capacity, and funding;
- > Build on wider changes in consumer behaviour accelerated since the pandemic, supporting new initiatives that inspire and encouraging more entrepreneurs across Scotland to consider the social enterprise approach;
- > Support new opportunities to unleash the passion of Scotland's social innovators through a new **£30m** loan fund, supporting pioneering solutions and alternative delivery models;
- > Work with sector partners and national agencies to enhance the national ecosystem of support for new-start social enterprises and a pipeline of support throughout their journey.

Social enterprise opportunities for young people

Scotland's Social Enterprise Strategy set out our ambition to ensure social enterprise learning is available to the next generation of social entrepreneurs. This recognises the enormous potential of children and young people as powerful agents of change in their communities.

Under the previous three-year action plan we have supported The Social Enterprise Academy to develop an Education programme that has made considerable progress in engaging with over **850** primary and secondary schools, as well as new initiatives in further and higher education.

The unprecedented economic and educational shocks of the Covid-19 pandemic have placed the situation of young people into sharper focus. In 2020, we introduced a Young Person's Guarantee¹² to ensure that within two years, every person aged between **16** and **24** will have the opportunity to study; take up an apprenticeship, job or work experience; or participate in formal volunteering. Without such measures, the unemployment rate among young people in Scotland was believed likely to increase to more than **20%** due to the impact of COVID-19 on our economy.

Between now and 2024 we will invest £2m to ensure that every school child will have the opportunity to engage with a social enterprise project in their school career at least once. Our young people are an important asset to Scotland now and for the future, and through social enterprise we can protect them against long term negative effects of the pandemic. We will do this through:

- > Doubling the financial support for the phased implementation of social enterprise education activity, to reach every school in Scotland;
- > Enabling the progress of new initiatives in universities and colleges, to ensure institutions are receiving the best possible support to graduate the next generation of social entrepreneurs;
- > Embed social enterprise into youth enterprise, citizenship, and employability programmes, as part of a pathway towards economic opportunity for young people;
- > Test ways to introduce social enterprise activity into youth work in Scotland, in order to reach aspiring social entrepreneurs;

Through this combination of measures, we will enable Scotland's young people to creatively and compassionately engage with issues that are important

to them and their community, while building transferable skills and unlocking career opportunities within the social enterprise sector.

Stimulating place-based social enterprises

The Scottish Government has adopted the Place Principle¹³ an approach to enabling local areas to respond to issues and circumstances in the ways which work best for them, and of improving the impact of combined resources and investment in local communities. It is in these local communities that people from all backgrounds and circumstances work together on enterprising initiatives.

The Place Principle is a vital tool to support our social enterprises and create the conditions where place-based social enterprise is actively promoted in communities and can flourish, particularly in our most deprived communities. Putting the principle into action means:

- > Investing an additional **£1.5m** to build on the successful programme of support offered through Adapt and Thrive which helps community organisations wanting to diversify their income streams;
- > Recognising the enormous potential of small, locally-accountable

enterprises in local public policy-making, procurement and service delivery;

- > Encouraging multi-agency support for social enterprises through local social enterprise strategies and plans;
- > Actively promoting the potential for social enterprise activity in ways that are most effective in reaching local people and organisations;
- > Ensuring adequate encouragement and support is available to bring forward new social enterprise ideas; and
- > Celebrating the achievements of local communities that are driving forward the successful development of social enterprise.

As part of our commitment we will work with sector partners to support innovation in the promotion of, and support for, place-based social



enterprises. We will build on existing initiatives, including our Investing in Communities Fund, Community Wealth Building commitments and other activity such as Buy Social and the recently published A New Future for Scotlands Town Centres¹⁴. Thriving towns are vital for economic and social wellbeing and social enterprises can look to be a vital part of this collaborative community ecosystem.

Social enterprises already provide an important driver for community wealth. In all areas we will work with partners to ensure the contribution of social enterprises is central to social and economic development and wellbeing.

In particular, Community Wealth Building is an important approach that seeks to foster community economic development in a way that is responsive to local needs and provides the opportunity for a greater contribution from place-based social enterprises. To support Community Wealth Building we will provide an additional five hundred thousand pounds to help community third sector organisations to diversify their income streams through entrepreneurial activity. This will be money generated locally which in many cases is invested back into the communities in which they are based, helping communities to have more control of their local economy.

Inspiring and mobilising entrepreneurs

Scotland CAN DO¹⁵ embodies a collaborative ecosystem approach where sustainable growth and innovation go hand in hand with wider benefits to all of society. There is a rising tide of evidence to show that business for good is good for business and this is increasingly recognised by the business community, the business support network and by investors. Under the Scotland CAN B¹⁶ programme we have worked with partners to raise awareness and understanding of wider societal impact within businesses and to embed consideration of impact in our business support measures.

The importance of entrepreneurs in improving social and environmental outcomes cannot be overestimated. For example, we know that many entrepreneurs have pivoted their business operations this year to support essential health supply chain work to tackle COVID-19.

We want more entrepreneurs in Scotland to consider the wider impact of their businesses and business models. We will therefore work across government and with national agencies to enable **new initiatives that inspire, mobilise and support entrepreneurs**

14 A New Future for Scotlands Town Centres - gov.scot (www.gov.scot)

15 Home - CANDO.SCOT

16 Scotland CAN B – Home

to have a positive impact on society and the environment. Social enterprise will be at the heart of this values-based approach to business in Scotland.

Enabling social innovation

There were already many significant social and environmental challenges facing Scotland, all of which require continued, arguably enhanced innovation on the part of our public services and institutions. The Covid crisis has added to the challenge, requiring the public sector to adapt and change rapidly and embrace new ways of working.

We have explored complicated challenges from new angles, bringing people together from different sectors to apply their talents and ideas, and introduced creative thinking to design and deliver services. There are many tried and tested approaches to encouraging this type of social innovation – for example; public and social innovation labs, challenge prizes, civic innovation districts.

Given the success we have had so far, we will look to further explore the range of possibilities, and **new opportunities to unleash the passion, pioneering solutions and alternative delivery models of Scotland's social innovators, entrepreneurs**

and enterprises. The end result we seek is - public services that are more inclusive, sustainable, and effective in improving people's outcomes.

Supporting New Social Enterprises

As set out in Scotland's Social Enterprise Strategy, our ambition is to provide the national ecosystem of support that helps to find, fund, and support social entrepreneurs to bring their ideas to life. This has a renewed focus, given the societal and economic shock from Covid-19, which effects will be long lasting. Social enterprises have changed business models, quickly adapted their delivery of social impact, and are well placed to keep adapting to continue in leading the way in creating a fairer, more inclusive country.

Since 2011 the Scottish Government has funded Just Enterprise¹⁷ (a free national business support programme for social enterprise) to deliver the Business Support for Social Enterprise contract. Just Enterprise secured a new contract in 2019, for an additional **4** years, and will continue to support the Social Entrepreneurs Fund, and a range of other intermediaries and programmes that have provided a first port of call for new social enterprise activity.

Within the scope of this action plan **we will work with partners to enhance**

17 [Main \(justenterprise.org\)](http://justenterprise.org)

the national support available to new-start social enterprises. We will:

- > Continue to offer start up advice, workshops and learning through Just Enterprise, as part of a coherent ecosystem of business support for social enterprise;
- > Directly support the Social Entrepreneurs Fund, enhancing its ability to stimulate and showcase pioneering new ventures and its targeted impact on pressing social issues as well as Scotland's response to the climate emergency;
- > Encourage initiatives that enable social entrepreneurs to connect, learn, bring forward ideas and start new social ventures;
- > Ensure adequate and focused support for those ambitious start-ups with the potential to break new ground and achieve impact at scale;
- > Work with national agencies, including Business Gateway, to integrate with mainstream ecosystem as appropriate;
- > Encourage new social ventures to commit to adopting fair working from the outset;
- > As part of, and influencing, the wider ecosystem of entrepreneurship support, we will continue to ensure that support for start-up social enterprises remains effective.

The last Social Enterprise census also showed that we still need to do more to support greater inclusion in social enterprise development. We must respond effectively based on the evidence and understanding of barriers for people from protected characteristic groups. To support this **we will establish an equalities baseline across Third Sector Unit supported activity and prioritise a focus on social enterprise.** This will build upon the last census and take into account the effects of the pandemic. With stronger evidence we will be able to ensure key delivery partners deliver a Social Enterprise Capacity Building Programme, providing prioritised support for those facing the greatest barriers to inclusion in social enterprise development.





Developing Stronger Organisations

Prior to the Covid crisis the social enterprise sector as a whole was going from strength to strength. The pandemic has significantly impacted this progress with many social enterprises remaining fragile and unable to fully realise their potential. Through our Economic Recovery Implementation Plan we have put in place robust steps to ensure that, as we look to recover from the crisis, social enterprises will have the support, knowledge and networks they need to achieve their potential.

Summary of key actions

During the next three years we will:

- > Ensure that funding and support are available to social enterprises to help with sustainable recovery, move forward and adapt following the Covid-19 crisis. Including a further **£14m** made available in 2021-22 through the Third Sector and Communities Recovery Programme;
- > Pump-prime a range of direct funding mechanisms which, in combination, will provide the finance necessary to support the growth and sustainability of the sector;
- > Ensure that our mainstream business support services continue to recognise and appropriately support social enterprises, while at the same time enhancing specialist provision;
- > Ensure that support is available to social enterprises in rural areas and that this recognises the different challenges they face;
- > Invest **£1.5m** to create a clear pipeline for social enterprises from conception to the international market, with a focus on ethical opportunities in emerging markets such as Africa and South East Asia;
- > Continue to support programmes that enable people within the third sector to develop entrepreneurial behaviours, mindsets and skills;
- > Support further action to create stronger, more effective, and more

diverse boards within the social enterprise sector;

- > Continue to support social enterprise networks as well as other forms of business mentoring, coaching, and peer-to-peer learning;
- > Attach Fair Work criteria to grant support for social enterprises (as well as the organisations that support them), asking them to commit to adopting fair working practices;
- > Better understand the opportunities and enable the social enterprise sector to lead by example in combating climate change and achieving net zero;
- > Ensure that social enterprises have access to high quality advice and practical resources to help plan, measure and report on impact;
- > Set out our plan to fund an enhanced single intermediary body with responsibility for representing the social enterprise sector across Scotland;
- > Launch a new **£30m** Third Sector Growth Fund. This loan fund will be aimed at ambitious, high growth potential organisations that will be key to inclusive growth and the wellbeing economy.

Supporting resilience and recovery

2020 has seen enormous challenges for the social enterprise sector, as well as society as a whole. The Scottish Government acted swiftly putting accessible support packages in place to ensure local authorities, community groups and the third sector were able to support people and communities affected by COVID-19. **A £350m emergency communities fund** comprising eight funding pots was announced in March 2020. A number of these funds were available to support those in the social enterprise sector. We have also provided direct support for businesses with awards of more than **£2bn** having been allocated between March and October 2020.

The Scottish Government continues to support the sector, the **£25m** Third Sector and Communities Recovery Programme was launched in September 2020 and we have confirmed that a further **£14m** will be available in 2021-22, enabling support for Third Sector and community organisations to continue to the end of June 2021

From November 2020 the Strategic Framework Business Fund has offered grants to eligible businesses required to close or to those that have remained open and have had to significantly modify their operations by law. This fund is not only open to limited companies, partnerships and

sole traders, but also to trusts, Scottish charitable incorporated organisations, social enterprises and community interest companies, provided they meet the eligibility criteria.

Access to finance

The global pandemic means that public finances will be challenged, making it vital that we ensure we maximise the impact from funding over the next few years. This means continuing to be innovative with spending and exploring new ways of funding organisations.

The Scottish Government has also worked for many years to remove barriers to finance and encourage a more sustainable funding mix within the social economy. The Covid-19 crisis has shown the importance of this approach.

As part of this action plan, we will ensure that **a spectrum of appropriate grant-based and repayable finance is in place to support the growth of the social enterprise sector**. This will contribute to fulfilling our commitment in response to the Advisory Group on Economic Recovery which recommended that “we will explore new forms of social investment and finance to build upon Scotland’s world leading position in social enterprise”.

In the period to 2024 we will:

- > Explore ways to work with the Scottish National Investment Bank to direct growth capital to ambitious, growth-oriented social enterprises that will tackle identified social and environmental challenges facing Scotland;
- > Make ongoing investments through the Scottish Social Growth Fund, offering patient capital to support social enterprises sustain and grow their social impact;
- > Continue to investigate new democratic forms of local capital, including Community Shares and Community Bonds, enabling local people to financially reinvest in their communities while unlocking affordable, appropriate and patient capital;
- > Enhance the Social Entrepreneurs Fund to increase its reach and targeted impact on Scotland’s social and environmental challenges;
- > Deliver our Investing in Communities Fund, to increase support for place-based social enterprises that will address local priorities and needs, promote inclusion, and build on the assets of local communities;
- > Invest any potential returns from existing and legacy funds into new financial products and services, as well as test innovative commissioning models, which will

support the delivery of better public service outcomes;

- > Launch a new **£30m** Third Sector Growth Fund. This loan fund will be aimed at ambitious, high growth potential organisations that will be key to inclusive growth and the wellbeing economy. This approach will help the sector to continue to support the challenge of the pandemic and its anticipated impact in the long terms.

The collective response of social investors, foundations and public authorities to ensure the resilience of the social enterprise sector in 2020 has been a real positive to come from the crisis. We will continue to work with partners in the social finance community to deliver these funds, promote investment-readiness within the sector, and find the right funding models to ensure the long-term recovery and contribution of the sector.

We will also explore ways to work with like-minded grant-makers and investors to bring new capital and resources to the social enterprise sector and better understand the unique needs and contribution of social enterprise within the wider third sector.

Business support

The challenges experienced in 2020 have highlighted the widely varying circumstances, needs and prospects of different parts of the social enterprise community. The Scottish Government continues to recognise that the varied aspirations and needs of social enterprises are best served by a diverse ecosystem of business support, mainstream and specialised, nationally organised and locally delivered.

We will **work with national agencies and mainstream business support services to continue to recognise and effectively support social enterprises**, as part of our wider encouragement and support for responsible businesses. The Find Business Support Gateway¹⁸ has been available online throughout the Covid-19 crisis offering information online about relevant products and services from our enterprise and skills agencies and has been increasingly accessed by social enterprises, as well as the use of Business Gateway services. We will also encourage effective knowledge sharing and joined-up working across agencies, services and business advisors supporting the development of the social enterprise sector.

Through our Covid-19 response funds we have made available additional business support services



and we will continue to **enhance specialised business support for social enterprises** including as part of Just Enterprise, the national programme of specialised business support. As part of this we will ensure an enhanced range of information, advice and training is available to social enterprises across all of Scotland and that providers are embracing innovations, including the use of digital technologies, to widen access and deliver more flexibly and efficiently to social enterprises.

Rural social enterprise

The Scottish Government recognises the unique importance of social enterprise to business and community life in rural Scotland, and the sector's particular impact on Scotland's most remote and fragile communities.

On the back of the Islands (Scotland) Act 2018 the consultation for the National Plan for Scotland's Islands¹⁹ highlighted a thriving third sector as a key strength amongst island communities – in many cases filling in gaps in service provision and vital to many island communities. It is clear that social enterprises play a crucial role in Scotland's Island and rural communities. Community led and collective leadership approaches are particularly evident across rural communities, offering opportunities for

further learning and development.

As such, we will **ensure that support is available to social enterprises in rural areas and this support recognises the different challenges they face**. As part of this, we will encourage strong collaboration across Scotland's enterprise agencies to adopt and share best practice approaches to place-based business support for small rural enterprises and, where possible, to realise the contribution of local social enterprises to the wider economy. We will also ensure appropriate flexibility in the modes of delivery used within social enterprise programmes and initiatives to best serve social enterprises in rural areas.

This builds on the Scottish Government's commitment to a new approach to business support in rural areas, to enable the true potential of the rural economy to be realised.

Internationalisation

The Scottish Government recognises the important role played by social enterprises in strengthening our links with the international community, as a potential source of international trade, in supporting Scotland as an international destination and in developing Scotland's reputation as a good global citizen.

¹⁹ The National Plan for Scotland's Islands - gov.scot (www.gov.scot)

Since the publication of Scotland's Internationalising Social Enterprise strategy²⁰, we have: supported international social enterprises located in Scotland; enabled social enterprise activity in partner countries; and engaged strategically in the development of the social enterprise movement globally.

While Covid-19 has made trading internationally very difficult we must recognise that a key challenge during this action plan will also be Brexit and the uncertainty that this has brought.

We recently published the Scottish Government's Vision for Trade²¹. Scotland wants to trade based on our principles of inclusive growth, wellbeing, sustainability, a just transition to net zero and good governance. These principles underpin the trading and investment relationships we want Scotland to have now and in the future, including how we implement our three cornerstone international economy plans on exports, investment and capital, and it articulates the approach that the Scottish Government wants to take in developing future trading arrangements.

The Vision for Trade includes social enterprises as a key exemplar and are covered throughout the document under the term "business". It recognises that Social enterprises often lead the way in their contribution to a Wellbeing economy. Scottish Government's aim is that social enterprises will become widely accepted as an increasingly just, democratic and inclusive way of doing business.

The Vision for Trade concludes with a commitment to engage with individuals, businesses, academics and other organisations in Scotland and globally on our approach to trade and how this will shape future trade-related decisions, this includes social enterprises.

Scotland already has many social enterprises who have made the transition to trading internationally, but we recognise the importance of both continuing to support these organisations and to help new organisation access these new markets. To do this we will invest an additional **£1.5m** to **initiate a longer-term programme that will strengthen the multi-agency support available to social enterprises that wish to operate internationally**. This will ensure accelerated progress through:

20 Internationalising Social Enterprise: A Strategy for Scotland (September 2016) - gov.scot (www.gov.scot)

21 The Scottish Government Vision for Trade - gov.scot (www.gov.scot)

- > Creating a clear pipeline of tailored support for social enterprises from conception to the international market, with a focus on ethical opportunities in emerging markets such as Africa and South East Asia;
- > Ensuring that Social enterprises lead the way in delivering Scotland's Vision for Trade;
- > Supporting social enterprises to be involved in strategic Ministerial engagements and a positive influence on the global social enterprise movement;
- > Increasing two-way dialogue and learning between Scotland and partner countries;
- > Fostering a more conducive environment for international social enterprises willing to locate in Scotland and build their businesses from here;
- > Better access to business support, continued funding opportunities through Scottish Development International and learning opportunities for social enterprises moving into international markets, and supporting Scotland as an international destination;
- > Strengthening international outlook and leadership within the social enterprise community; and
- > A strong role for social enterprise in international development initiatives.

We will remain open to opportunities to harvest best practice from around the world and ensure that Scotland remains at the forefront of global social enterprise development.

Entrepreneurial learning and development

Scotland's long-term Social Enterprise Strategy sets out a broad commitment to developing leadership within the third sector, enabling organisations to be more entrepreneurial, more sustainable, and better able to serve their community.

Over the last three years we have supported a range of learning and development programmes. These have enabled people to understand the social enterprise approach, developed enterprising leadership and community leadership skills, and provided the knowledge required to start or develop a social enterprise.

Specifically, **we will encourage programmes that enable people within the third sector to develop entrepreneurial behaviours, mindsets and skills.** This will include learning and development programmes that focus on learning by doing and are flexible, practical and responsive. Our support will also enable further innovation in the learning programmes, formats, and platforms.

Building the leaders of tomorrow
(succession planning & talent

development) requires collective effort. We want to encourage partnership working and collective leadership approaches. It is important to instil the value of this into staff/volunteers at all levels so the leaders of tomorrow are natural collaborators with the skill to build and nurture relationships, think creatively about solving problems and draw on the strengths and skills of others.

Governance, boards and volunteers

The Scottish Government recognises the enormous contribution of volunteers to the social enterprise sector and communities across Scotland. The Volunteering for All: national framework²² sets out our ambition to create a society where volunteering is the norm – where opportunity and expectation are not limited by upbringing, social circumstances or gender, and where we all celebrate and honour the contributions we make. The recent Social Renewal Advisory Board Report picks up this theme, and highlights the importance of increasing the numbers of both disabled people and people from minority ethnic communities who volunteer in our social enterprises. We will continue to work with delivery partners to address the disparity.

In what has been an unprecedentedly difficult year the strong and agile leadership shown by the social enterprise sector has not only allowed many organisations to survive the crisis, but many have changed the direction of the organisation, identifying areas where communities are struggling or resources are needed and moving in to provide support.

Volunteer trustees/directors in particular have a key impact on whether a social enterprise thrives, through the leadership, behaviour, culture and overall performance of boards.

Over the last few years, the Scottish Government and partners have supported initiatives to review and strengthen boards in the third sector and to ensure that organisations are well governed, effective, and accountable. The last Social Enterprise Census showed that across small, medium and large social enterprises the majority are led by women this is positive, but we must push on, ensuring that organisations and boards are inclusive and reflective of the diverse society within which they operate. This is particularly important for ethnic minority groups and young people where the 2019 census shows that they are considerably underrepresented.

22 Volunteering for All: national framework - gov.scot (www.gov.scot)

Building upon previous work lead by ACOSVO, **we will work with national agencies and sector partners on initiatives to create stronger governance and boards using The Scottish Governance Code for the Third Sector²³**. These should enable organisations to:

- > Have a rigorous approach to board recruitment, performance and development;
- > Ensure a range of professional skills, knowledge, and experience is available to the social enterprise sector; and
- > Maintain and increase board diversity, finding ways in particular to enhance representation of young people and people from minority communities.

We will also continue to directly fund work to identify and raise awareness of the barriers faced by many ethnic minority groups and young people as well as striving to increase the number who are on boards.

This will build on other initiatives to support business growth and workplace innovation.

Networks, peer support and mentoring

Social enterprises are often stronger operating together than alone, during a time of continuing uncertainty the importance of mutual support and a collective response is even more apparent. Through better connection and collaboration there are significant benefits for personal, professional and organisational growth.

In the last Social Enterprise Action Plan, we provided direct funding for initiatives that have supported collective leadership development, the formation of networks, and the exchange of learning.

We will **work with sector partners to support vibrant networks of organisations, where they have coverage**, enabling social enterprise leaders to come together, learn, collaborate, trade, and share services.

There has been a rapid change to digital technology, with companies investing in technology to compete and survive in a changing market. We will work with others to help **bring forward more wide-ranging and efficient models of business mentoring, coaching, and peer-to-peer learning**. Enabled both in-person and digitally, these will include new ways to combine skills, resources and knowledge within the sector, and draw on pro bono support from outside.

Ensuring fair work

Fair Work is central to achieving the Scottish Government's priority for sustainable and inclusive growth, through which everyone in Scotland can contribute to and benefit from our country's success. Fair Work is more important than ever and is at the heart of Scotland's economic recovery and renewal. The Government remains ambitious for Scotland to be a world-leading Fair Work Nation by 2025; accordingly, we are continuing to deliver our Fair Work priorities in line with the Fair Work Action Plan²⁴ and the Scottish Government's Fair Work response to the Advisory Group for Economic Recovery. Fair work will drive success, wellbeing and prosperity for individuals, businesses, and society.

While evidence suggests that social enterprises are leading the way on fair and inclusive working practices, the sector can go even further.



Through our flagship Fair Work First policy²⁵, we are aiming to **drive fairer working practices across the labour market by attaching Fair Work criteria to our support to social enterprises, where it is appropriate to do so**. As such, we are asking social enterprise employers to commit to:

- > appropriate channels for effective voice, such as trade union recognition;
- > investment in workforce development;
- > no inappropriate use of zero hours contracts;
- > action to tackle the gender pay gap and create a more diverse and inclusive workplace; and
- > payment of the real Living Wage.

Guidance for social enterprise employers will be made available and is supported by the online **Fair Work Framework Benchmarking Tool**, developed jointly by the Scottish Government, the Fair Work Convention and the enterprise and skills agencies. The tool enables employers to self-assess their practices and access support to help them strengthen their approach. Social enterprise employers should also encourage their staff to use the Fair Work Convention's separate

²⁴ Fair Work Action Plan – mygov.scot

²⁵ Fair Work First – mygov.scot

online self-assessment tool²⁶ which is designed to help employees assess their own experience of fair work and suggest actions that can be taken to improve on it.

Addressing the climate emergency

Scotland is facing a climate emergency. Like the rest of the world, we must act to mitigate the worst impacts of climate change on our people and our planet. Scotland is already leading the way and social enterprise can play a leading role in supporting this. Scotland has committed to some of the toughest statutory emissions reductions in the world to ensure that our contribution to climate change will end, definitively, within one generation.

The year 2020 has given a glimpse of how we can build back from COVID-19 in a way that respects the planet, how rapidly business can adapt to the opportunity of a low carbon economy, and how resourceful and co-operative Scotland's people can be. Our hope is for the social enterprise sector to play a leading role in showing how much better a post-pandemic society can be when we put environmental considerations to the forefront.

But we need a step change in the way we live, work and do business if our climate targets are to be

realised. Scotland's response to the climate emergency also requires us to work across sectors. We have already supporting businesses and communities to transition to a low carbon economy, through programmes such as our Environmental Placement Programme, a new Boost It fund for environment social enterprises, and the development of community climate action hubs.

The Scottish Government supported policy and practice conference has contributed to a collaborative effort to place social enterprise and the third sector in a leading role towards a net zero economy. Through this Action Plan we will work to **better understand and highlight the challenges and opportunities of achieving net zero, we will introduce measures that will enable and support the social enterprise sector to lead by example in combating climate change, and develop measures to support creativity and innovation in this critical challenge.** As part of this commitment we will ensure that social enterprises get access to the knowledge, advice and practical tools they will need to deliver climate action and play a major role to achieving Scotland's net zero ambitions.

Demonstrating impact

The ability to demonstrate social impact has been consistently identified as an area of particular need among national agencies, sector partners, and social enterprises. We recognise the importance of ensuring that social enterprises are able to produce the evidence they need to show they deliver well, create impact, and live up to appropriate values and practices.

The pandemic has given many leaders and organisations the opportunity to think, challenge assumptions and reflect on where their organisation can make most difference. There has been a massive upswing in interest in support as organisations seek to consciously plan to make continuing impact, show they deliver well, and create value for society.

As part of the last Social Enterprise Action Plan, we supported some new and efficient ways for organisations to learn about and improve impact measurement practices – social and environmental. We have also introduced expert advisory support on this topic into Just Enterprise, the free national business support programme for social enterprises.

We will **redouble our efforts to ensure that national agencies and sector partners are accounting for social value in appropriate ways and to ensure that frontline enterprises have access to high quality advice**

and practical tools to help plan, measure and report on impact. This will include access to one-to-one advice, training workshops, digital learning, and improved access to practical tools and techniques that can improve practice. We will also look to use the biennial social enterprise census to start the journey towards robustly measuring social impact on a national scale.

Sector representation

Our ambition is to ensure that social enterprise plays a greater role in civic society and business in Scotland. To do this we must draw on the collective strength of social enterprises, ensure they are more visible and more active in public discourse.

For some years now, we have supported the work of a number of membership or ‘intermediary’ bodies that represent and support some within the sector. With and through these bodies we have helped social enterprises to be heard, make connections, collaborate, and learn from each other.

As part of the changing landscape and in line with international comparisons we believe that the support provided to the Social Enterprise sector will be best served by having one clear voice advocating for it. During the first quarter of 2021/22 **we will develop a plan, informed by partners, to fund an enhanced single intermediary**



body with responsibility for representing the social enterprise sector across Scotland; bringing together the very best of a sector that has enabled social enterprises in Scotland to flourish domestically and be recognised internationally.

We will work with this body together with national delivery partners to develop a national infrastructure that represents and supports the sector most effectively and works to deliver the priorities set out in this action plan. Locally, we will support Third Sector Interfaces (TSIs) to provide

meaningful and consistent support to social enterprises across Scotland, and an effective bridge into public policy-making at local authority level. Together, we must ensure that national and local support is both joined up and coherent.

Realising Market Opportunities

Over the last three years there has been considerable success in harnessing the purchasing power of the public sector and business community, to create new market opportunities for social enterprises. During this period, we have also seen more and more social enterprises move boldly into consumer markets. We will work with partners to accelerate these trends, enabling more consumers, public authorities and businesses to understand and purchase from social enterprises.

Summary of key actions

During the next three years we will:

- > Bring forward a programme to help improve collaborative commissioning and the role of social enterprise in the delivery of public services.
- > Invest any potential returns from new and legacy funds into new financial products and services that will test innovations collaborative commissioning and the delivery of better public service outcomes.
- > Review progress based on research and spread best practice in implementing the Sustainable Procurement Duty²⁷ across Scotland's public sector buying community.
- > Review our support for procurement and how we best support mechanisms that will enable social enterprises to prepare, bid, win and deliver public sector contracts.
- > Take continued action to realise the potential of supported businesses to access public contracts, through the use of reserved contracts and other mechanisms.
- > Support new initiatives that will raise awareness and help broker relationships between social enterprises and prospective corporate partners and purchasers.

27 Public sector procurement: Sustainable procurement duty - gov.scot (www.gov.scot)

- > Test new ways of harnessing the purchasing power of local anchor institutions to create opportunities for local social enterprises and keep money circulating within communities.
- > Based on consumer research we will look to raise awareness and realise the potential of social enterprises in consumer markets.

Collaborative Commissioning

Scotland has demonstrated considerable imagination in the way that public services are designed and commissioned. Previous Scottish Government support to test innovative commissioning models such as Public Social Partnerships has pointed to new ways of co-designing services and delivering better service outcomes.

We will continue to drive transformative change in commissioning practices and support public sector commissioners to use the flexibilities available to them. Building on current initiatives, we will encourage where possible localised commissioning that engages effectively with independent providers and promotes collaboration, innovation and trust.

To help achieve this we will **explore ways to improve collaborative commissioning across Scotland's**

public sector. Any programme in this area should use public sector practitioners and managers to better understand the strategic commissioning cycle, understand best practice models for involving the third sector and social enterprises in service design and commissioning, and encourage ways to make the most of relationships with the sector.

Funding new commissioning models

To enable the next generation of public services to take form, Scotland requires a more diverse set of funding models than are currently available.

These new funding models are required if a wider range of social enterprises are to take on a meaningful role in delivering public services. Such models sit alongside, and on the spectrum between traditional debt finance and grants.

We will **explore ways to invest in and support new financial products and services, as well as test innovative commissioning models, which will support the delivery of better public service outcomes.**

Sustainable procurement

The Procurement Reform (Scotland) Act²⁸ has put in place solid foundations for sustainable public sector procurement. With the introduction of the sustainable procurement duty and a focus on community wealth building, contracting authorities must now think about how our regulated procurements will improve Scotland's social, environmental and economic wellbeing, with a particular focus on reducing inequality. It also requires us to facilitate the involvement of SMEs, third sector bodies and supported businesses in our procurements which are designed in a way that encourages them to be involved. Public purchasers have the statutory guidance, tools, and accountability mechanisms needed to optimise the community benefits of procurement activity and ensure that small suppliers (including social enterprises) have adequate access to public contract opportunities and are treated fairly. Improving access to, and the number of, public sector awards to local businesses, including social enterprises, is a key tenet of Community Wealth Building.

In the next year, based on research evidence, we will **review progress in implementing the sustainable procurement duty across Scotland's public sector** and find ways to accelerate the adoption of innovation and best practice across public sector buyers.

Alongside this, **in partnership with public sector partners and the social enterprise sector, we will review our strategic approach to procurement.**

This is with the aim of closing the gap between social enterprises and private sector SMEs in terms of the number of contracts that they are successfully winning within Scotland's public sector.

Supported businesses

Scotland has a long history of supported business activity - social enterprises whose main aim is to integrate disabled or disadvantaged people socially and professionally. During the last three years we have made considerable progress in raising the visibility of supported businesses to public sector buyers, enabling the use of reserved contracts, and helping develop the commercial potential of supported businesses.

During the next three years we will work to **take continued action to realise the potential of supported businesses to access public contracts.** This will require action to make supported businesses more visible to buyers and action to ensure buyers have the confidence in, and see the benefits of, working with supported businesses. This includes promoting the use of Reserved Contracts and encouraging engagement between buyers and suppliers that qualify as a supported business.

28 Procurement Reform (Scotland) Act 2014 (legislation.gov.uk)

Corporate supply chains

There is considerable potential to transform the way that big companies do business and impact society, including through their routine spending on social enterprise suppliers.

Over the last few years there have been a small but growing number of cases where big businesses have systematically introduced social enterprises into their supply chains. In part, these have been encouraged by the introduction of Scotland's sustainable procurement duty, including the use of Community Benefit Clauses and social enterprise sub-contracting requirements in public contracts.

There are an increasing number of big companies who are seeking to grow their social impact through buying social in their supply chains.

The Corporate Challenge has a stated aim of creating supply chain opportunities for social enterprises over the term of this Action Plan.

Corporate buyers will be encouraged to demonstrate they are buying from social enterprises; have fair, accessible and open procurement processes, be committed to measuring the impact of buying social and be encouraged to raise awareness of social enterprise across their business.

Our ambition is to steadily grow awareness and increase the level

of new business secured by social enterprises through corporate contracts. Over the next three years we will work with agency and sector partners to **encourage effective approaches to raising awareness of social enterprise within the business community, of brokering relationships between social enterprises and prospective corporate partners and purchasers, and to support ambitious, growth-oriented social enterprise suppliers to respond.**

Supplying local services

Social enterprises are often strongly rooted in their communities, delivering a range of vital goods and services in their local neighbourhood, village or town. This has been seen across the country as local businesses and organisations have stepped up to provide help to their communities where it was most needed.

We recognise the potential of local public and private sector anchor institutions in these local economies as purchasers, asset owners and enablers of this community-based social enterprise activity. These purchasing institutions include universities, housing associations, and others.

Through Community Wealth Building pilots and our wider initiatives to strengthen cities, regions and town centres, we will explore how social enterprises can contribute to greater

democratisation of the economy and inclusive economic growth. This will include **working with social enterprises to develop their ambition and capacity, and also working with large local “anchor” institutions to identify ways that local social enterprises can bid for and win contracts, thereby keeping money circulating within communities.**

Consumer market opportunities

The early evidence suggests that the Covid crisis has prompted a change in consumer behaviour, with a growing appetite to support locally produced and authentic products as well as a continuing support for brands with purpose. This has created a significant opportunity and growing number of social enterprises that are tapping into consumers’ desires to live sustainably and buy ethically and local.

In the last three years the Scottish Government has supported a range of initiatives that have enabled social enterprises to build brand presence, bring forward new retail products, and to take their first steps in consumer markets.

Buy Social is an example of this, a growing international movement with its Scottish launch at the end of 2020 it looks to promote trading social enterprises and showcase their products, services and experiences

through a directory of Scottish consumer-facing social enterprises. Encouraging consumers to choose a product that makes a difference.

We will **support opportunities to raise consumer awareness of social enterprise, and to build capabilities required by social enterprises to enter consumer markets.** This work will be guided by a fuller assessment of consumer attitudes and demand.

Key Actions from across the Action Plan

This ambitious three year action plan demonstrates the government's commitment to social enterprise as a way of doing business for the common good that is vital to Scotland's desire to become a Wellbeing Economy.

The action plan leverages increased financial support into activities tied to delivering both the ambition set out in the 10 year strategy but also within our national performance framework. We believe that investing in the Third Sector and in Social Enterprises is key if we wish to build forward as a stronger, fairer and more equal society.

Key actions:

1. Develop a third sector equalities baseline to ensure that all activity supported by the Third Sector Unit is calibrated to tackling the barriers faced by people with protected characteristics.
2. Double our funding to £2m over 3 years to ensure that by 2024 every school child will have the opportunity to engage with a social enterprise project in their school career, introducing the benefits of the social enterprise model to young people across Scotland.
3. Invest an additional £1.5m to build on the successful programme of support offered through Adapt and Thrive which helps community organisations wanting to diversify their income streams.
4. Create the conditions where place-based social enterprise activity and communities can flourish, through enhanced promotion, developing capacity, and funding.

5. Build on wider changes in consumer behaviour accelerated since the pandemic, supporting new initiatives that inspire and encouraging more entrepreneurs across Scotland to consider the social enterprise approach.
6. Work with sector partners and national agencies to enhance the national ecosystem of support for new-start social enterprises and a pipeline of support throughout their journey.
7. Ensure that funding and support are available to social enterprises to help with sustainable recovery, move forward and adapt following the Covid-19 crisis. Including a further £14 million made available in 2021-22 through the Third Sector and Communities Recovery Programme.
8. Pump-prime a range of direct funding mechanisms which, in combination, will provide the finance necessary to support the growth and sustainability of the sector.
9. Ensure that our mainstream business support services continue to recognise and appropriately support social enterprises, while at the same time enhancing specialist provision.
10. Ensure that support is available to social enterprises in rural areas and that this recognises the different challenges they face.
11. Invest £1.5 million to create a clear pipeline for social enterprises from conception to the international market, with a focus on ethical opportunities in emerging markets such as Africa and South East Asia.
12. Continue to support programmes that enable people within the third sector to develop entrepreneurial behaviours, mindsets and skills.
13. Support further action to create stronger, more effective, and more diverse boards within the social enterprise sector.

14. Continue to support social enterprise networks as well as other forms of business mentoring, coaching, and peer-to-peer learning.

15. Attach Fair Work criteria to grant support for social enterprises (as well as the organisations that support them), asking them to commit to adopting fair working practices.

16. Better understand the opportunities and enable the social enterprise sector to lead by example in combating climate change and achieving net zero.

17. Ensure that social enterprises have access to high quality advice and practical resources to help plan, measure and report on impact.

18. Set out our plan to fund an enhanced single intermediary body with responsibility for representing the social enterprise sector across Scotland.

19. Launch a new £30 million Third Sector Growth Fund. This loan fund will be aimed at ambitious, high growth potential organisations that will be key to inclusive growth and the wellbeing economy.

20. Bring forward a programme to help improve collaborative commissioning and the role of social enterprise in the delivery of public services.

21. Invest any potential returns from new and legacy funds into new financial products and services that will test innovations collaborative commissioning and the delivery of better public service outcomes.

22. Review progress based on research and spread best practice in implementing the Sustainable Procurement Duty across Scotland's public sector buying community.

23. Review our support for procurement and how we best support mechanisms that will enable social enterprises to prepare, bid, win and deliver public sector contracts.

24. Take continued action to realise the potential of supported businesses to access public contracts, through the use of reserved contracts and other mechanisms.
25. Support new initiatives that will raise awareness and help broker relationships between social enterprises and prospective corporate partners and purchasers.
26. Test new ways of harnessing the purchasing power of local anchor institutions to create opportunities for local social enterprises and keep money circulating within communities.
27. Based on consumer research we will look to raise awareness and realise the potential of social enterprises in consumer markets.



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This publication is available at www.gov.scot

Any enquiries regarding this publication should be sent to us at

The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-80004-882-9 (web only)

Published by The Scottish Government, March 2021

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS850786 (03/21)

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