

SSEN

Sheffield Social
Enterprise Network

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Why We're Here Today?

As social and economic challenges grow, funders are rethinking how best to generate lasting impact. Social enterprises offer a powerful, underutilised route.



What We'll Cover

What is a social enterprise?

Why fund them?

How to define eligibility?

What structures to prioritise (or exclude?)



What is a Social Enterprise?

"A social enterprise leverages the power of business to bring about change and address systemic inequities in society." - Ashoka

"A social enterprise is a values-driven organisation that prioritizes impact over profit while building a more inclusive economy." - SEWF

"A social enterprise is a business designed to meet a social goal, where money serves as a means to an end, not the end itself." - Muhammad Yunus

The Impact at a Glance

131,000

Social Enterprises
Active in the UK

2.3M

People employed
through Social
Enterprises in the UK

£78 BN

In Revenue generated
through Social Enterprise
activity

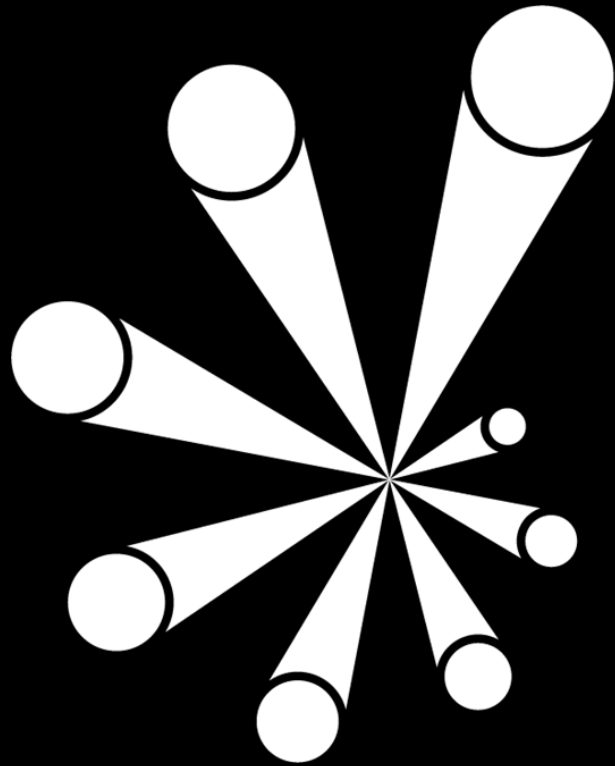
Social Enterprises Vs Social Enterprising



Social Enterprising = Using business tools to achieve impact (any org can do it)

Social Enterprise = Structurally and legally committed to public benefit





SEGA

**Social Enterprise
Growth Accelerator**



Principle Social Enterprise Legal Structures

Community Interest Company (CIC)

Cooperative society

Community benefit society

Charitable incorporated organisation (CIO)

Defining Social Enterprise

“A business with primarily social/environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners”.

Eligibility Criteria

- Does your organisation have a clear social or environmental mission?
- Do you have a long-term plan* to earn more than half of your organisational income through trading?
- Will you re-invest or donate at least half of the organisation's profits?
- Will your organisation be transparent in the way it operates and the impact it has?



Why Philanthropic Funders Should Support Social Enterprises



1. Social Enterprises Deliver on Mission with Sustainable Models
2. Funding Social Enterprises Grows the Social Economy
3. Many Social Enterprises Meet or Exceed Charitable Impact Standards
4. Many charities themselves are pivoting to Social Enterprise models



Properly defined, social enterprises:

- Operate in pursuit of public benefit.
- Reinforce charitable goals through embedded mission.
- Often reinvest most or all profits for community impact.
- Social Enterprises often work side-by-side with (or as part of) charities, targeting the same systemic challenges.



How to Define a Social Enterprise to Qualify for Philanthropic Funding



Minimum Criteria for Funding Eligibility

Governing Documents

- Must clearly state a primary social purpose aligned with charitable objects (e.g. poverty relief, education, community development).
- Include an asset lock, restricting use of assets and profits for private gain.



Minimum Criteria for Funding Eligibility

Profit Distribution

- Surpluses should be majority reinvested in the social purpose (e.g. >50%, ideally 100%).



Minimum Criteria for Funding Eligibility

Transparency and Accountability

- Annual reporting on social impact.
- Governance structure with clear public benefit obligations.



Minimum Criteria for Funding Eligibility

Legal Structure

- Must be a recognised social enterprise form, or have modified private structures with enforceable restrictions.



Should Some Social Enterprise Structures Be Prohibited?



It's not just the form that matters — it's how it's governed, who benefits, and how profits are used.”



Structures Funders Should Prioritise:

- Community Interest Companies (CICs) - Limited by guarantee.
- Community Benefit Societies.
- Charitable Trading Subsidiaries wholly owned by charities.
- Cooperatives that operate for community benefit (not mutual benefit alone).



Structures That Should Be Cautioned or Prohibited:

- Standard private limited companies (Ltds) without any asset lock and social purpose.
- Companies limited by shares where shareholders can extract full profits.
- Mutual co-ops that operate solely for member benefit.



Should Private Limited Companies Be Funded?



Yes — but only if they meet strict structural conditions. For example:

Charitable Trading Subsidiary (Ltd)

- Wholly owned by a charity.
- Articles of association amended to include:
 - Clear social purpose.
 - Asset lock or restriction on profit distribution.
 - Obligatory reinvestment or donation of profits to the parent charity.



Concluding Remarks

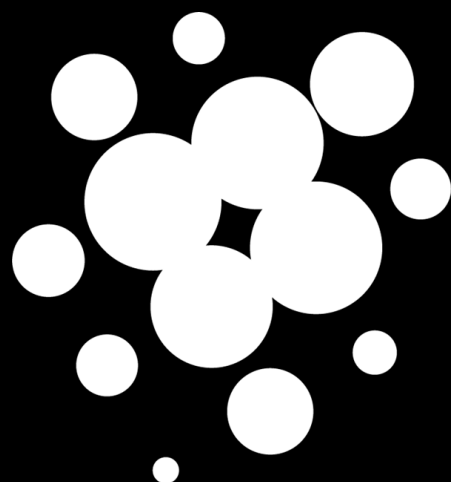
Traditional philanthropic funders can achieve greater impact and sustainability by funding social enterprises, provided those enterprises meet clearly defined public benefit and governance criteria.

In doing so, funders help unlock enterprise-based solutions to entrenched social issues, shifting charitable funding towards long-term systems change, rather than short-term service patching.



Any Questions?





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