

ENTERPRISE

EMPLOYMENT

EMPOWERMENT



2004 ANNUAL REPORT

Social **Firms UK**

The Staff Team during 2004:

- Sally Reynolds (Chief Executive)
- Gerry Higgins (Business Development Director)
- Glenda Throup (Finance Manager)
- Clare Neville (Office Manager)
- Kathy Baker (Operations Manager)
- Theresa Belton (Office Assistant)

Full Members

- @Liberty • Able Types Limited • Acceptable Enterprises (Larne) Ltd. • Acorn Marketing • Albert Rd Enterprises • AnyBodyCan Ltd. • Aquamacs • Axis Guidance Services (Working Progress Ltd) • Beds Garden Carers • Beneficial Foundation • Bits and Bobs Co-operative • Bridlington Contracts • Buddies (Golborne) • Buster's Coffee Merchants (Yes2 Ventures Ltd) • Café Nova Interchange Ltd • Care in the Community - North Tyneside Council • Castle Project Print Finishers • Chailey Heritage Enterprise Centre • Cherry Orchard Centre • Chopsticks (North Yorkshire) • City and Docklands Gardening Company • Community and Social Services Directorate - Salford World of Work Partnership • Community Horticulture Initiative (CHI) Ltd • Constructive Ltd • Cornish World • Cuckmere Garden Products • Daily Bread Co-operative (Cambridge) Ltd. • Daily Bread Co-operative Ltd (Northampton) • Derwent Deliveries Ltd • Disability Business Consultancy • Edinburgh Embroidery Services • Employment Services, London Borough of Hillingdon • Enable • Eternal Benefits Furniture • Focus Solutions • Focus To Work Trust Ltd • Funky Flamingo Club • Gamelea Enterprises • Green & Clean Services Ltd • Greenboro • Heeley City Farm Enterprises • Holyrood Gardens • Impressions Ltd • Infusion Co-operative • Innovate Trust • Ithos • Jigsaw Pantry • Katalyst Events • L.A.M.H. Recycle Ltd. • Leonard Cheshire Bells Piece • Lincoln Industrial Workshop Trust Ltd • Links To Work • Lyndhurst Guest House • Mainway Enterprises • Mencap Rushcliffe Project • Mental Health Aberdeen • MillRace IT Ltd. • Minerva Craft Screen Printers Ltd • Mires Beck Nursery • Netherne Printing Services • New Environmental Ventures Ltd • Newco Products • Newport Action for the Single Homeless • Old Tree Nursery • Pack-IT Product Promotions Ltd. • Paradise Furniture Project • Parkview Laundry • Pedals • People Enabling Co-operative Ltd. • Pinford Community Garden Project • Pond Farm Sculpture • Print Works • Queen Alexandra College (Enterprises) • Real Work Training • Reclaim - Nottingham • Recycle-IT! Ltd. • Recycling Unlimited • ReDress • Riverside Centre • Rolls On Wheels • Rosies Café • Scotsar Web Design & E-Publishing • Shaw Trust - Ayresome Industries • Shaw Trust Industries • Sheffield Rebuild Limited • Sheffield Reclamation Ltd. - Reclaim • Shreddybed • Silver Fern Concrete • Six Mary's Place Guest House • Sleep At Ease • Solstice • Sorted4sounds • Southdown Housing Association • Special Abilities • Square One • St. Anne's Textiles • Sugar Acre • The Burgh Lodge • The Coach House Trust • The Disabled People's Electronic Village Hall • The Factory (Warrington) • The Growing Place • The Knotted Note Ltd • The Merthyr Tydfil Institute for the Blind • The Newlink Project Ltd • The S.O.F.A. Project • Travel Matters • Tricon Foundation • Vocational Support Service • Walsall MBC. Manufacturing Unit (Supported Workshop) • Warwick Candles • Westcombe Industries • Whirlow Hall Farm Trust • Wirral CARES • Workmatch • Yes2Work Ltd.

2004 was a year of transition and clarity for the organisation. Clarity, because we were able to launch our activities under the Phoenix Development Fund 'Flagship Firms' programme to inject growth into the sector in a very focused way. We were also able to develop the focus on quality in the Social Firm sector. In turn this influenced the Aims and Objectives we defined at the end of 2004. Transition because the staff structure at the end of 2004 was quite a different one to the beginning of the year – a necessary move in order to be able to meet our newly defined Aims and Objectives.

In a sector where the effectiveness of support agencies is regularly questioned, Social Firms UK is proud of its ability to deliver initiatives that actively grow the number of Social Firms and increase employment opportunities for disabled people within them. This refreshingly practical approach is a result of our consistent "plan, develop, implement and review" approach. 2004 was essentially a year of planning and development. We anticipate that 2005/6 will be a time of implementation. We need to evaluate the impact of this approach in 2005/6 to determine how Social Firms UK should adapt to emerging priorities and plan new programmes and initiatives to maximise future Social Firm development opportunities.



Social Firms UK is proud of its achievements during 2004. Not only does it continue to uphold its reputation as a support agency focussed on effective and practical development work to grow the number of good quality Social Firms, it has also developed strategic approaches and influenced policy that will develop the sector. With a staff team of only 5 full time equivalent staff during 2004 this is quite a feat, and is made possible through its continuous partnership approach, drawing in the support and expertise of associates and regional partners.

A good example of this approach is the production of the 'Addressing Disincentives' report in October 2004, funded by EQUAL and led by Social Firms UK within the Social Enterprise Partnership. By commissioning the expertise of the Sainsbury Centre for Mental Health, Social Firms



UK was able to achieve its goal of producing a report based on evidence from the sector. The report made recommendations to policy makers within government on the ways in which improvements could be made to the benefits system for disabled people (especially those with mental health problems) seeking employment. The benefits trap and disincentives to work are of course of fundamental concern to the Social Firm sector and improvements to policies surrounding these issues will assist with the growth of the sector and number of jobs created for disabled people. The report has reached the desks of policy makers within government (as a result of the partnership approach taken) and we are already beginning to see signs that some of the recommendations within the report are being reflected in benefit system change.

Social Firms UK has set itself some ambitious goals for the next few years and with an effective team now working to full capacity to realise these goals, our members, partners and stakeholders can be assured that efforts to grow the sector are in good hands.

Dr. Bob Grove
Chair

ORGANISATIONAL AIMS AND OBJECTIVES

The trustees and staff of Social Firms UK put a lot of energy into debating and agreeing our new Aims and Objectives of the organisation. The main aims are set out below and the full document, with the operational objectives, is available from our website:

Aim 1)

Raise the profile and understanding of the Social Firm model;

Aim 2)

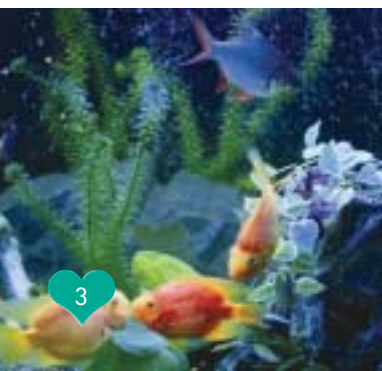
Promote quality and the values of Enterprise, Employment and Empowerment to the Sector;

Aim 3)

Use market intelligence to identify new opportunities, economic sectors and business models to expand the Social Firms sector;

Aim 4)

Develop a range of support services, and work with affiliated regional/national networks and partners where appropriate to help achieve this.



SOCIAL ENTERPRISE

The emergence of the Social Enterprise sector has proved a double-edged sword for the Social Firm sector, especially for our partners and associates within regional/national Social Firm networks.

We see the benefits of being part of a larger movement, but we are conscious that the development needs of Social Firms are not necessarily the same as those of the Social Enterprise sector as a whole. It is Social Firms UK's responsibility to ensure that the Social Firm voice is clearly heard throughout the swiftly changing Social Enterprise environment.

This responsibility is taken very seriously. Fortunately the relationships at national level with our colleagues in the Social Enterprise sector and relevant government departments are conducive to our views being heard and respected. As a relatively small national support agency, we appreciate the added value that the Social Enterprise Coalition brings in helping to feed our views to government and policy departments. Certainly we would struggle to do this alone and with arguably less impact as a single agency. It remains for us, though, to ensure that the voice to government is truly reflective of the needs of the Social Firm sector and that will remain a priority as the profile of Social Enterprise continues to increase.

Trustees:

R Grove (Chairman) • B Williams (Treasurer) • S Crawley, R Stephens • E Martin (resigned 13th September 2004) • K Bates (resigned 23rd August 2004) • A Bird • A Cornfield • A Cox (resigned 19th May 2004) • K Critchley • M Powell • S Probert, M Webster • S Reynolds (Secretary) • R Binnall (resigned 26th February 2004) • P Dreyer (appointed 19th May 2004) • D Robinson (appointed 19th May 2004)

Associate Members

1st MoveAbility • A Clean Sweep Co-operative Ltd • Aberdeen Cyrenians • Aberdeen Day Project Ltd (The Bread Maker) • Aberdeenshire Council, Social Work Dept • Accalia • Access To Business • Advanced Training Unit • Anglia Polytechnic University - Projects Unit • Angus Social Work Dept • ARRC (Aylesbury Recycling & Re-use Centre) • Art-Trek Artists Ltd • Aspire • Community Enterprise (Sheffield) Ltd • Association for Residential Care • Avon Co-operative Development Agency • Bentley Day Centre • Bosscat • Branching Out Garden Maintenance • Brothers of Charity Services • Business Community Connections • Business Link Berkshire and Wiltshire • Business Link Devon and Cornwall • Business Link Lincolnshire and Rutland • Business Link Surrey • C.A.R.E • Cambridge Co-operative Development Agency • Capability Scotland • CARE Blackerton • CARE Ironbridge • CARE Ponteland • CARE Stanley Grange • CARE Arundel • CARE Kent • Carlyon Print / Shaw Trust • Carolina House Trust • Carpet Cleaning Care • Case Training Service • Clackmannanshire Council • Clifton & Wilford Area Committee • Community Café - Bromley Mencap • Community Café - London Borough of Bromley • Community Enterprise in Strathclyde • Community Enterprise Team - Business Link County Durham • Community Orchard Project • Community Regeneration York • Consultation and Advocacy Promotion Service • Co-operative Futures • Co-options • COPE Ltd • CORE • Cornwall College • Derbyshire County Council, Social Services Department • Direct Payments Support Service • Disability Initiative • East Dunbartonshire Association for Mental Health • EIP Workability • ELDI • Employment Assessment Centre • Feat Enterprises • Fenland Area Community Enterprise Trust • Flourish House Ltd • Forth Sector • Foxlane Market Garden Co-operative Ltd • Freeways • Friends Of Dundas • G & M Associates • Garden Gang (CARE) • Garden Minders • Gateshead Council • Gazelle Personal Development • Get Fresh Community Coffee Ltd • Good Gallery Guide • Grampian Housing Association • Greater Easterhouse Development Company • Greater Glasgow NHS Board • Greenhill Centre • Growing Space • Haldane Associates • Halton Supported Employment Service • Harley Reed Consulting Ltd • Helm Training Ltd • HFT • Hoot Music • I Am Here • Ideas Plus • IMBY Ltd • Impact Arts (Glasgow) Ltd • Inclusive Solutions 2 Disability • Industrial Common Ownership Finance Ltd. • Industrial Services Group • Inspire Nottingham • Instant Neighbour • Instep Communities • Institute for Sustainable Development in Business • Integrate Employment Services • International Raptor Research & Conservation Ltd • ISE • Jean Hamilton Associates • Kennet Supported Employment • Kensington and Chelsea Mind • Kent County Council (Able To Do Business) • Key Enterprises (1983) Ltd. • Lambeth Accord • LEAP, Economic Development Unit, Bridgend County Borough Council • Leicester and County CDA • Linkage Community Trust • Linthouse Housing Association • Living Space • Lockwood Day Centre • Longley Organised Community Association Ltd. • Luton Borough Council, Housing and Social Services • Making Space (Yorkshire) • Mary Frances Trust • Matrix Community Enterprise Ltd • Mencap • Mencap Leeds Pathway Employment Service • Mental Health Matters • Menter Fachwen • Merlin Supported Employment • Merton Oasis • Midlothian Council Regeneration Services • Molesey Horticultural Centre • Momentum • Mutual Advantage •

PARTNERS

Myriad Community Solutions • Nansen Highland • National Society for Epilepsy • NCDA / NEWCEP • Newstart • North Black Country Social Firms Network • North West E.Net North Yorkshire County Council • North Yorkshire County Council Supported Employment Services • Northumberland County Council Social Services • Nottinghamshire Healthcare NHS Trust Employment Initiative • O.T. Skills Centre • Open Minds In Perthshire • Opportunities North • ORB Community Enterprise • Outreach 3 Way • Pathways Shropshire • Pentreath Ltd • People Matters • Peppy • Phoenix Community Publishing & Design • Play & Recycling Centre (PARC) • Powys Social Economy Forum • PRAXIS • Printability Scotland Ltd • Project Ability • Prospects • ReCovered • Recycling Ollerton And Boughton • Renfrewshire Association for Mental Health • Richmond Fellowship Employment & Training • RNIB Redhill College • ROC (Robert Owen Communities) • ROCC Technologies Ltd • Royal National Institute for Deaf People • Rugby Community Placement Unit • S.T.A.A.R. Furniture • SAMH • Sandwell & Dudley Social Enterprise • Sandwell Council - Adult Provider Division • Schools and Homes Energy Education Project • Scottish Borders Council • Scrapheap • Selby Trust Ltd • Shaw Direct • Shaw Trust • Shaw Trust Southern Region • Sheffield Community Enterprise Development Unit • Shopmobility Sheffield • Shropshire County Council, Social Services Dept • Silsby Silsby • Silver Birch (Scotland) Ltd • SMART • Social Care & Health Directorate, Leicester City Council • Social Information On Disability (SID) • South Ayrshire Council • South East England Development Agency (SEEDA) • South Yorkshire Centre For Integrated Living • Southside Partnership • Speakup Self Advocacy Ltd • Spectrum Day Services (Brandon Work Learning & Leisure) • St. Marys Community Centre • Staffordshire County Council - Social Services Dept • Stride (South Tyneside) Ltd • Suffolk Acre • Suffolk Connect • Surrey County Council, Social Services, Adult Services • The Clear Communication People • The Jacob's Well Appeal • The London Borough of Ealing (Strategy, Housing & Social Services) • The Pond Road Employment Project • The Riverwood Project • The Vocational Services • Tiger Blue • Toots • Toucan Employment • Toucan Europe • Truro College, Open Learning Centre • Turning Point Scotland • Umbrella • United Response • Unity Enterprise • Victoria Park Centre • Vision 21 (Cyfle Cymru) • Voluntary Action Lochaber • Wakefield Metropolitan District Council • Waterloo Woodwork • Welsh Development Agency • Welsh Initiative for Supported Employment (W.I.S.E. Ltd) • West Kent NHS & Social Care Trust • West Midlands Social Business Group • Westminster Society for People with Learning Disabilities • Whitby Network • Wolverhampton Working Wardrobe • Working Well Trust • Work-In-Progress • Workwise (Suffolk) Ltd. • Workwise Project • Your Choice Strathclyde Ltd • Your Enterprise Solutions • Zoom Co-operative Ltd

We recognise the importance of and have continued to work with partners on the Social Enterprise Partnership EQUAL project (SEP), the Social Enterprise Coalition and regional/national Social Firm and Social Enterprise networks. Similarly, relations with our core funders retain high priority within our strategic work. The importance of these funding partnerships cannot be underestimated. A relationship was formed in 2004 with a new funder to Social Firms UK – The Lankelly Foundation (now Lankelly Chase). Again, the fact that Social Firms UK was actively implementing an exciting initiative around the franchising and replication of Social Firms (the 'Flagship Firms' programme) and that the focus on quality for the future was clearer than ever, assisted our funding application. We welcome Lankelly Chase into our family of funders, alongside Esmée Fairbairn, NatWest and The Royal Bank of Scotland, Sobell Foundation and Tudor Trust. We look forward to working with each of them in 2005 and beyond to meet the shared vision for the sector and for disabled people ultimately gaining employment in Social Firms.

In May 2004, the trustees of Social Firms UK committed themselves to improving and acknowledging good quality Social Firms as a priority. Developing a Social Firm Accreditation Scheme is not a light undertaking. To meet this objective there was a restructuring of the staff team at the end of 2004. We hope to launch the scheme towards the end of 2005. Our membership, particularly the well established social firms that are committed to our values of enterprise, employment and empowerment, are concerned to ensure the sector develops in such a way that these values are evident and visible in all Social Firms. Members and stakeholders recognise that Social Firms UK has a role in implementing Quality Systems to ensure that being a "Social Firm" has a consistent meaning wherever the term is used in the UK.

“The concept of Social Firms and Social Enterprise is still a bit of a novelty in many areas and so I know that our members present were very interested in your unravelling some of the mystique.”

(Surrey Community Action)

QUALITY





We are keen to set a good example in our purchasing and management practices. Services and products are bought, wherever possible, from Social Firms and other types of Social Enterprise and we embarked upon the Investors in People programme in mid 2004. The timing for introducing the organisation to IIP couldn't have been better. The staff team was being encouraged to actively participate in organisational planning and we had moved from offices which segregated to an open plan environment so it seemed absolutely natural to do something that we've always claimed as good practice for Social Firms. Assessment takes place later in 2005 so we're unable to share the outcome for this report. As a process it's proved invaluable to Social Firms UK and one that we will continue to recommend to the sector.

Thank you for delivering such a fantastic session. The feedback from Award winners was great and they were very encouraged by your advice and each others' comments.

(Development Manager, UnLtd)

In the course of 2004, Social Firms UK also moved offices. This proved to be a highly beneficial move in several ways:

- we now share office space with Pet Protect, an operation within Domestic & General Group PLC, overcoming the sense of isolation that we'd encountered in Aspect House;
- Domestic and General Group PLC were supportive in Social Firms UK needing office space on a flexible basis as we explored local potential to develop a Hub for Social Enterprise;
- The new office is laid out to a high standard and within an open plan setting the team environment and culture has flourished;
- We've been able to make a saving of more than 75% on the previous rent paid annually.

Moving is always a stressful event, but thanks to 1st MoveAbility's calming influence (a Social Enterprise based in Hillingdon), our reliable IT support being close at hand throughout and Domestic & General Group's telephone expert willingly helping us along, it went relatively smoothly. For the time being, while future opportunities for purchasing a premises that would have hub and incubator potential in the Redhill area are explored in more depth, Social Firms UK will be at Furness House.



The University of Northumberland was the venue for the 2004 Annual Social Firms UK Conference in September. This event differed from previous years as it merged the Social Firms UK Summer School with a conference agenda, resulting in an extended residential programme. The financial support from the Social Enterprise Unit within the Small Business Service was again instrumental in Social Firms UK being able to offer a varied and exciting programme. The change to a new extended programme proved popular, with a record attendance at the welcome evening's AGM, more than 150 delegates participating in the conference and overall positive feedback.

For the staff at Social Firms UK, the event organisation proved challenging but satisfying in terms of team effort. Although surroundings will never be as luxurious as a hotel, the cost effectiveness of holding a residential conference within a university setting has proved invaluable with many more members being able to afford to attend. We will strive to continue to offer affordable and accessible events and maximise the learning and networking opportunities that these annual conferences continue to offer our members.

September proved however to be a difficult time to hold an annual conference; this was due mainly to the summer break (which interrupted the flow of bookings); the late surge that resulted from it, and our own capacity to deal with the necessary preparations over the summer period. It also overlapped with the annual conference of the Development Trusts Association (DTA). Although the number of bookings were not adversely affected it did create some difficulty for our mutual stakeholders in trying to support both events. Recognising that university accommodation is only available to events outside of term time, we've therefore brought the 2005 conference forward to June so that the overlap with our partners in the DTA should not re-occur.

Thank you for the draft checklist – it will be helpful to us in assessing where we are and where we would like to be in the future.

(Member)

Inspiration is often gained from other countries approaches to Social Firms, and at the beginning of 2004 two very different experiences took place. Sally Reynolds combined a workshop on Social Enterprise in the UK at the US Social Enterprise Alliance Conference in San Francisco in Spring 2004 with a self-inflicted gruelling schedule of travelling across America to visit 10 Social Enterprises and brought back lessons learned. A trip that took in Seattle, San Francisco, Minneapolis, St Paul, Philadelphia and New York resulted in 6 months of articles for Social Enterprise Magazine in the UK and a workshop at the Social Firms UK annual conference. The DTI supported the trip with a financial contribution and, among other benefits, the Social Firms UK Resource Centre was able to enhance its range of materials and resources with some inspirational additions, for example, the tape recording of Jed Emerson on the triple bottom line and Guy Kawasaki on social entrepreneurship.

Gerard Higgins travelled to Australia in February at the invitation of Social Ventures Australia to raise awareness about Social Firms. This trip involved meetings with State and Federal Government in Victoria and Canberra, and venture philanthropists in Sydney. Whereas the focus of European transnational work is often on our cultural differences, the transfer of experience to and from Australia is a different proposition. The legal and governmental systems are very similar and this creates an openness to replication and collaboration. Following this visit Social Firms Australia (SoFA) was established in 2004 by our colleagues Caroline Crosse and David Young. SoFA secured funding from the State Government in Victoria at the end of 2004 and has begun its first Social Firm development programme in Melbourne. Social Firms UK has a Support Agreement with Social Firms Australia involving strategic support, use of tools and resources, and

once the sector is well established in Australia, there will be opportunities for research and development collaboration and staff and practitioner development and exchange programmes.

Finland is one of the few countries in Europe to have introduced an Act for 'Social Enterprise' (which is closer to the Social Firm model as it's known in the UK than it is to the UK definition of 'Social Enterprise'). Towards the end of 2004 Sally Reynolds was invited by the Finnish National Thematic Network for Social Entrepreneurship to Helsinki to participate in conference presentations and roundtable discussion on Social Firms/Social Enterprises in both countries. Particular interest was shown in the initiative promoting franchising and replication as a way of growing the number of Social Firms. Our Finnish counterparts were left with food for thought about developing similar 'Finnish bred' business models.



The significant interest shown by the Finns in Flagship Firms was consistent with the level of interest in Social Firms UK's activities apparent at the CEFEC 2004 Conference in Switzerland. Very few delegates attended from the UK, due partly to cost, location (not being within the EU hindered grant funding), and the legacy of an unsatisfactory 2003 conference. However the Swiss managed to successfully host a good international conference, packed with interesting and challenging content with the perfect balance of networking and information sharing opportunities between delegates. This event paved the way for the 2005 CEFEC Conference in Slovenia (September 8-10). Social Firms UK has played a very active role in assisting the organisers and compiling the programme for this conference.

Acknowledgements:

Our thanks to the following that provided financial support for our work during 2004: Esmée Fairbairn, NatWest and The Royal Bank of Scotland, Tudor Trust, Sobell Foundation, Phoenix Development Fund, Social Enterprise Partnership (GB) Ltd

The Redhill-based Resource Centre continues to thrive. As the national support agency for the growing Social Firm sector, we believe one of the best ways to help those developing Social Firms is to create and offer practical tools and resources that will save time and increase both efficiency and capacity. The unique value to our sector is that these resources are developed with Social Firms in mind rather than any other type of business.

During 2004, one of the tools we made available was the template Social Firm Manager Job Description and Person Specification. The timing of this template was ideal because of the new National Occupational Standards for Social Enterprise being developed under the Social Enterprise Partnership (SEP) EQUAL funded project which influenced the content and approach taken. This template reflects what we've learned from experience in terms of which qualities, skills and experience that Social Firm managers need to run these businesses. Perfect for adapting to different Social Firm circumstances, this template outlines the qualities, skills and experience needed by Social Firm managers and is ideal for adapting to different Social Firm circumstances. We have experienced high usage levels and good feedback as new Social Firms realise that there are tailor made resources that can save them time and cost.

The production and launch of tools and resources is relatively quick – it is in their development that most of our effort and resources are expended. We prefer to consult with members and pilot tools since, although this extends the development phase significantly, we believe it results in better and more relevant products. 2004 was a year occupied by resource development and piloting, therefore we are looking forward to launching all of the following during 2005:

- the Social Firm Performance Dashboard (a performance management tool inspired by the Balanced Scorecard);
- an online social value calculator for Social Firms to calculate the savings they make to the State by employing disabled people;
- a DIY Feasibility Tool for Social Firms and other types of Social Enterprise;
- a Training Workbook for Social Firms (capturing aspects of Social Firm development and management that are additional to the main components of business start-up and commonly available);
- two Guides to Externalisation, one for public authorities and one for charities;
- the Values-Based Checklist for Social Firms, a tool providing clear guidance on the criteria for Social Firms within the overarching values of Enterprise, Employment and Empowerment;
- a Members Forum, providing discussion facilities on issues pertinent to Social Firm development, member contact details and free downloadable resources for members only.

Members are informed automatically regarding the availability of new products, but the latest can always be found on our website Resource Centre: www.socialfirms.co.uk

Sally Reynolds
CEO – Social Firms UK

Social Firms UK introduced a programme of franchising and replication called 'Flagship Firms' to the social firm sector in April 2004. We understand that many organisations do not have the resources to identify viable business opportunities, and go through the planning and development processes necessary to turn an idea into a successful business. 'Flagship Firms' identifies a number of business opportunities able to operate successfully and profitably as social firms and matches these opportunities to organisations and entrepreneurs interested in creating new businesses.

With a budget of £1.4m and support from the Phoenix Building on the Best Initiative of the Small Business Service /Department of Trade & Industry, Esmée Fairbairn Foundation, Royal Bank of Scotland and other partners, this programme has been well received by members and is widely regarded as one of the most innovative developments within the social enterprise sector.

During 2004 Social Firms UK developed a range of business opportunities with a number of partners. Three of these opportunities, The Soap Co, Aquamacs and Wholefood Planet are ventures where Social Firms UK has invested in developing the business and own some or all of the intellectual property and shares. This provides us with an opportunity to continue to have a direct trading relationship with our members, but it also brings a responsibility to develop high quality, well-managed businesses where ongoing support and development is provided. The other business opportunities listed below have seen Social Firms UK acting as a facilitator between a social firm/social enterprise with a business proposition (franchise, licence or replication) and a potential purchaser of that proposition. Our role has involved due diligence, system development, assessment of capacity of both parties, and support for business start-up.

Aquamacs

aquamacs The Aquamacs franchise involves the rental and maintenance of fresh water, tropical and marine aquariums, providing bespoke installations to business, public sector and private clients. It is inspired by the sustained success of award-winning Social Firm, Aquamacs, which has installed and maintained over 170 aquariums since it started trading in Cornwall in 2002. The first Aquamacs franchises will open in Newcastle, Glasgow and Oxford in mid 2005, to be followed by a number of others as Aquamacs seeks to establish a national presence.

The Soap Co.

THE SOAP CO. The Soap Co. is a manufacturing and retail venture, offering high quality, hand-made soaps, hair, bath and shower products, etc. Offering both retail and production employment opportunities for disabled people, it is envisaged that each venture will typically employ between four and six people. The first franchise opened in Edinburgh in November 2004 with further franchises in Scarborough, Whitby, Keswick and Hastings in 2005.

Wholefood Planet

 Wholefood Planet is a licence opportunity to create a wholefood warehouse. It incorporates the experience and knowledge of the successful Social Firms, Daily Bread Co-operative Northampton and Daily Bread Co-operative Cambridge which have been trading for 25 and 13 years respectively and have a combined turnover of over £1.7million. The Wholefood Planet stores operate in an increasingly popular market by offering a broad range of food and lifestyle products which have been ethically sourced.

Café Nova

Café Nova Interchange (CNI) is a healthy eating style café which has been based at London's Elephant & Castle Shopping Centre since 2001. We are developing a Café Nova Licence which will provide access to know-how, branding and imaging together with a start-up support package and operations manual. CNI has been self-financing for the last two years and has a strong brand image.



Computer Recycling

We have worked with Recycle-IT! the highly successful computer recycling firm in Luton, to support the development of Computer Recycling social firms. One emerging social firm was established in Kettering in 2004 and another is planned for Manchester in 2005. Support available includes advice on fitting out premises, use of a tried and trusted system, and centralised sales and marketing.

Pack-IT

This packaging, fulfilment, distribution and warehousing franchise opportunity is provided by Pack-IT, winner of the 2003 DTI/RBS/NatWest Social Enterprise of the Year Award. Pack-IT is based in Cardiff and employs 14 people but is looking to achieve a presence across the whole of the UK and possibly abroad. The first two Pack-IT franchises are already under development in Wakefield and Paisley.

Social Firm Hotel

A support package to develop Social Firm hotels has been agreed with highly acclaimed Social Firm Six Mary's Place. Based in Edinburgh, this business recently won the 2004 Scottish Thistle Award for Outstanding Customer Care. Indeed its high proportion of repeat business is due to the hotel's warm, relaxed atmosphere and its ethical business model. Having developed a support package in 2004, discussions were taking place with interested parties in the North East and Yorkshire to establish a social firm hotel in 2005.

yes2work Temps

Social Firms UK is working in partnership with the successful Employment Brokerage Social Firm "yes2work" to establish a Temping Agency placing disabled and non-disabled people with employers. Two pilots are planned in Cheshire and Doncaster and this venture will seek to establish a market position by supporting and preparing employees and by providing incentives for employers to convert temporary positions to full time posts.

Two of the ventures we examined in 2004, "Toots" the drive through laundry, and a Wood Plastic Composite fencing and decking venture, have subsequently been dropped from the programme due to as lengthy timescale, high level investment and uncertain markets. However other ventures continue to be developed by Social Firms UK and regional partners and will be added to the programme during 2005.

While the vast majority of programme outputs will be delivered in 2005/6 and beyond, Social Firms UK has already learned a lot from developments to date. In some regions where our membership didn't have the capacity to develop a flagship firm within the programme we have successfully identified individuals, and non Social Firms UK members that have risen to the challenge of developing new Social Firms. Some of our alliances with Development Trusts have proved to be particularly productive and three Social Firms are being developed in partnership with Development Trusts in England.

Whether it is a business opportunity within the Social Firms UK portfolio, or an opportunity where we are acting in the best interests of two independent parties, we have worked to promote an understanding of the skills, resources and culture, necessary to operate a successful Social Firm. The franchising and replication route doesn't remove the need for organisations to have these essential attributes, but it can reduce risk as the concept is proven in at least one setting. This is often attractive to funders as well as being of inspiration and comfort to potential workers and stakeholders. We look forward to over a dozen new Social Firms being established in 2005 as a result of the preparation and development undertaken in 2004.

Gerry Higgins
Business Development Director

Summary of Financial Information Year ended 31 December 2004

Consolidated Statement of Financial Activities

		2004		2003
	£	£	£	£
INCOMING RESOURCES				
Donations		88,956		84,825
Grant Income		479,840		279,861
Earned Income		6,882		38,544
Membership Income		12,515		9,004
Interest Receivable		2,186		4,050
Income generated by trading subsidiaries		44,237		47,710
Other Income		524		2,873
		635,140		466,867
RESOURCES EXPENDED				
Project Costs	502,120		364,112	
Development and Promotion	83,803		77,138	
Management and Administration	5,952		7,950	
Expenditure incurred by trading subsidiaries	35,843		47,395	
		627,718		496,595
Net Outgoing Resources		7,422		-29,728
Funds Brought Forward		130,674		160,402
Funds Carried Forward		138,096		130,674

Consolidated Balance Sheet

		2004		2003
		£		£
FIXED ASSETS				
Tangible Assets		5,578		3,865
CURRENT ASSETS				
Stock		4,221		
Debtors		159,263		171,985
Cash at Bank		121,829		253,597
		285,313		425,582
CREDITORS: amounts falling due within one year		(152,795)		(298,773)
NET CURRENT ASSETS		132,518		126,809
TOTAL ASSETS LESS CURRENT LIABILITIES		138,096		130,674
RESERVES		138,096		130,674

Summarised Financial Statements

The summarised financial statements [shown above] are not statutory accounts but a summary of information relating to the Statement of Financial Activities and Balance Sheet. The full audited financial statements were approved by the Trustees on 3 March 2005 and have been submitted to the Charity Commission. The opinion of the auditor was unqualified. Copies can be obtained from the Charity's registered office. **Sally Reynolds - Company Secretary**

Auditor's Statement To The Members

We have examined the summarised financial statements set out on pages 13 to 14.

Respective responsibilities of trustees and auditors

The trustees are responsible for preparing the summarised financial statements in accordance with the recommendations of the charities SORP.

Our responsibility is to report to you our opinion on the consistency of the summarised financial statements with the full financial statements, on which we reported to you on 3 March 2005 and Annual Report. We also read the other information contained in the summarised annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summarised financial statements.

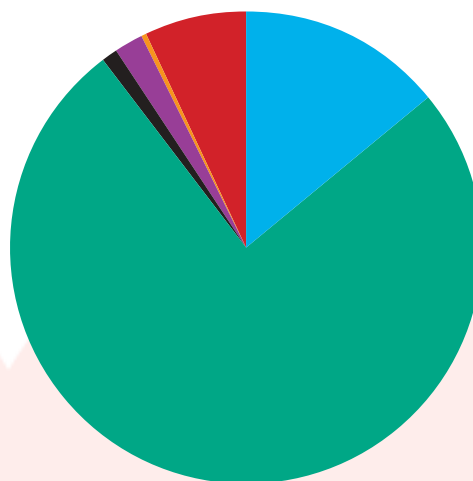
Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 "The auditors' statement on the summary financial statement" issued by the Auditing Practices Board for use in the United Kingdom.

Opinion

In our opinion the summarised financial statements are consistent with the full financial statements and the Annual Report of Social Firms UK for the year ended 31 December 2004.

BAKER TILLY • Chartered Accountants, Registered Auditor
 Gleneagles Court • Brighton Road • Crawley
 West Sussex • RH10 6AD • 3-Mar-05



- Grant Income
- Earned Income
- Membership Income
- Interest Receivable
- Income generated by Trading Subsidiaries
- Donations

Thank you once again for your help in promoting our Emerging Social Firm business, we have already had a number of people contacting us about our service. This will hopefully be the catalyst to our having a successful year in 2005.

(Member)



ENTERPRISE

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Social Firms UK is grateful to the Tudor Trust for the production of this annual report.