

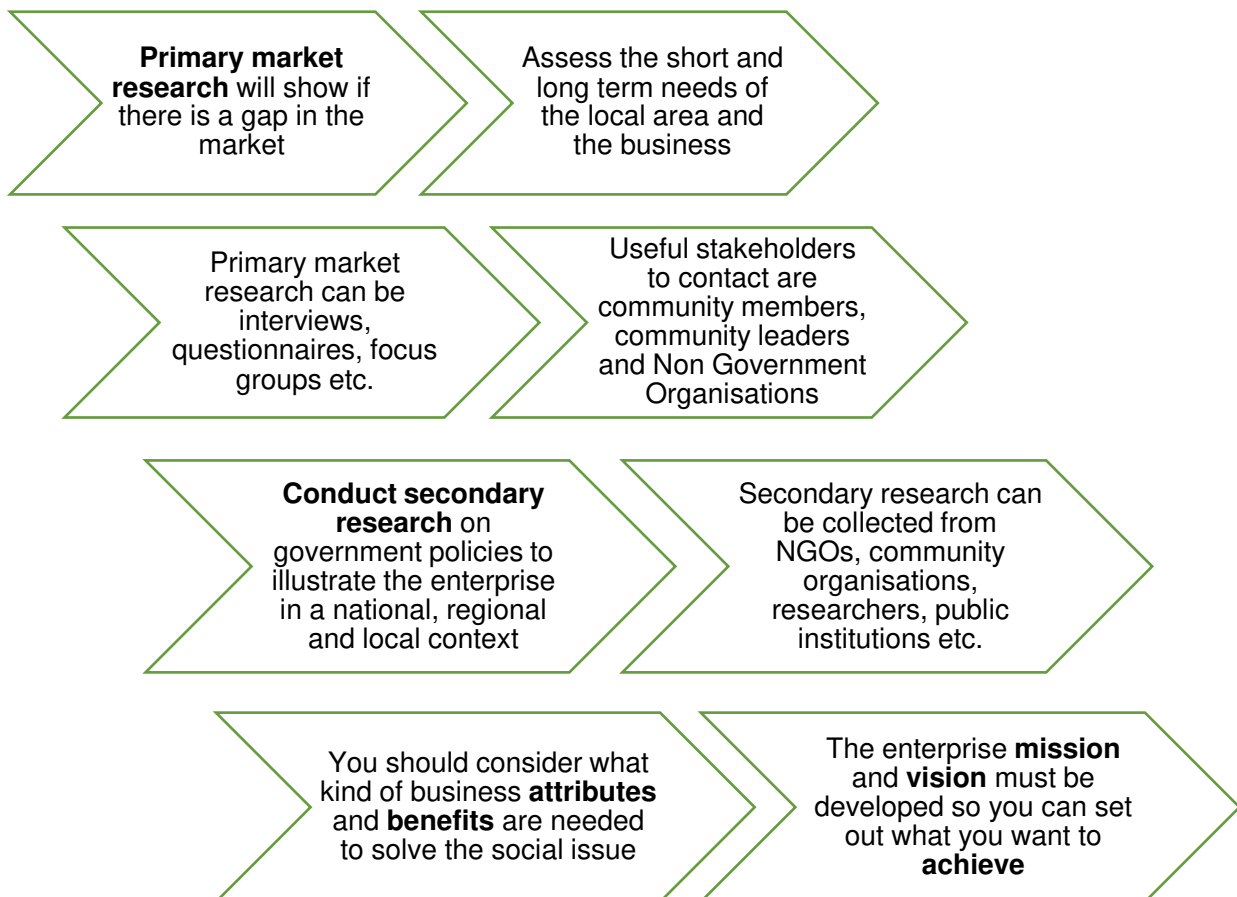
Setting Up A Social Enterprise

As with any other business, there are **steps** to take when **establishing** a social enterprise. This factsheet provides an overview of the process of setting up your social enterprise. It is advised that you use this **in conjunction** with the individual factsheets covering **specific** areas of the process; these are indicated throughout the document.

Step 1: Determine the Need



As with starting any business, you need to research whether there is a need for the social enterprise in terms of social/environmental needs, and goods/services. This is called a needs assessment.



Step 2: Develop the Concept that Meets the Need



Once you have determined that there is a need, you should develop ideas that will meet the need.



Step 3: Choose the Right Legal Structure to Deliver



In order to identify the best structure to deliver, it is essential that you consider:



It is important to seek legal advice, before registering the business, to ensure that you have:

- Selected the most appropriate legal structure
- Bespoke Articles of Association appropriate for the company
- Adequate training for all directors/trustees to ensure good governance is followed

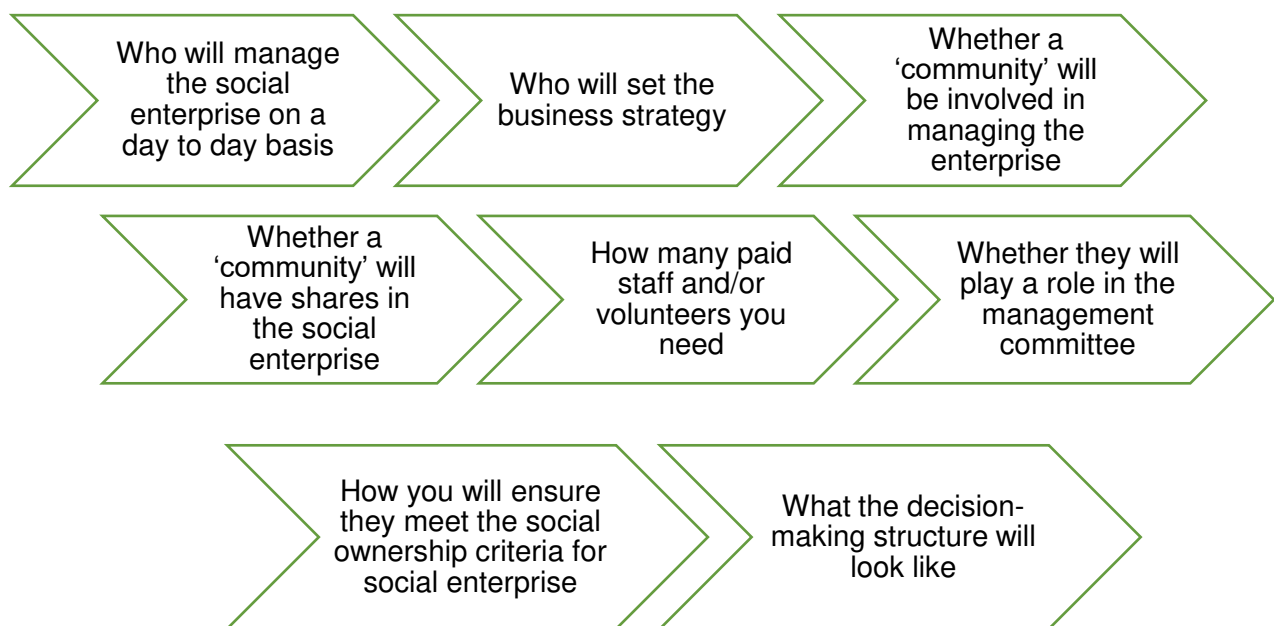
TIP - It is important to identify whether other individuals or organisations will provide financial support and whether you require start up finance to set up the enterprise. Refer to factsheets 'Seeking the Right Type of Finance and Managing your Money' and 'Selecting the Right Legal Structure for a Social Enterprise'.

Step 4: Identify the Members & Recruit the Directors



Identification of members, directors and stakeholders will be appropriate to the structure selected.

It is important to determine:



TIP - Refer to factsheets 'Selecting the Right Legal Structure for A Social Enterprise' and 'Managing A Social Enterprise'.

Step 5: Completing the Governing Document



Having decided the right legal structure, identified the members and recruited the directors/trustees, the next step is to complete an Articles of Association which is the governing document for the social enterprise. The Articles of Association will vary between different social enterprise structures. However, the following clauses are found in all governing documents:

Objects of the business	Profit distribution	Voting rights of directors/ trustees
Asset lock (if appropriate)	Individual statutory roles	Meetings and decision making procedures according to company law
Filing documentation procedures for Companies House	Powers of the company and any restrictions	Directors'/trustees' appointments and resignations
Signatures of directors/ trustees (/shareholders)	Additional clauses and specific requirements referring to CIC regulations	Additional clauses include shareholder details, share allocation and dividends as per CIC regulations
	Directors/ trustees remuneration (if appropriate)	

TIP - There is help available to complete this document including solicitors – contact info@seeahead.co.uk for details.

▶ Step 6: Registering Your Company



All companies complete the same company registration form (IN01), found on the Companies House website. Those individuals being appointed onto the board of directors (and any shareholders) must complete the form.

You can register a company online through the government website. However, if you do not want to use 'limited' in your company name you must register by post. Both the completed Articles of Association and IN01 form are posted to Companies House with a cheque for the fee (£40). It takes 8-10 days for the documents to be processed.

Note that you need to indicate on the form if you would like a hard copy of the Certificate of Company Incorporation posting to you.

TIP - There is help available to complete the IN01 form including solicitors – contact info@seeahead.co.uk for details. Refer to factsheet 'Selecting the Right Legal Structure for A Social Enterprise'.

▶ Step 7: Establishing a Bank Account



A bank will require all of the directors to complete the bank's application form. The bank will require:

- Appropriate identification from all directors/trustees
- A copy of the Certificate of Company Incorporation
- A copy of the Articles of Association

A minimum of two signatories for all payments is required to ensure good governance.

It can take approximately four weeks for the process to be completed.

▶ Step 8: Planning for Future Growth



It is important to determine how the enterprise will develop and grow in the future. This stage requires the development of a business plan. You may already have started to develop the business plan after completion of the feasibility study. It is important to involve the directors/trustees with the strategic planning for the enterprise to share the vision and utilise their skills to take the enterprise forward.

TIP - Refer to factsheet 'Writing a Business Plan for a Social Enterprise'.

Where to go for further help

- Government Website (incl. Companies House, CIC regulator) <http://www.gov.co.uk>
- NCVO – third sector support <https://www.ncvo.org.uk>
- SAMforSE - Self-assessment Manual for Social Entrepreneurs <https://www.samforse.org/en>
- School for Social Entrepreneurs <https://www.the-sse.org>
- SEE Ahead – business support <https://seeahead.co.uk>
- Social Enterprise Mark <https://www.socialenterprisemark.org.uk>
- Social Enterprise UK <https://www.socialenterprise.org.uk>
- Social Enterprise Yorkshire & Humber <https://seyh.org.uk>
- Social Value UK <http://www.socialvalueuk.org>
- UnLtd <https://www.unltd.org.uk>



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