

# **Social Enterprise Mark CIC**

*Social Enterprise Mark/Gold Mark Review 2018*

*Summary Report*





**THE SOCIAL ENTERPRISE MARK**  
TRADING FOR PEOPLE AND PLANET



**SOCIAL ENTERPRISE GOLD MARK**  
ACCREDITED FOR BUSINESS EXCELLENCE

## Introduction

Over the last 8 months, we have conducted a stakeholder consultation as part of a review of the Social Enterprise Gold Mark. This also provided an opportunity to reflect upon the main Social Enterprise Mark and influence the general direction of our social enterprise accreditation services.

We have now completed our analysis of the results and internally discussed our response, along with actions we plan to take. This report summarises our response.

## Consultation Objectives

The principal aim of the consultation was to conduct a review of the assessment framework for the Social Enterprise Gold Mark, to ensure the accreditation continues to represent a premier standard for the promotion of social enterprise best practice. From this, we also hoped to learn points that may influence the development of the main Social Enterprise Mark, or other potential iterations of these social enterprise accreditations.

It was intended that the review will help reflect upon what constitutes social enterprise best practice and excellence, along with how this can be reasonably determined in robust and cost-effective ways, for social enterprises of differing shapes and size.

## Methodology

The consultation incorporated an online survey, promoted via our website, email newsletters and social media channels, as well as via other partners. We then followed this up with more personal interviews with respondents who volunteered to take part from the survey, along with representatives from all our Gold Mark Holders, to explore different responses in greater detail.

## Summary of responses



*"It should be challenging, it shouldn't be a tick box, that's not what being a social enterprise is about – it's a way of life – to be seen by your peers as what you strive to be"*

### **General application and assessment process**

Overall, feedback suggests we should be wary about overcomplicating the Gold Mark assessment process, so that it is accessible to different types of organisation. The main areas for refinement identified largely concern how we gather information from organisations and assess its validity, rather than establishing any significant new criteria demands.

There will therefore be some amendment of the existing criteria (discussed below), but this will be more concerned with helping people work through different evidence considerations.

Balancing complexity and cost with a robust approach to accreditation clearly restricts accessibility to organisations with limited resources. There are also organisations who find elements of the Gold Mark inappropriate, but who still aspire to achieve best practice in specific areas, and value the opportunity to reflect upon this and achieve recognition through accreditation.

**"THE APPLICATION SHOULD SHOW BEST PRACTICE AND NUANCES IN YOUR SECTOR. IT NEEDS TO BE STRETCHING."**

### ***Actions***

- New question sets will be developed to help prompt organisations when describing how they meet different criteria, but they will not be expected to provide answers to everything.

Being able to provide concise and precise answers in response to different questions will mean an organisation is more likely able to illustrate the highest levels of practice across all elements of the Gold Mark.

- In this sense, specific Gold Mark benchmarks covered by each criterion will be raised for organisations to compare themselves against.

However, whilst certain minimum requirements must be met, a flexible approach to assessment will continue to be applied: organisations will be given the opportunity to express their strengths and weighted more on their specific merits, as opposed to “losing credit” for areas where they may be less advanced.

- We will be considering the introduction of new accreditation options that provide for higher levels of scrutiny than the current standard for the Social Enterprise Mark.

This will effectively offer a progression pathway towards the Gold Mark. We hope this will provide further incentives to encourage social enterprises to engage with accreditation standards that provide other relevant benchmarks for development and recognition of their good practice - accreditations that prove how they are prepared to stand up to scrutiny and the claims they make as a social enterprise.

### **Governance criterion**

There is clear support for the principle that good governance should involve some element of stakeholder input. However, there appears to be a need to distinguish the governance and management of a social enterprise, from stakeholder engagement activities. Whilst the latter informs the former, these are distinct functions. How social enterprises ensure stakeholders inform decision-making is recognised as important but how this happens will justifiably vary according to the nature of the social enterprise and the stakeholder groups they are involved with.

Consultation responses indicate that it is good practice to formally review, plan and document methods through which different stakeholders are engaged – ideally defining their levels of representation in any formal governance and decision-making structures.

### ***Actions***

- We will therefore be considering splitting this existing criterion into two separate ones:
  - one that looks specifically at governance and management functions;
  - another that specifically focuses on stakeholder engagement.
- We also need to make allowances for different types of social enterprise when making judgements on an appropriate level of robustness within their governance methods, as well as in engaging with different stakeholders they have identified.

## **Ethical and good business practice criterion**

There is agreement that social enterprises should give due consideration to all manner of ethical business practice, to maximise the benefits they can create through how they do things, as well as what they do.

Consultation responses suggest this Gold Mark criterion does not require much amendment in terms of what it takes account of, but different social enterprises may rate different subject matters higher than others.

*"The whole point of being a social enterprise is that you are driven by something beyond profit. You should be a profitable business but you also need to prove that you're an ethical business. Ethics are more important than profitability."*

### ***Actions***

- **Employment practices** rank highly in most people's priorities, so this will be of core interest when assessing good practice under this criterion.

There is large consensus that whilst the employment of zero hours/casual contracts, internships etc. is something to try to avoid, provided they are being constructively used in ways that benefit people and not just the employer, this is acceptable. Allowing for such nuances of practice is therefore important in reaching a judgement on what constitutes "good" and "bad" practice.

*"The Gold Mark makes you look at governance and fair pay and that's not easy – it was interesting and enlightening to do"*

## **Social impact and financial transparency criterion**

There is agreement that a social enterprise should strive to set and report on key performance indicators (KPIs) through which to quantify and qualify their social outcomes over time. If such measures are not available, at the very least a social enterprise should be able to describe the outcomes and benefits they have helped create. Comparatively few respondents believe that simply reporting activities that imply a social value or benefit is being created represents good practice in reporting social impact.

For most, reporting on financial indicators of social impact, or the financial investment in social purposes – either in general terms or with specific quantifying data – appears to be more problematic (but remains relevant). The consultation responses show people look at social impact and financial reporting quite distinctly.

Business planning, financial management, and reporting interests elicited different opinions that relate to the size, nature and complexity of the social enterprise business concerned.



*"It's important to say we do XYZ, it's important that the board and everyone has clear objectives. It's why we work in a particular way"*

### **Actions**

- We will look to establish separate criterion for social impact reporting and financial transparency
- The use of KPIs and other measurable data for targeting and reporting on social outcomes will receive a higher evidence weighting when assessing social impact.

If not available, provided there is a sufficient evidence to illustrate the nature and extent of social outcomes and benefits being created, this will still represent a minimum requirement having been met. However, the absence of measurable data will mean that demonstrating significant strengths across other Gold Mark criteria will likely be necessary to achieve the full Gold Mark award.

- With regards to business planning, there are clearly some actions that people agree should receive a higher best practice weighting in any final assessment; but we may need to allow for circumstances where it would be unreasonable to expect certain organisations to be fulfilling these expectations in the same way as others (e.g. producing very detailed business plans supported by complex annual financial reports; the ability to maintain deep financial reserves; pursuing a variety of different income streams in the interests of sustainability etc.).

Again, the ability to demonstrate significant strengths across other Gold Mark criteria may also compensate for such concerns in order to achieve the full Gold Mark award.

## Next steps and timescales

We would welcome any additional feedback you may care to offer regarding the above plans. You can get in touch with us by emailing [enquire@socialenterprisemark.org.uk](mailto:enquire@socialenterprisemark.org.uk) or by calling our helpline on 0345 504 6536.

Our Assessment Manager, Richard Cobbett will be happy to speak with any interested parties to discuss matters in further detail, should you express this preference and provide contact details.

Our plan is to report on progress made with the revision of the Social Enterprise Gold Mark by the end of September 2018. We then plan to consult stakeholders on the new proposals before implementing any final changes that may be agreed in light of this additional feedback.

The aim is to launch a revised Gold Mark before the end of the year, although this will be dependent on how quickly we are able to progress with these plans in line with other activities (and the further feedback we may receive).