



# Social enterprise action plan One year on

Social Enterprise Day – 15 November 2007



# 'The early 21st century could be the time social enterprise comes of age – we need to seize the moment and make it happen.'

Phil Hope, Minister for the Third Sector

Social enterprises are businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community.

Social enterprise is not just 'business with a conscience'. It is about actively delivering change, often tackling entrenched social and environmental challenges. Government believes that social enterprise plays a key role in making the UK a fairer and more inclusive society.

The Office of the Third Sector (OTS) launched the *Social Enterprise Action Plan* on 16 November 2006, building on the Government's 2002 *Social Enterprise Strategy*. It set out the Government's cross-departmental commitment to create the conditions for thousands more social enterprises to thrive by:

- fostering a culture of social enterprise
- ensuring the right information and advice are available to social enterprises
- enabling social enterprises to access appropriate finance
- enabling social enterprises to work with government.

One year on, it's time to look at what has been achieved – and where we go from here.

## Fostering a culture of social enterprise

Many entrepreneurs find it hard to believe that companies with social good at their core can be financially successful. Similarly, many talented young people are unaware of the social enterprise sector as a career option.

Our social enterprise ambassadors programme, co-ordinated by the Social Enterprise Coalition (SEC), combats this by promoting the sector and what it has to offer.

The 35 ambassadors are role models, using their own experience of working in or starting social enterprise to raise the profile of the sector, inspire others, and increase understanding of the part it can play in making Britain a better place to live. To find out more go to: [www.socialenterpriseambassadors.org.uk](http://www.socialenterpriseambassadors.org.uk).

### Case study



Tokunbo is a freelance journalist and founder of **Catch 22 Magazine**, a social enterprise comprising a journalism training academy, youth culture magazine/website and communications agency. It aims to help

ambitious but excluded young people get professional experience.

'Becoming a social enterprise ambassador has been empowering and I believe it is an indicator that real positive change can be achieved within the social enterprise movement.'

## Case study



**St Michael's CofE High School** – a business and enterprise college – has an ethos of integrating ethical issues into school life. They even have a fair-trade shop on site.

On Social Enterprise Day, the school is focussing on the topic 'Can St Michael's save the planet?', integrating social enterprise issues into every lesson. They are working with Sandwell Education Business Partnership to create teaching materials around the issues of sustainability and the environment.

Key to nurturing a new generation of social entrepreneurs is increasing young people's understanding of the social enterprise business model as a way to channel their creativity and motivation to make a difference.

Making progress towards this, the Department for Children, Schools and Families (DCSF) and the Qualifications and Curriculum Authority (QCA) have integrated social enterprise models into the GCSE Business Studies syllabus for September 2008.

The next step is to look at developing a range of cross-curricula materials on social enterprise for all levels.

## Ensuring the right information and advice is available

Access to relevant business support and advice is essential when starting or developing a business. By joining forces with the Regional Development Agencies (RDAs) and Business Link we are making appropriate information more readily available for social enterprises.

We have provided £5.9 million over four years to add to the RDAs' investment to improve business advice and information services. RDAs are also contributing, for example, for the first two years of the project the East Midlands Development Agency has added £692,000 to our £225,000 for its region.

We have also worked with Businesslink.gov to provide dedicated information and guidance for social enterprise on their website [www.businesslink.gov.uk/trysocialenterprise](http://www.businesslink.gov.uk/trysocialenterprise).

## Case study



**Indigo Brave** is a Nottingham-based training and theatre company who were looking to grow their business.

They were referred to Business Link Nottinghamshire by the City Council Social

Economy Team, which gave them access to advice on financial procedures and business practices.

With the combined support of Business Link, emda's Business Champions and additional support from ProHelp brokered by SEEM, they successfully implemented their ambitious growth plans.

## Enabling access to appropriate finance

### Case study



**Mustard Seed** supports people with disabilities in South Kerrier, Cornwall. It had a sound business case for offering supported accommodation, but urgently needed £160,000 of equity to buy a site.

Through CIUK's Equity Plus project, Resonance helped Mustard Seed to finance the purchase through a share issue, which was opened up to the local community.

As one investor said, 'I consider 3.5% a fair return as I would rather support vulnerable adults... than have the extra £1 per week interest I'd get if my £3,000 was in a savings account.'

There are a number of critical stages – from start-up to growth – where businesses need an injection of funds.

To ensure access to appropriate finance for social enterprises, we are assessing two consultations, one on how best to use our £10 million social co-investment risk capital fund and the other on how unclaimed money in dormant bank accounts can be used to develop the social investment market. Legislation has also now been introduced to facilitate the use of this money for youth facilities, financial inclusion and social investment.

Our social investment pilots are also now well advanced. These aim to establish the scale of demand for private sector investment among social enterprises. One is with Charity Bank, the other is with Community Innovation UK (CIUK) which is creating the UK's first social business angel network and investment readiness service.

## Enabling social enterprises to work with government

The social enterprise sector needs an effective voice at national level in order to influence wider government policy and work with us to remove barriers to the growth of social enterprise.

To enable this, we have added seven partners from the social enterprise sector to our original 39 strategic partners:

- 1 The **Social Enterprise Coalition** represents social enterprise nationally.
- 2 The **Plunkett Foundation** supports rural co-operative and social enterprise.
- 3 **Co-operatives<sup>UK</sup>** represents co-operative enterprises of all kinds.
- 4 **Prowess** is an advocacy network for women's enterprise.
- 5 The **School for Social Entrepreneurs**, with **UnLtd** as a consortium, supports emerging social entrepreneurs.
- 6 **Social Enterprise London** leads a national social enterprise Olympics partnership with SEC.
- 7 **Social Firms UK** is the organisation for firms providing employment for disadvantaged groups.

### Case study



OTS's largest strategic partner is the **Social Enterprise Coalition (SEC)**: 'OTS support has boosted

our promotional work on social enterprise and helped us to ensure the benefits of this business model are understood across Whitehall and beyond.' (Jonathan Bland, Chief Executive, SEC)

**Social Firms UK** seeks to create good quality jobs for severely disadvantaged people within supportive and successful enterprise. 'With strategic partnership support we've employed a policy officer who's already submitted our response to the DWP consultation on employment ... We're going to be able to put Social Firms UK on the map.' (Sally Reynolds, CEO, Social Firms UK)

Social clauses are a way of specifying social outcomes in public sector contracts. Many social enterprises are already in the business of adding social value through trading and are well placed to bid successfully for contracts with social clauses in open competition. Yet, despite some success, they are still quite a new idea and many commissioners are unsure exactly how they work and how best to use them.

We are investigating their value and how they can be used to effect in the future. We commissioned a large-scale survey on the use of social clauses from the North East Centre of Excellence and are now using the results to develop guidelines for local authorities.

The next step is to undertake a targeted study on the use of tailored social clauses for recycling contracts in a number of local authorities to help inform the next stage of work.

### There is a groundswell of support across government for social enterprise, some of these include:

- The **Department for Business Enterprise and Regulatory Reform (BERR)** supports social enterprise as part of its wider enterprise policy. It works closely with RDAs on business support for the sector and funds Enterprise Insight who run Enterprise Week, including Social Enterprise Day and the 'Make Your Mark: Change Lives' campaign. BERR is now developing a new enterprise strategy and will involve OTS and the sector to ensure that it is relevant to, and inclusive of, social enterprise.
- The **Department for Communities and Local Government (CLG)** has committed to a three-year programme which will invest in community anchors to support community sector organisations at neighbourhood level.
- The **Department for Children, Schools and Families (DCSF)** is investing in third sector support for young people with ideas for social enterprises that can be run both by and for young people. It is also allocating £60 million a year (£55 million going directly to schools) to create a new focus on Enterprise Education.

### Case study



**Bulky Bob's** won a waste management contract with Liverpool City Council in 2000 which included social clauses. They have since negotiated a contract with Oldham Council, building in a social clause aimed at providing training opportunities for the long-term unemployed.

The council funded the contract jointly from its waste management fund and the Oldham Collective, a council body charged with job creation and training.

The result has provided vital training opportunities for the long-term unemployed in Oldham and reuse and recycling rates of over 25%.

- The **Department for Environment, Food and Rural Affairs (Defra)** is working to increase the role of social enterprise across the full range of their strategic priorities. For example, they have asked WRAP (Waste & Resources Action Programme) to work to increase the capacity of third sector organisations in waste and recycling.
- The **Department of Health (DH)** invested over £1.4m in 26 social enterprise pathfinders in 2006/7 and is now evaluating the learning from them to share this across the sector. One example, Apnee Sehat (Our Health) used a Sikh temple as the starting point for a community programme on the prevention and management of diabetes and cardiovascular disease, and is now extending its services to Muslim communities. The DH is now investing over £73 million in social enterprises over the next four years to create and support a vibrant social enterprise sector in health and social care.
- The **Government Equalities Office** commissioned Social Enterprise London to undertake a study into the barriers and motivations for ethnic minority women wishing to enter social enterprise.

# What's next?

## Evaluation: our impact

To ensure that government support for the social enterprise sector is relevant, we need to measure the impact of the *Social Enterprise Action Plan*.

We will work with Business Link to evaluate the programmes being supported with our £5.9 million investment.

The BERR household survey of small business will help us to assess the sector as a whole, measuring against the baseline survey in 2005, which showed that 23% of the population are aware of the concept of social enterprise.

The BERR survey on small business finance will help us compare social enterprises' experience of accessing finance against that of commercial business.

In addition, we will monitor the number of social enterprises in the UK over the next three years, including the number of registered CICs.

Finally, we are also looking at the impact of individual actions. For example, we'll monitor the number of young people taking part in Social Enterprise Day.

## Our aims

### Immediate term

Our key aims for the next three years are set out in the Third Sector Review, including the following:

#### ■ Promoting social enterprise

OTS will consult stakeholders and establish a steering group to identify how best to foster a culture of social enterprise in new ways and continue to support Social Enterprise Day and the work of the ambassadors.

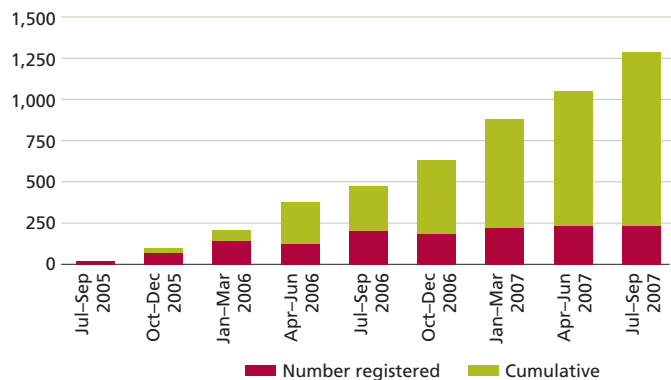
#### ■ Building the evidence base

Government is investing in a new programme to build evidence across the third sector, including a third sector research centre of excellence. OTS will ensure that social enterprise is a key work-stream of this programme.

#### ■ Social investment

Government would like to see a proportion of unclaimed assets in England, resources permitting, used to develop the social investment market. OTS will continue to examine how a new

## CICs registered Jul 2005–Dec 2006



Community Interest Companies (CICs) were introduced in 2005. They are limited companies but with special additional features, such as an asset lock, to ensure that the company continues to benefit the community it was set up to serve.

The range of services provided by CICs is strikingly diverse – from health and social care to housing, transport and education.

So far 1,300 CICs have been set up, and as momentum grows so the numbers continue to rise.

social investment wholesale institution might help ensure that third sector organisations can access more secure and sustainable funding and finance.

#### ■ Enabling social enterprises to work with government

Social enterprises have the potential to contribute to a range of government departments' strategic objectives. OTS will support the departments in conducting market analysis and feasibility studies into areas where social enterprises can contribute to public policy objectives.

### Longer term

After the launch of the *Social Enterprise Action Plan*, we commissioned five leading thinkers to set out their ideas on the future of social enterprise. The results are intended to challenge both the way government thinks about the contribution social enterprises can make and its role in supporting them. These can be found on the OTS website [www.cabinetoffice.gov.uk/thirdsector](http://www.cabinetoffice.gov.uk/thirdsector).