



Social enterprise

Transcript of a speech by Phil Hope MP, Minister for the Third Sector, to the Development Trusts Association, 18 September 2007

Introduction

Thank you, Dave [Milburn], for your introduction.

I am really pleased to be here today.

It's great we are able to support the work of the DTA [Development Trusts Association] through our strategic partners programme. And I would like to thank you for your work in the past few years in helping develop the Government's social enterprise action plan which I will talk about later.

And it's great to be given a chance to respond to your vision, set out by David, and to talk a bit about my own hopes for the future of social enterprise.

A very bright future I might say.

Social Enterprise

David's list was impressive. Recycling, micro credit, sport, cafés – and of course organisations like his own, the Amble Development Trust – taking on the mantle of regenerating a former coal mining community.

There is no area, no field in which you dare not tread, when governments may have balked at the thought.

“Fabulous beasts” he called you. And I agree.

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One of the strengths of the sector lies in the diversity of means you deploy to reach a common goal. By being active in so many areas and in so many ways it is quite clear that you're able to reach and inspire many individuals across community divides.

At your best, development trusts do amazing things. By bringing together communities and buildings you can have a greater-than-the-sum-of-your-parts impact, in a way that I don't necessarily think central or local government can do or in quite the same way, in the communities that you operate.

I may have only started in the job a few months ago. But it's been a busy time, and I've been out and about to meet people and have had the chance to see and be impressed by many of the different types of social enterprises.

I was recently at Coin Street in London to launch the [Social Enterprise] Ambassadors programme. It was great to see so many different businesses, in one building, making the most of the space and that really demonstrated to me the power of regeneration.

Coin Street took advantage of the existing assets – the great view from the South Bank and the attractive Oxo Tower building, that has been transformed over the past few years – to create a vibrant attractive centre – contributing to a feeling of an enterprising and dynamic part of the Thames that is an exciting and appealing place to visit.

It also demonstrated to me that the third sector can use their assets in some of the most imaginative and innovative ways today. This shows the potential that I hope the £30 million community assets fund will have.

Although I'm fairly new to this job I've spent a good few years working in the sector. And it really feels like now is the time. Momentum is growing, the profile of the sector is rising, and government is very serious about fostering an environment in the UK for social enterprises to start and grow.

The existence of my job is a great leap forward. The UK is the only country in the world with a dedicated Minister for the Third Sector. The Prime Minister is also keen on this area – so its importance is writ large. The PM is on our side but he is also on my back to make sure that we deliver on the commitments in the third sector review, which was the largest ever consultation with the sector.

We're working on the implementation of the social enterprise action plan, which commits government to actions to create a culture of social enterprise, enabling access to business support and finance, and improving the way government works in contracting and commissioning with social enterprises.

I am sure I don't have to tell you to make the most of these opportunities.

Business support

But I know there are challenges as well. David set out some of the DTA's concerns. And I welcome the opportunity to be able to address these.

I agree that business support is crucial to the growth of social enterprises. It is a key part of the social enterprise action plan.

I do recognise that the support offered to social enterprises, including development trusts and other community based social enterprises, has not always been appropriate.

I am aware that social enterprise support remains patchy, with some areas of the country having better support than others.

Clearly we need to improve this situation – our aim is to bring the support available across the country up to the level of the best.

David mentioned the role of the RDAs [regional development agencies]. They are key organisations and I am delighted to see that SEEDA [South East England Development Agency] has supported this conference.

We are working with RDAs to improve business support for social enterprises. We are contributing funding – which will help – but I am aware that the sums involved are fairly modest, compared to the resources that the RDAs, as a whole, are putting in to business support.

However, that modest funding has concentrated minds on support for social enterprises, and encouraged RDAs and the sector in each region to work together to consider how the support system can be improved.

I understand the concerns and uncertainty arising from the changes to business support. But I think there are also opportunities.

For example, devolving business support from the centre down to the regions means it can better meet regional priorities.

We were discussing earlier the new IDB (Information Diagnostic Brokerage) model, that was introduced earlier this year. What is important is that under this model the client will be given a list of suitable organisations that can provide support, giving more flexibility and choice to social enterprise. And a crucial point is the quality of the brokerage. The people who are delivering the brokerage need to understand the needs of the sector.

I welcome the Social Enterprise Coalition's contribution to the debates on business support – through their paper to Ministers on the needs of social enterprises, and their discussions to influence the business support simplification programme, to ensure that the needs of social enterprises are considered.

One thing that particularly struck me was Coalition's views on the need for quality assurance for advisers, which brings me back to my point about the Information Diagnostic Model brokerage system.

To sum up on business support, I acknowledge the patchy nature of support, and I understand the concerns caused by the uncertainty arising from changing arrangements this year. But we are working with RDAs and the Department for Business, Enterprise and Regulatory Reform to address these concerns.

Procurement

But it's not just advice that makes the difference between success and failure. As with any business, it comes down to finance.

Our policy ambition, put forward in the partnership in public services action plan, is to streamline the procurement process in central and local government by promoting a more stable business environment for the sector.

Issues like full cost recovery, that you've specifically mentioned, Dave, and short-term contracts are particular problems. In the next spending round, the Treasury will be asking departments to pass on three-year funding as the norm to agencies and on to providers to provide a more stable environment for you to succeed.

We're establishing a working group across Government on assurance processes to streamline these where possible.

Grants, alongside contracts, will have a crucial and continuing role. They create opportunities, allow organisations to take risks, to innovate, to do things differently. And that is not going to change. That's part of what the sector is about.

In addition, we are working to improve commissioning – one of the actions of last year's public service delivery action plan was improving the knowledge of 2,000 commissioners who commission public services. The National Programme for Third Sector Commissioning, which is being delivered in partnership with IDeA, will make a real difference to commissioners' understanding of the value and expertise that third sector organisations can bring to delivering public services.

I also want to see more work on the idea of a social stock exchange which has huge potential benefit.

Because social enterprises, at a certain stage of their life cycle, require access to capital. Grants aren't always available or appropriate. And debt isn't always the answer.

Another option is equity. But at the moment it's not always obvious where to go to get it. There is no real mechanism to bring investors and social enterprises together.

A social stock exchange, as opposed to the existing stock exchange, could provide a solution. I would welcome your thoughts on this.

Community Assets

Lastly, I want to mention briefly community assets that I know that Hazel [Bleas] spoke about yesterday.

Our community assets programme will make a real difference. Not because it makes sense to get the most out of underused buildings. Or to get them off the council's 'to do' list. But because of the potential they have to empower communities. To create wealth – not just financial, but a wealth of opportunity – and sustain it.

So the funding is there – £30 million to refurbish local authority buildings in readiness for them to be transferred across to community ownership and management.

But it's the outcomes and activities that will be generated through this transfer – I hope the buildings will provide the hubs needed to see the next generation of Goodwin Centres; or Ibstock Community Enterprises.

Closing Words

I think the phrase David used to describe the government's role here is the "glue that sticks the pieces together".

Well, I'm happy to be the glue if that's what's required.

Alone, the pieces, the "fabulous beasts", may seem unconnected – a pretty disparate bunch.

But together, you make up an incredible picture.

Of a sector giving voice to the voiceless. Empowering individuals to change their lives, and the lives of others around them. A sector bringing people together. Building vibrant, confident communities.

Quite simply, you make things happen.

I am determined to do the same.

It's a cliché now to say it's all about partnership. But it's all about partnership.

Together we can really take this to the next level. Now really is the time.

(Ends)