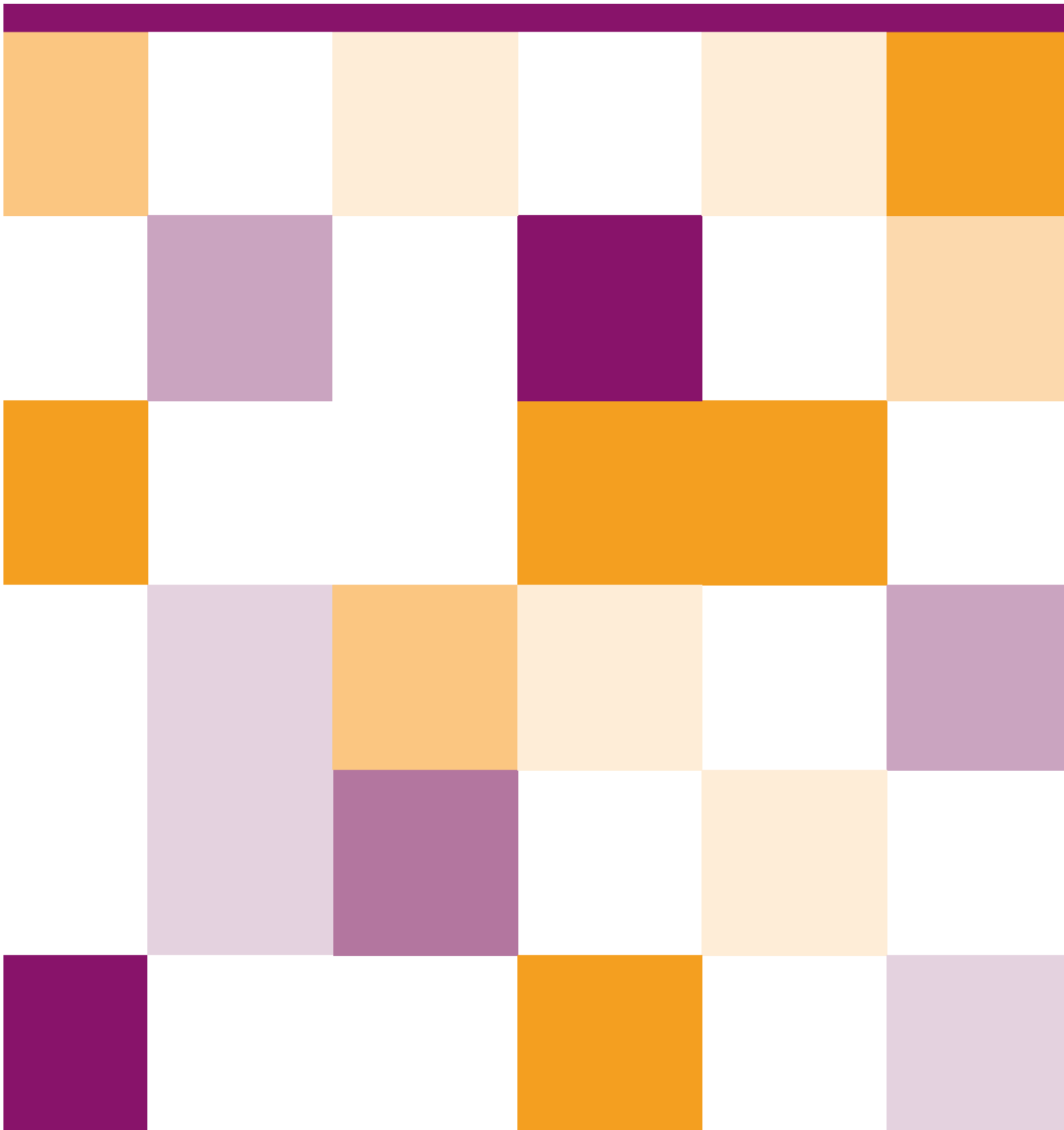




SOCIAL ENTERPRISE SUMMIT

12th May 2009

Summary of Discussion



INTRODUCTION

This summit was the culmination of an inclusive consultation process, managed by the Social Enterprise Coalition, and workshops run on the morning of the summit involving social entrepreneurs, officials and other experts. Its purpose was for Cabinet Ministers to hear directly from the sector about the short and longer terms issues and barriers to maximising the contribution of social enterprises to economic recovery in the UK.

The event was chaired by Director General of the Office of the Third Sector, Campbell Robb. Attending Cabinet Ministers were:

- **Minister for the Cabinet Office, Liam Byrne,**
- **Sec of State for Business Enterprise and Regulatory Reform, Peter Mandelson,**
- **Sec of State for Communities and Local Government, Hazel Blears**
- **Sec of State for Work and Pensions, James Purnell**

Minister for the Third Sector, Kevin Brennan and Economic and Business Minister, Ian Pearson also attended parts of the day. All the Ministers welcomed attendees and expressed their thanks all those involved for their serious contribution to the event.

POINTS DISCUSSED

The following is a record of the key points discussed:

Assets

- This recession could provide a once in a generation opportunity to put under utilised assets (buildings, land, people) into the hands of social entrepreneurs who can generate economic, social and environmental value from them.
- Government could increase / speed up the support available to acquire underused assets – e.g. by refocusing regeneration spending, compulsory purchase orders, tax relief on stamp duty and removal of restrictions on use of transferred assets.

Finance

- Growth finance can support social enterprise to scale up to deliver greater benefits to customers and empower those serving the public (e.g. Welsh Water, HCT, GLL). Government could:
 - Provide clarity on incentives to invest in social enterprise and consider tax relief for SE investors and on retained profits of asset locked bodies.
 - Enable provision of good quality investment readiness advice.
 - Ensure banks are engaging with social enterprises, e.g. by considering introduction a UK community reinvestment act
 - Speed up the delivery of the social investment wholesaler e.g. by encouraging banks to commit to releasing unclaimed assets

Creating jobs

- The Futures Job Fund is a huge opportunity for the sector to contribute to economic recovery. Many social enterprises operate in private markets and can create real work for those furthest from the labour market.
- Government could further support social enterprise to create and save jobs by:
 - Consider investing in social enterprises operating in growth markets (e.g. The Australian “Jobs Fund” invests in growth industries specifically targeted at job creation.)
 - Encourage employee ownership (e.g. Italian Law allows employees of failing businesses take equivalent of 1yrs Job Seekers Allowance and invest it together to recapitalise the business.)
 - Using the benefits system to encourage social enterprise start-ups and employment (e.g. in Ireland JSA is provided as a lump sum to seed fund social enterprises. The Community Allowance would allow individuals to continue to claim JSA which doing paid work in support of their community.)

Business Support

- The business support system is being simplified and improved. RDAs and Business Link measure the usage and satisfaction rates of social enterprises and this presents an opportunity to focus support in particular areas of benefit to social enterprise. Support available to businesses is open to social enterprises. Funding from OTS and Capacity builders is being used to improve the way the business support system meets the needs of social enterprise in every region. It was

recognised that delivery of a triple bottom line (social, environmental and economic), provides SEs with particular challenges.

- The sector welcomes simplification but expressed concerns over access to appropriate expertise. The sector reported that the impact of moving to IDB and simplification in some areas has been a gap between specific support ending and new products starting up, and this has been a problem (e.g. expertise from the co-operative development agencies in a number of areas has been lost)
- Peer-to-peer support and mentoring came through very strongly as the areas of support that would disproportionately benefit social enterprise.
- The sector felt that connections between sector experts / potential mentors and the business support system could be further improved. It was also noted that wider support is available to social enterprise (e.g. BiTC).

Working with the public sector

- Social Enterprise was acknowledged as key player in Public Service reform. Government could encourage and empower entrepreneurialism in the public sector through expanding the Right to Request.
- Government should continue to refine the approach to procurement and commissioning to take account of social and environmental, as well as economic, value which hit multiple objectives across government.

SUMMING UP

Ministers summed up:

- The valuable and encouraging sharing of expertise was much appreciated
- Social enterprise is already a major part of government policy. There is likely to be an increased demand for the services they offer. At the same time the sector, like other parts of the economy, faces challenging economic conditions.
- Social enterprise was acknowledged as part of the recovery a key player in the new economy. The post recession economy will not go back to business as usual. Government's role is to underpin and support natural changes to help them go further and faster. This summit will inform how we build our new economy.
- Social entrepreneurs must demonstrate the value of social enterprise.

NEXT STEPS

- During and following the summit a number of announcements were made:
 - A new **Cabinet Sub-Committee** chaired by Liam Byrne will ensure a level playing field for third sector organisations competing for specific public contracts.
 - Ministers highlighted their expectation that social enterprises will play a central role in providing jobs supported by the **Future Jobs Fund**. Social enterprises should be ambitious in their bids: we should look for them to generate at least 15,000 of the jobs; making sure that their creativity, spark and innovation have a chance to shine through in the bidding process.
 - Changes to the **Enterprise Finance Guarantee** making up to an additional £20m available for social enterprises and small businesses.
 - An **Access to Investment Programme** aimed at exploring how social enterprises can gain investment readiness advice and support to access growth finance.
 - Publication of a new **Guide to Social Return on Investment** to equip social enterprises and their customers with tools to understand and articulate the additional social values they bring.
 - OTS called for ideas from government departments to build evidence about how social enterprise can contribute to solving policy priorities. The best ideas will be taken forward as joint **Social Enterprise Action Research** projects with OTS.
 - The Social Enterprise Coalition announced that the sector has agreed to move forward with a project to raise **awareness and understanding** of social enterprise.
- The summit will be followed up through a new cross government Social Enterprise Growth and Development Forum. The Forum will be attended by senior officials from across government and chaired by the OTS Director General.
- The first meeting of the Forum will take place on the 9th June. Key actions to be taken forward from the summit will be agreed at this meeting. Departments will report back on progress against these agreements later in the year.

ANNEX A: FEEDBACK FROM THE MORNING WORKSHOPS

Workshop 1: Fighting the recession (Chair: Stan Crawford)

OFFER: Social enterprises operate successfully in areas of market failure and attract committed high quality staff. Social enterprise can transform market failure into a growth sector (e.g. Sherwood Energy Village created 1200 jobs when 600 were lost through pit closures.)

- ASKS:**
- Invest in social enterprises which create jobs
 - Implement the community allowance to enable unemployed people on benefits to undertake work that strengthens their neighbourhood without affecting benefits.
 - Support social enterprises to get assets (land and buildings)
 - Social Entrepreneurs who have gone through the process of asset acquisition process could mentor others, with government support
 - Consider implementing a community reinvestment act, similar to the US

Workshop 2: Rebalancing the economy (Chair: Nigel Lowthrop)

OFFER: Social Enterprises have trust, values and passion at their heart. They are able to turn liabilities into assets (unused land and buildings, retired people, unemployed, students). They are the most stable businesses at the moment. They are open and transparent. They invest in people and places and are innovative especially around tackling climate change

- ASKS:**
- Support staff who want to take over businesses affected by the recession
 - Develop work to join up commissioning across government and embed social and or environmental value in procurement, further.
 - Ensure that incentives for investment in collectively owned businesses are level with those for individuals
 - Embed peer-to-peer support/mentoring into the Business Link offer for example by paying social enterprises for their contribution
 - Support students to work in social enterprise as part of their degree

Workshop 3: New Blood (Chair: MT Rainey)

OFFER: A re-imagined economy. SEs can have a disproportionate impact in deprived areas, can help transform public services, enable new jobs and new enterprise and build stronger communities

- ASKS:**
- Ministers to be champions for social enterprise
 - Help stimulate potential social entrepreneurs to give it a go and support this with a clear route to accessible and appropriate business support
 - Pilot joined up support in 100 communities
 - Consider the balance of support available for replicating vs scaling up businesses (e.g. Peer-to-peer support).

Workshop 4: Scaling up (Chair: John Montague)

OFFER: Social enterprises works and has a track record. It can release new capital. It delivers in areas of market failure and where government struggles.

- ASKS:**
- Embed endorsement of SE across government and out in RDAs.
 - Support development of investment in social enterprise.
 - See SE as a credible alternative to public and private models

ANNEX B: FULL TEXT OF THE ANNOUNCEMENTS

Boosting jobs

- The Government has announced that they expect at least £100m from the £1bn Future Jobs Fund will help social enterprises create 15,000 new jobs. This is a joint DWP/CLG package to supporting businesses working to tackle social or environmental issues to build a better Britain.

Boosting enterprise

- Social enterprises and small businesses will have access to £20m additional lending from the banks as a result of BERR changes to the **Enterprise Finance Guarantee**. The changes will provide extra support to Community Development Finance Institutions by allowing them to access bank loans, worth up to £20m, through the EFG scheme. Unity Trust Bank, in response to this change, also announced today that it is making an additional £5m available for onward lending by CDFIs.
- To help social enterprises make the most of all the investment available, the Cabinet Office, in partnership with the National Endowments for Science, Technology and the Arts (NESTA), today announced a year long Social Enterprise **Access to Investment Programme**. This programme will aim to find ways for social enterprises to gain the advice and support they need to access new forms of growth finance.

Boosting public services

- To further the Government's commitment to create 25,000 new jobs in the third sector through involvement in public service delivery, the Prime Minister is supporting the establishment of a **new Ministerial Working Group**, chaired by Liam Byrne, Minister for the Cabinet Office. Including Ministers from DWP, Department of Health and the Ministry of Justice, the Group will ensure a level playing field for third sector organisations to compete for specific public service delivery contracts. This work aims to remove the barriers faced by some of the third sector's most innovative public service providers, particularly social enterprises.
- Social enterprises bring additional value to society, like training vulnerable unemployed people. These can be hard to factor into traditional methods of contracting for services. We will launch a new **Guide to Social Return on Investment**, equipping social enterprises and their customers with the tools to understand and articulate the additional social values they bring.
- The new **Futurebuilders** Investment Plan setting out how £45.6 million of public money this year will help social enterprises deliver public services, through a new fast-track investment process.
- Other government departments are invited to bid for resources to help build evidence on how social enterprise can contribute to solving their policy priorities.
- The lessons from the Summit will be taken forward across Government through a new cross government social enterprise policy forum.