



Scaling up social enterprise

Transcript of a speech by Phil Hope MP, Minister for the Third Sector at the Community Action Network Conference on Scaling Up Social Enterprise, 30 October 2007.

Adele [Blakebrough, Chief Executive and co-founder of Community Action Network], thank you very much for those very kind words of introduction.

I have to say, I always feel such a buzz when I come to events involving social enterprises, social entrepreneurs and people who are interested in the whole sector; it's such an up-beat mood and a mood of wanting to get things done which is obviously a characteristic of social enterprises.

I'm delighted to be here to discuss and debate scaling up of social enterprises and to be on a platform with Tim [Campbell, Winner of 'the Apprentice' and Chief Executive of Bright Ideas Trust] and Jonathan [Bland, Chief Executive of the Social Enterprise Coalition].

I just wanted to begin by thanking the organiser and our host Community Action Network, for inviting me. Some of you may know, as Adele has said, that CAN is a strategic partner of the Office of the Third Sector, which means we give them money amongst other things, but plays a great role in being a voice for social entrepreneurs in the UK.

And it says CAN is a good sustainable social enterprise and it has been very pioneering in its support of social enterprises through initiatives like the CAN Mezzanine facilities.

Today is an important event because it takes as its themes for scaling up social enterprises, the evaluation of CAN's social investment fund,

Breakthrough, which launched in July 2005 and is now running for a second year, its second fund, with the international private equity firm, Permira.

Our action plan, the Government's action plan, was also centred around this concept that we are talking about today of scaling up – the title of that was “Scaling New Heights”. And we are indeed doing just that.

So I want to talk to you about the Government's current efforts to help social enterprises to scale up by assisting them with their access to finance needs.

And I don't think I have to say to any of you here, that which you know already, about the value of social enterprise. You know, I know, it's a dynamic force that's finding innovative, practical solutions for some really tough issues I have to say; issues around crime, around unemployment, around homelessness and of course the work being done around climate change. It's a diverse sector, tackling some really tough issues.

And, I want to assure you that the Government really does take social enterprises very seriously. Our intention is to help the sector succeed and we are committing time and we're committing resources to help social enterprises to thrive.

In the Social Enterprise Action Plan that was published last year, we set out its strategy to help social enterprises to prosper.

Now, we identified four key things we wanted to do.

The first was to foster a culture of social enterprise; to really get people to – although we can talk about the detail – how can we generally promote the idea of social enterprise as a good thing.

How can we – and this is a key area for us – ensure we have the right information and advice available to those who want to set up and run social enterprises.

Thirdly, to ensure social enterprises have access to the right finance.

And lastly, how can we make it easier for social enterprises to win business from Government.

I'm pleased to say that the Government is already achieving against some of the commitments we made in the action plan.

For example, we've offered nearly £6 million to the Regional Development Agencies (RDAs) for them to use in providing support for social enterprises. And we've made the funding flexible so that it could be used in the most appropriate ways to meet regional needs.

I've been talking to social enterprises up and down the country; they've been saying to me that we need to make sure that Business Link and RDAs are providing the kind of information and advice that we, being businesses, as social enterprises doing so in a way that really does meet our need.

I met with the RDA Chairs just recently, and I was really pleased with their commitment and real sense of ownership of wanting to promote the social enterprise agenda in every region of the country.

When I meet them I need to ensure that this commitment actually turns into a reality for social enterprises across the country.

And as Adele said, we launched the Social Enterprise Ambassadors the week before last. I'm glad some of you are here this afternoon and I hope to speak to you a bit later. That's a programme run by the Social Enterprise Coalition (SEC), and Jonathan's here and he will say more later.

We now have 25 ambassadors across England promoting to the unconverted – most of you I suspect are converted – but the job of the ambassadors is to get out there to the unconverted and to those who don't know about it, don't

4 Speech on 'scaling up social enterprise'

know what those words mean, and promote the values and opportunities of social enterprise.

I met all of them when they launched last week. It was great and knocked me back; so many buzzing people.

And it was good also to be at the Enterprising Solutions Awards to present the Overall Social Enterprise award to Divine Chocolate. I keep doing a plug for them: they say the average amount of chocolate we eat a year is 16kg. Can you believe it. And that's the average; some are eating more than that.

But of course, there is still a lot more to do.

One of our main objectives from the action plan is how the Government is addressing the issue of improving social enterprise access to cash, to finance.

First, there is an intention for Government to use a proportion of unclaimed assets to boost social investment. That's if there's enough money feeding through from the dormant accounts in commercial banks.

The consultation on the use of unclaimed assets has just finished. And we believe there is quite a strong case for using some of these assets to develop the social investment market.

There are issues that need to be worked through – including clarifying some issues around state aid – but our intention is to see some of these assets used to support social investment in third sector organisations by strengthening existing finance providers. Subject to the money that becomes available from the dormant accounts. And we will be pushing hard.

We also know, because you tell us, that social enterprises find it particularly hard to access risk capital at the critical stage between start-up and growing their business on. So to ease this equity gap, the Government is looking to

create a risk capital fund of up to £10 million earmarked for social enterprise. This is separate to Adele's Breakthrough Fund, just to make that clear.

It was a commitment in the action plan and the proposals for the £10 million to be matched by a further £10 million from the private and independent sector investors have just been published.

So, there is a consultation into the proposals open. It will close on the 2nd November. I'm sure many of you here have been involved in meetings concerning the proposals, but if you haven't done so already we would very much like to have your views. Do respond to the consultation so we can take those ideas into consideration. We certainly want to hear them.

The sector itself is also contributing to the access to finance issues. You are already contributing to the idea about establishing a mechanism that replicates the stock exchange for social and environmentally driven businesses.

I think this is an interesting idea and is being explored with social entrepreneurs and the finance sectors to see if there really is an appetite for a social stock exchange – and if there is, what has to be done to make it happen.

Looking at other initiatives coming from within the sector, Adele established the social investment fund, Breakthrough, because she didn't want access for people and for fantastic social enterprises to be determined by their postcode.

If social enterprises are creating real social change in local communities, then they should be supported to replicate that as far and as wide as possible and have the finance available to achieve it.

I would like to encourage more of you to follow that kind of lead.

6 Speech on 'scaling up social enterprise'

That's enough from me. I want to thank CAN once again for organising today and I hope you all have a full and lively debate to get a good, active discussion that will help to contribute to the social enterprise sector.

I know I've met some of you already, and I'm looking forward to meeting all of you all over the coming months, at events like this and especially on Social Enterprise Day next month.

Thank you very much indeed.

[Ends]