

Social enterprise: a social movement

Speech to Voice 07, the conference of the Social Enterprise Coalition

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As given.

Introduction

In a way, I think this is a great moment for social enterprise because you are being feted. But I think the task for politicians is not to just come along and say 'we think you're great', although I do and I am going to say why. It is to say why we find you inspiring, to say how that is part of a bigger vision – and then crucially, what are you going to do about it? And that is what I want to try and do today.

I want to start with someone that I met last night called Tessa Griffiths. She is the Chair of Future Health and Social Care in Birmingham, and she basically harangued me for half an hour at the reception last night - harangued me in a nice way. People like Tessa are the reason why I find social enterprise so inspiring, and it is really to do with two things. First of all, the kind of people who work in social enterprise and their extraordinary 'can do' spirit. I have been a Minister for eight months now and everyone I have met in social enterprise has that 'can do' spirit. No barrier is too big to be overcome; no person should be written off and no challenge is too enormous. That is incredibly important.

We see that entrepreneurial spirit in other parts of society, including in the mainstream or conventional private sector, but the second thing about the people in social enterprise is the sense of values, the belief in social justice. That was

what Tessa was saying. What was really interesting to me was not what she told me about what she did with people in the community, people recovering from drug addiction, people with mental health problems, people with learning disabilities, and a whole range of people. It was what she said to me about the person who worked for her. She said, 'we do extraordinary things with the people who come and work for us. We had someone who joined us as a cleaner and who has just graduated as a nurse'. You could have no better example of a sense of values being lived through an organisation; and that, I think, is at its best why social enterprise is incredibly inspiring.

Wider impact

But it is not just inspiring individually. I think it is inspiring with what it can do for Britain and for our country. I just want to say a couple of things about that.

The first thing is the effect it can have on public services. I want to be very clear about this: I don't think that the use of social enterprise and involving social enterprise in public services should ever be about the Government abdicating its responsibility to properly fund public services. I think that is incredibly important because I think that is a danger frankly.

But a belief in the State's responsibility to properly fund public services should not be an excuse for simply doing things the old way, and that is why social enterprise is so important: because of the way it can focus on the user. There is a huge amount of potential everywhere – we can see this at this conference, from child care to recycling to social care – for the way you can reshape services around the user.

What is the vision here? For me the vision here is yes, a lot more social enterprise delivering public services; but it is also about every public service, whatever sector it is delivered in, understanding the lessons from social enterprise and being properly focussed around the user.

So that is how I think you can help transform public services.

Transforming the private sector

But I think you can also help transform the private sector as well. You bring that sense of entrepreneurship and business to the work you do, but you also bring that sense of value.

I think that is important not just because you show that ethics can be at the centre of business, not just as an add-on, and that is incredibly important in what you do – I think there can be a lot more social enterprises operating in the market place, like some of the great ones, like Café Direct and others – it is also about the impact you can have on the rest of the private sector. The way you set a

benchmark for what needs to be done. So you compete on the basis of ethical values, and suddenly private sector organisations think ‘actually, we have to observe these ethical values too, because that is what customers want’. Café Direct have shown this. The sixth biggest coffee supplier in Britain today and suddenly everyone is into fair trade. That is because of people in the social enterprise sector, in part, who made fair trade a priority.

So you can transform, I think, the market place, partly because there will be more social enterprises in the future, and partly because of the effect you have on other companies.

Role of government

That is, for me, the vision. Now what do we do about it? I think the one thing I want to say, which is incredibly important, is that this is not easy. It is not going to be easy and it is not going to be done overnight, this kind of transformation that we are talking about. Anyone who tells you that is lying. I cannot click my fingers and simply transform all the issues and challenges you face. I just want to say a few things about what I think government can do, and then I want to say something about the sector.

In terms of government, people will have seen the Action Plan. It builds on what we have done in the past. I came in in May. There was about £800,000 devoted to the actions and the action plan. It became £18 million by November. It was launched by the Chancellor. I hope you think that it is a good continuation of support for social enterprise. I don’t think it is the complete answer, I think there is a lot further to go. Let me just say some of the things that I think are important in it.

First of all, it is about government being a catalyst for what you do. We don’t create the inspiration that is in this room, but we can help it or hinder it.

Steve talked about the support given through Business Links. We know the support given through Business Links is not yet good enough. We know that Business Links have to work with the specialist support agencies and others to work out the best way in which people can be given the right advice. That is why we have invested money in it, that is why in February we want to have an open meeting in London for people to come along and talk about how these resources can be used and how the Regional Development Agencies can help change what they do, and change Business Links so that the right advice is offered.

We have set up a new £10 million fund to find new ways, and lever in private sector money, to finance social enterprise – particularly in terms of what they call quasi-equity products. Recognising that social enterprises don’t have share capital offered in the conventional way, but finding other ways in which people can invest in social enterprise.

There is also a review going on, I think led by the Treasury, of the Community Investment Tax Relief, because people have raised the fact that the CDFIs – the Community Development Finance Institutions – who benefit from CITR have views about how it can be improved. But very importantly in the plan, it says ‘CITR *and other incentives*’. The Chancellor said when he launched the plan in November, ‘feel free to lobby us on other incentives as well’. So there is the invitation. The consultation goes on I think until the end of February, please do get involved and tell us the other ways in which you think both with CITR and other ways that we can help set the right framework for social enterprise.

That is catalyst.

Secondly, the customer. I was talking, and again Tessa raised it with me last night, the first thing she said to me was ‘you’ve got to tell the Commissioners to do a better job and understand what social enterprise can do’. I said ‘well it is hard for me to tell them but we have got a plan to train the 2,000 of the most important Commissioners in the country, so that they understand what social enterprise can contribute and how they need to commission in a way which is oriented towards your needs, including for example the promotion of social clauses’. That process is going to be led not just by Central Government and Local Government, but by the sector as well. The sector will be involved in that.

I am not saying, again, that this is easy but it is about culture change on the ground, which is the thing that I think will make the difference in terms of responding to the needs that you have identified and the challenges that you face.

So that is about Government as customer and there are all kinds of other ways in which I think we could improve what we do.

Then there is Government as champion. Only one in four people know what social enterprise is. That is a collective challenge, and indeed a collective failure so far for us. We have a role in this. It starts in the schools – that is why we are going to change the business studies curriculum. That is why we are going to change enterprise education, so that there is much more of an explicit focus on social enterprise. We are going to set up 20 social enterprise ambassadors who are going to go round and spread the message, like Evangelists, all round the country so that people know about social enterprise. I am sure there are other things we can do, and again we are open to suggestions about what other things we should be doing to embed social enterprise in the culture.

So they are the challenges for Government.

Challenges for the sector

I think it is also true to say though that there are challenges for the sector. I just want to say a couple of things about what I think they are.

One challenge for the sector is to demonstrate your impact. I was reading Liam Black and Jeremy Nicholls' book last night, bedtime reading, about social business. They were emphasising the importance of social accounting and showing the impact of what you do. I think we have great anecdotal examples of the extraordinary things that social enterprise can do. I think we have been less good collectively at the more scientific work which demonstrates the impact.

Now the anecdotal impact can have a big effect. I was hearing last night that in Manchester, Sunderland Home Care is now working. In Manchester people will know about Sunderland Home Care and the extraordinary things they have done in Sunderland. Sunderland Home Care who have now come here with the same model. So anecdotes can take us some distance, but hard facts and hard evidence about impact is incredibly important.

The second thing is use your voice to Government. The Social Enterprise Coalition do that extremely well. We are making resources available to fund a voice for the sector, £800,000 a year for three years, to fund a different coalition, to fund coalitions of voices in the sector, to speak to government. I think that is incredibly important.

The third thing I think, in a way is the biggest thing of all. I mentioned that one in four people know what social enterprise is. It is a job for government to help champion it, but it is also a job for social entrepreneurs and I know that most social entrepreneurs are very busy running their social enterprises. But what strikes me in this job is that anyone who knows about social enterprise and understands it is immediately caught by the message. They understand what it is about and they are inspired by it – but not enough people know about it.

So if anything, I think the movement - and Tim Smit was saying this to me earlier – this movement is growing. I think it is interesting that he uses the phrase 'movement', because it is not just a sector, it is a movement.

It is movements that transform things. It is movements that have transformational change not incremental change. This movement needs to do a better job of evangelising and spreading the message about what social enterprise can achieve, so that we have not just advocates in the social enterprise movement, not just advocates in government, but advocates in local government, advocates in the private sector, advocates throughout society who say: 'this is the extraordinary thing that social enterprise can achieve'.

Conclusion

So there are some of the challenges. As I said, I would be lying to you if I said these challenges were going to be surmounted immediately. It is going to take time, but I think the vision is worth taking time for, and the main thing is that the journey may be long, but we need to be determined to carry on and make progress on that journey.

Let me end with someone else I met last night, who actually is here, Rita Patel from the Peepul Centre in Leicester. She said something to me which really struck home to me. I said 'what are you about Rita?' and she said 'we are about believing in the inherent greatness and the infinite potential of people'.

I think that is a brilliant summary, not just of the people you work with, but the people in the social enterprise movement. Martin Luther King said 40 years or so ago, that "the arc of the universe is long, but it bends towards justice" – but only if people help bend it that way. The reason I am confident that social enterprise is going to thrive and succeed as a movement is because of the people represented here.

It is a privilege for me to be the Minister responsible for social enterprise and I look forward to surmounting the challenges we face together.

Thank you very much.