



dti

SOCIAL ENTERPRISE

A progress report on
Social Enterprise:
a strategy for success



The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK. We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

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A foreword by Patricia Hewitt



Reading through this report, I hope you, like me, will be struck by how far we have come since we launched the Social Enterprise Unit in October 2001. It was less than a year later - in July 2002 - that we published the Government's first ever strategy for social enterprise. In that, we said we would report on progress on implementation during the first year by October 2003. This document fulfils that promise and renews our commitment to delivering on the remaining two years of the strategy.

The rich variety of social enterprises is one of the sector's hallmarks and strengths. I myself have been greatly inspired by my visits to social enterprises and impressed by their potent mix of vision, dedication and energy. For example, I visited a dynamic women's technology and education

centre in Liverpool, Blackburne House, which has already helped many students go on to successful careers in communications technology.

And it was a sign of the strength of Government support for social enterprise when, in March this year, Gordon Brown, David Blunkett and I with other Ministerial colleagues launched the consultation on a new legal form for social enterprise, the Community Interest Company. Across central government it is clear that the interests of social enterprise are now visibly embedded in Departmental business plans and strategies, in policy thinking and business support programmes. For instance, the Small Business Service embraces social enterprise in its definition of small business, and all Business Links are now required to serve social enterprises within their patch. This growth of recognition and understanding of social enterprise in policy making is an important first step to achieving the longer-term acceptance we are aiming for and must have if social enterprise is to grow and contribute to Britain's progress and well being.

As we look to the future and next stages of delivering the social enterprise strategy

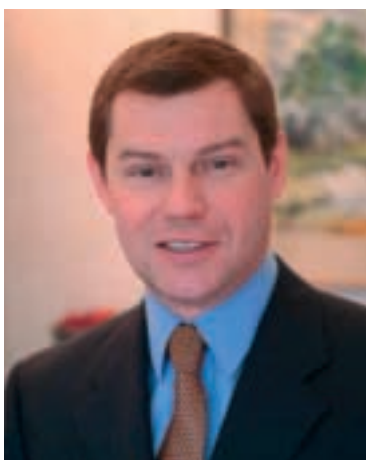
there is much more to come - from progressing the Community Interest Company option to helping more social enterprises build their business skills. I am also clear that we need to deepen understanding of particular aspects of social enterprise to help more diverse businesses grow - those run by black and minority ethnic people, women, under represented groups, those in rural communities - and identify opportunities in more sectors, such as the creative industries or housing, where social enterprise can play a greater role.

These are exciting times for social enterprise and the momentum keeps on growing thanks in large part to the courage and commitment of those working in and for social enterprise throughout the country who have willingly engaged with central and local government agencies and with each other to ensure that, together, we deliver the success that we know social enterprise can achieve.

A handwritten signature in black ink, appearing to read 'Patricia Hewitt'.

Patricia Hewitt
Secretary of State for Trade and Industry
and Minister for Women and Equality

A foreword by Nigel Griffiths



Social enterprises have the power to transform our communities and enrich the lives of so many people.

When Tony Blair asked me earlier this year to take forward the Government's work on social enterprise, he recognised my longstanding involvement with social enterprises like the Big Issue and McSense which deliver their social objectives as well-run, sustainable businesses.

Social Enterprise: A Strategy for Success provides the framework for the real, direct, practical support needed.

The sector leaders have told us frankly about the advances we have made and what clear actions must now be put in hand. This is reflected in the contents of the report.

First, we are building up an important evidence base about the state of social enterprise in the UK.

Second, we can point to a growing number of social enterprise champions within or contracted to Business Links who are setting standards of best practice we intend to ensure are taken up by all. We are also supporting the sort of specialist business training you have told us you need.

Third, this year has seen the publication of the first ever comprehensive and independent review of the

financing of the social enterprise sector from the Bank of England and we have swiftly begun work on their recommendations.

Fourth, as part of strengthening and raising the voice of the sector, we have provided three years of funding to establish the Social Enterprise Coalition and to spread the word and celebrate success, we have sponsored awards.

Fifth, through our work on opening up public procurement to social enterprises and other developments we are helping to develop new opportunities for social enterprises.

We will keep our focus on delivery of tangible results in collaboration with our partners in the regions and keep listening to our social enterprise customers as we drive forward the next two years of the Government strategy for social enterprise.

By working together, we can achieve our goals and see social enterprises play their rightful part in the creation of opportunity in every part of our country.

A handwritten signature in black ink that reads "Nigel Griffiths". The signature is written in a cursive style.

Nigel Griffiths
Parliamentary Under-Secretary of State
for Small Business and Enterprise
Department of Trade and Industry

A view from the sector



Excitement and frustration. Great ambition tinged with nervousness. And never enough time and money to do everything. This, I think, just about sums up where we all are in the social enterprise world today. It could also just as easily be applied to anyone setting up a new business.

It is two and half years since the Social Enterprise Coalition had its first meeting and one year since the Government launched its social enterprise strategy which set ambitious targets in a bold vision for themselves and for the rest of us. We will look back on the last period and wonder how we came so far so fast, and also why we did not do this before.

The Coalition is now established as the voice for social enterprise in the UK and this has been made possible with support from the DTI. Their strategic grant has allowed us to initiate

work in a number of key areas from research about the role of the Regional Development Agencies and Devolved Administrations in supporting social enterprise to work with the Bank of England on finance issues for the sector.

We congratulate the DTI and its Social Enterprise Unit for their hard work over the past year on a number of fronts (e.g. mapping guidance, the procurement toolkit, finance, and legal reforms) and in the very important job of engaging other government departments and agencies to look at social enterprise as a means of delivering solutions to their policy objectives.

There is still much to do if we are to see social enterprise grow to a scale that is proportionate to the policy aspirations set out in the social enterprise strategy. For example, more needs to be done to unlock the potential for social enterprises to deliver public services - we need a major Government push among public procurers to encourage opportunities in this area.

For Government there are many other challenges. There has to be a significant growth in the resources available to Community Development Finance Institutions. The

development of the very patchy availability of appropriate, high quality, business support into a comprehensive offer that can help those setting up or running a social enterprise anywhere in the country. The creation of the new Community Interest Company, and the modernisation of the regulation of Industrial and Provident Societies.

In the Coalition we know that the challenge facing us is to get social enterprises and their supporters working more closely together to develop their own capacity, measure the social value they bring and promote their successes more widely. We have to keep proving the worth and viability of social enterprises until they are an accepted and valued part of the business community in the UK.

We look forward to working with Government and other partners to meet these challenges over the coming years.

A handwritten signature in black ink that reads "Glenys Thornton".

Baroness Glenys Thornton
Chair, Social Enterprise Coalition

'By end October 2003, the Government will publish its first report on progress on social enterprise, to show what has been achieved so far and set out a renewed action plan for the future.'

Social Enterprise: a strategy for success (2002)

Introduction

'A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.'¹

This report sets out the progress to date in implementing the Government's *Social Enterprise: a strategy for success*.

Published in July 2002, the strategy articulates the Government's vision of **dynamic and sustainable social enterprise, strengthening an inclusive and growing economy**.

It sets out a three year action plan to tackle barriers to the growth of the social enterprise sector and achieve three key outcomes:

- **create an enabling environment;**
- **make social enterprises better businesses; and**
- **establish the value of social enterprise.**

During the first year of the strategy, we have begun work to deliver across all of these outcomes. Co-ordinated by the Department of Trade and Industry's (DTI) Social Enterprise Unit, this has involved working with key stakeholders including central government, devolved administrations, Regional Development Agencies, local authorities, individual social enterprises and intermediary bodies.

We have laid the foundations for change in the longer term while also supporting a range of more immediate actions. Through contact with the sector, we have identified areas where, within the overall strategic framework set out in the strategy, further action is needed.

This report provides an overview of key actions to date and highlights our key priorities as we continue to implement the strategy over the next two years.

¹ *Social Enterprise: a strategy for success*, www.dti.gov.uk/socialenterprise

Across the United Kingdom

Plans and actions for social enterprise are now being taken forward in all parts of the UK. The administrations in Scotland, Wales and Northern Ireland lead in those countries on activities which fall within their areas of responsibility.

Regional Development Agencies and Government Offices have played a positive role in helping to realise the potential of the social enterprise sector in England.² The significant progress made in this first year would not have been achieved without their active support.

To date, action has fallen broadly into three areas:

- improving the evidence base
eg mapping, social accounting tools;
- structures and networking
eg joint working and partnership; facilitating networking; integrated business support; awareness raising; trade fairs; and
- technical assistance
eg capacity building; asset transfer; support for CDFIs; other specialist finance (grants and loans); provision of incubation space; web based services; trade promotion; increasing capability of Business Links Operators to support social enterprise.

² More detail of RDA activity can be found in Appendix A

Summary of highlights and future priorities

Create an enabling environment

Highlights of year 1

- Publication of *Private Action, Public Benefit* which recommended changes to the legislative framework for the voluntary and community sector, including social enterprise.
- Consultation on a potential new form of company designed to meet the needs of some social enterprises, the Community Interest Company.
- Publication of *The role of the voluntary and community sector in service deliver* which set out how central and local government could work more effectively with the sector, including social enterprises, to deliver high quality public services.
- Development of *futurebuilders*, a £125m investment fund to assist voluntary and community organisations in England, including social enterprises, in their public service work.
- Production of a public procurement toolkit for social enterprises who want to win public sector business.

Priorities for future action

- We will take forward work on legal forms. When Parliamentary time permits, it is planned to introduce legislation on the Community Interest Company and set up the regulator. Work will go forward on regulations to create an asset 'lock-in' for Industrial and Provident Societies; and the new legal form for charities, the Charitable Incorporated Organisation.
- We will progress the *futurebuilders* fund so that it is in operation by the end of the Financial Year 2003-04.
- We will ensure promotion of the new public procurement toolkit for social enterprises and we will work with the Social Enterprise Coalition and partners to ensure social enterprises benefit from it.
- We will continue to work with partners in local government and others in the public sector to promote greater involvement of social enterprise and the voluntary and community sector more generally in solutions to deliver local services. A new review led by Treasury will assess government departments' progress in such involvement.

Make social enterprises better businesses

Highlights of year 1

- Government strategy for small business now includes social enterprise.
- All Business Link Operators required, since April 2003, to include support for social enterprises in their business plans.
- All DTI Small Business Service business support products now as open to eligible social enterprises as to other types of businesses.
- Bank of England published first ever review of the financing of social enterprises.
- 23 Community Development Finance institutions (CDFIs) accredited by September 2003. These organisations intend to raise approximately £100 million of investment over the next three years.

Priorities for future action

- We will work with the Small Business Service and others to deliver a consistent level of excellence throughout the BLO network and to increase the take-up of BLO services, either directly, or through others, by social enterprises, including those involving under-represented groups.
- We will ensure that the new Business Support Directory is not only open to eligible social enterprises but is easily accessible by and known to them and we will take steps to encourage social enterprises to make use of what is available.
- We will support those, like the Social Enterprise Partnership, (GB) Ltd, and Social and Community Enterprise Training Consortium and others, who are developing and delivering high quality, specialist support, training and advice for social enterprises and their advisers and we will encourage them to take up appropriate training and look at any barriers limiting this.
- We will follow up the Bank of England's review of financing of social enterprise and take forward further work on the key recommendations from the follow-up seminar and related Finance and Funding Working Groups held in the summer of 2003.
- We will continue to work with others on the barriers facing social enterprises when they seek to acquire assets and consider what more may be done to improve their ability to run them effectively for the benefit of their clients and communities.
- We will continue to work to improve understanding and encourage consistency of application of the regulations relating to 'clawback'.

Establish the value of social enterprise

Highlights of year 1

- Publication in July 2003 of a research report, *Guidance on mapping social enterprise*, reviewing the extent of existing knowledge of the sector; drawing out good practice in mapping social enterprise; and recommending a methodology to map social enterprise UK-wide.
- Raising the profile of successful social enterprise, for example through the Enterprising Solutions National Social Enterprise Award.
- Supporting a strong and inclusive voice for the sector by providing strategic funding for, and working with, the Social Enterprise Coalition.
- Supporting research into the identification and development of quality and impact tools that meet the needs of social enterprises by funding, and raising the profile of, the work of the Social Enterprise Partnership (GB) Ltd.

Priorities for future action

- We will conduct a UK-wide social enterprise mapping exercise to provide information on the size of the social enterprise sector, the number of people it employs and its contribution to the UK economy.
- We will continue to raise the profile of social enterprise through awards, media coverage, visits, speaking events and publications.
- We will continue to support and work with the Social Enterprise Coalition as it becomes a strong, fully inclusive voice for the sector.
- We will continue to work with the Social Enterprise Partnership (GB) Ltd and others on impact measurement with the long-term aim of identifying a framework of effective tools and techniques, including social audit, that meet the needs of social enterprises and mainstream small businesses.

Making sure it happens

From the beginning, the Government's approach has been to listen to those involved in social enterprise. Throughout the year, there have been regular, honest exchanges with key stakeholders and with a wide range of individual social enterprises. Their views have been sought on Government proposals affecting the sector. We are grateful to those who have contributed to these many consultations and to the members of the Implementation Group³ for their much valued advice and support. We will continue to work closely with stakeholders in an open and transparent way to ensure that the strategy remains relevant and effective.

The DTI's Social Enterprise Unit will continue to be the focal point in Government for ensuring delivery of the strategy over the next two years.

³ A list of members can be found in Appendix B

Create an enabling environment

'The Government's role is to create the environment in which social enterprises can flourish.'

Social Enterprise: a strategy for success (2002)

Highlights of year 1

- Publication of *Private Action, Public Benefit* which recommended changes to the legislative framework for the voluntary and community sector, including social enterprise.
- Consultation on a potential new form of company designed to meet the needs of some social enterprises, the Community Interest Company.
- Publication of *The role of the voluntary and community sector in service delivery* which set out how central and local government could work more effectively with the sector, including social enterprises, to deliver high quality public services.
- Development of *futurebuilders*, a £125m investment fund to assist voluntary and community organisations in England, including social enterprises, in their public service work.
- Production of a public procurement toolkit for social enterprises who want to win public sector business.

1.1 Government's role in creating an enabling environment

Central government

The Interdepartmental Group for social enterprise (chaired by the DTI's Social Enterprise Unit) brings together the key Government Departments (including Government Offices) with an interest in social enterprise, and the devolved administrations. The group monitors progress in implementing the strategy and enables participants to share information to achieve effective, coordinated action. Minutes of meetings of the Group are published on the DTI's website.⁴ The Regional Development Agencies' Social Enterprise Network has held regular meetings with the Social Enterprise Unit to ensure that the important regional dimension is equally well covered.

'The values that successful social enterprises exemplify – enterprise, innovation, competitiveness and social inclusion – are placed firmly at the heart of DTI.'

Social Enterprise: a strategy for success (2002)

⁴ www.dti.gov.uk/socialenterprise

'Policy and action affecting social enterprise is being taken forward across a large number of government departments and agencies.'

Social Enterprise: a strategy for success (2002)

The following sections illustrate key examples of the Government policies and programmes that are helping to create a climate in which social enterprises can thrive. Taken together, these show widespread and growing understanding of the value of social enterprise and its potential to help deliver Government policy objectives.

Delivering public services

Many social enterprises are already actively engaged in delivering public services and they have the potential to play a greater and reforming role. This has been increasingly recognised since the Treasury's cross cutting review (published in September 2002) *The role of the voluntary and community sector in service delivery*.⁵

futurebuilders,⁶ a £125m investment fund to assist voluntary and community sector organisations and social enterprises in England in their public service work, is being set up following this review. Treasury consultation has now been completed and fund managers will shortly be appointed.

The recently published *Guidance to Funders*⁷ is a clear and accessible guide to good practice relevant to the payment of funding to voluntary and community groups, including social enterprise.

Implementation of the cross cutting review's recommendations to improve funding delivery and to build up the capability of the sector are being led by the Active Communities Directorate in the Home Office with the social enterprise specific points being taken forward by the DTI's Social Enterprise Unit.

The cross cutting review has also given impetus to implementing the *Compact*⁸ on relations in England between Government and the voluntary and community sector, including social enterprise and the associated *Codes of Good Practice*. The *Compact* sets out the key principles and undertakings that should underpin this relationship. Departmental 'champions' will establish a baseline on awareness and implementation in their department and develop a strategy for implementing the cross cutting review, and include the mainstreaming of the *Compact* and *Codes*.

5 *The Role of the Voluntary and Community Sector in Service Delivery: A Cross Cutting Review*, www.hm-treasury.gov.uk

6 *futurebuilders*, www.hm-treasury.gov.uk

7 *Guidance to Funders*, www.hm-treasury.gov.uk/spending_review/

8 *Compact*, www.thecompact.org.uk

'Many of the barriers faced by social enterprises when delivering services are similar to those faced by the wider voluntary and community sector. Indeed, a number of voluntary and community organisations share many of the characteristics of social enterprises. Social enterprises delivering services in the priority public service areas will have equal access to the *futurebuilders* fund, and they will be appropriately supported to enable them to do so. *futurebuilders* will also support voluntary and community organisations that wish to become more sustainable enterprises but are currently dependent on grant aid.'

futurebuilders
An Investment Fund for Voluntary and Community Sector Public Service Delivery Proposals for Consultation April 2003.

Helping renew neighbourhoods

Social and community enterprises create jobs and strengthen local economies, thereby stimulating further growth. They provide essential services, investment and jobs in disadvantaged areas. Their development is a key part of the Government's strategy for neighbourhood renewal.⁹

The strategy is being taken forward under leadership of The Neighbourhood Renewal Unit (NRU), part of the Office of the Deputy Prime Minister (ODPM).¹⁰ As part of this, the Regional Development Agencies and the Small Business Service (SBS) are supporting social enterprise development through actions described later in this report.

The ODPM's Urban Policy Unit's Special Grants Programme continues to fund projects to support social enterprises. For example, it is supporting the provision of technical assistance to social and community enterprises on issues regarding organisational structures, financial planning, organisational capacity and project feasibility with the aim of making them 'investment ready.'

Providing work

The National Employment Panel, an employer-led body which provides independent advice to Ministers on labour market policies and programmes, has undertaken a review of the effectiveness of New Deal 25 Plus in meeting the employment needs of the most disadvantaged jobseekers. The review has recognised the role social enterprises can play in providing disadvantaged jobseekers with the opportunity of supported employment with real wages, either as a transitional phase before entering the open labour market, or as an ongoing, sustainable option. The review,¹¹ completed in October 2003, will recommend that Jobcentre Plus develop local strategies to increase the number of suitable work placement and employment opportunities for disadvantaged people, including those in the social enterprise sector.

9 *New Commitment to Neighbourhood Renewal: A National Strategy Action Plan*, www.socialexclusionunit.gov.uk/published.htm

10 See for example www.dti.gov.uk/nrustrategy

11 Available after November 2003 at www.nationalemploymentpanel.org.uk

Developing skills

The Support for Enterprising Communities Programme, led by the Department for Education and Skills, consists of four pilot projects, working with 50 social enterprises. Three of the pilots demonstrate how new social and community enterprises can be supported to increase their sustainability and potential to provide employment and skills opportunities for local people. The fourth works with larger social enterprises to consider the scope for pooling more support resources. Evaluation of the programme, by the Centre for Enterprise and Economic Development, Middlesex University, commenced in July 2003. Lessons learned, with case studies, will be widely disseminated in autumn 2004.

West Yorkshire Social Enterprise School

West Yorkshire Local Learning and Skills Council, as part of their strategy on supporting sector skills development, has allocated funding from the European Social Fund Co-financing Initiative to support the Flagship West Yorkshire Social Enterprise School (WYSE School).

WYSE will be led by West Yorkshire Social Enterprise Link, a partnership of Business Link for West Yorkshire and Social Enterprise Support Centre for West Yorkshire.

The project will support social enterprises with:

- Skills development for individuals (including management).
- Workforce development planning.
- An Apprenticeship scheme.
- A Workforce Development Mentoring Scheme.

The project will commence in September 2003 with delivery of skills scheduled for early 2004. The first phase will be the creation and establishment of the WYSE School, cementing the partnership and research into the workforce development needs of social enterprises.

Tackling health inequalities

The Government's *Tackling Health Inequalities: A Programme for Action*¹² aims to achieve the challenging national target for 2010 to reduce the gap in infant mortality across social groups, and raise life expectancy in the most disadvantaged areas faster than elsewhere. The *Programme for Action* recognises that action needs to be taken to support local enterprise, including social enterprises and business development, and to encourage community entrepreneurship as a means to improve local job opportunities and skills development.

The NHS has a role alongside other public sector bodies in contributing to the local regeneration agenda by being a good corporate citizen. Within the NHS, employment and procurement policies, the capital build and training and skills programmes provide opportunities to link health with regeneration by supporting local economies and make the best use of the extra investment in the NHS.

Providing children's services

Social enterprises already provide services for children and families. Such services are most effective when there is better integration across health, education and social care provision. Children's Trust Pathfinders are developing this approach, and the aim is to enable a coherent approach to the commissioning of accessible services from a range of providers, including social enterprises. Funding through the Neighbourhood Nurseries Initiative¹³ is supporting community based social enterprise and co-operative childcare models in England's most disadvantaged communities.

Contributing to sustainable development

Social enterprises, focused as they are on achieving economic, social and often environmental objectives, play a key role in delivering sustainable development. Their contribution will be recognised in a review of Government strategy for sustainable development expected in 2004.

12 *Tackling Health Inequalities: A Programme for Action*, www.doh.gov.uk/healthinequalities/programmeforaction

13 Neighbourhood Nurseries Initiative, www.dfes.gov.uk

Providing cultural, creative and sporting opportunities

Work led by the Department for Culture, Media and Sport (DCMS) aims to ensure that National Lottery and other programmes are open to social enterprises.

Sectors that impact on social enterprise, including sports, arts and creative industries, have high profiles in local communities and can contribute to other policy objectives such as reductions in youth offending. DCMS's Creative Partnerships, a £40m programme to offer school children in deprived areas opportunities to develop creative potential and raise educational attainment by working with creative professionals, offers further opportunities for social enterprises.

EQUIPE Development Partnership

The EQUIPE Development Partnership is a European Social Fund project receiving over £2m funding from the EQUAL programme 2002-2005. It is piloting new services for children and young people in England, particularly out of school play and leisure activities. What's different is that it is trying to build into these services the culture and practices of social enterprise - testing whether introducing the combination of enterprise, stakeholder involvement and management can improve the quality and sustainability of services in play and childcare.

Within the partnership, a grassroots tenant-led organisation working in deprived rural communities in Cornwall is providing training and support for local residents to set up play facilities for their children and young people. In Suffolk, a new framework is being developed for childminders to contract co-operatively as social enterprises with the local authority to provide services for vulnerable children. New, fast track training is upskilling the children's play and leisure sector and a voluntary management committee toolkit is almost complete.

By mid-2005 the partnership is expected to be developing into a new network of support for the childcare and play sector.

Rural communities

As the strategy recognised, social enterprises can play an important role in rural areas by generating economic activity, and promoting regeneration and employment opportunities. The UK wide mapping work on social enterprise will help to identify the scale and nature of social enterprise in rural areas by providing some baseline research. We will consider further how best this work can be built upon.

The Department for Environment Food and Rural Affairs (Defra) and the Countryside Agency have also supported initiatives to promote rural social enterprise. These include: Defra's review of *Learning, Skills and Knowledge* for rural businesses which will inform on the needs of rural social enterprises; the Countryside Agency's work with the Plunkett Foundation,¹⁴ to develop a '*Rural Social Enterprise Resource Guide*'; and support for the Business and Rural Enterprise Sub-Group's proposals on *Supporting Rural Enterprise in England*.¹⁵

Rockingham Forest Trust



The Northamptonshire-based Rockingham Forest Trust is one of 86 rural-based members of the Development Trusts

Association. It aims to combine community led action with business expertise in its work to sustain the relationship between the rural economy, the local community and the countryside. The Trust helps market local produce, offers guidance on community planning and works to develop sustainable tourist attractions, such as a 650

acre recreational park. Recently the Trust has benefited from Cambridge University's new Master's programme in Community Enterprise, and is working with the East Midlands Development Agency to support other rural social enterprises and is developing proposals for a Community Interest Company.

In Scotland, Wales and Northern Ireland

The administrations in Scotland, Wales and Northern Ireland have made significant progress to promote and support social enterprises. Strong working relations within Government Departments have been established through the Interdepartmental Group, enabling mutual learning and the exchange of information and experience.

¹⁴ An educational body which supports the development of rural enterprise in the UK and abroad

¹⁵ *Supporting Rural Enterprise in England. Proposals and recommendations for policy-makers and practitioners*, available by telephone order: 01993 883636

'The devolved administrations in Scotland, Wales and Northern Ireland support social enterprises in their areas of the country.'

Social Enterprise: a strategy for success (2002)

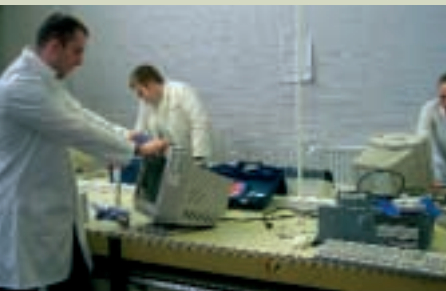
Scotland

In January 2003 the Scottish Executive published *A Review of the Scottish Executive's Policies to promote the Social Economy*¹⁶ confirming that it would encourage growth and sustainability of social economy organisations.

The Executive has identified priorities to support the development of social economy organisations and remove barriers to their growth. It will ensure that appropriate support structures are accessible, improve intelligence on social economy skills and capabilities, and ensure that access to public procurement opportunities are improved. Its strategy includes consideration of funding issues such as developing a market of appropriate financial products; improving existing grant arrangements; encouraging accumulation of reserves and the development of an asset base; and full cost recovery.

A series of consultations have been undertaken and an action plan will be produced in November 2003 to implement this strategy.

McSence Group



McSence Group, winner of the Social Enterprise of the Year Award, New Statesmen Upstarts Award 2002, is an impressive example of a successful social enterprise built from scratch.

McSence is a community collective whose intention is to relieve poverty in the Mayfield and Easthouses area of Midlothian, Scotland by building and operating business ventures which are owned by the community that they serve. Each of the businesses set up under the auspice of the McSence Group of Companies are essentially profit making (and are registered charities), with all proceeds either being

ploughed back into the business or used to improve and develop community facilities. The objectives of the Group are to create long term sustainable employment opportunities; to provide a source of employment and training for local people; to foster an entrepreneurial spirit of business enterprise; and to demonstrate the importance of taking personal and joint responsibility for the well being of the community.

¹⁶ *A review of the Scottish Executive's Policies to promote the Social Economy*, www.scotland.gov.uk/library5/social/rose-00.asp

Wales

In recognition of the Welsh Assembly Government's commitment to helping the social enterprise sector realise its full potential, responsibility for this sector now forms part of the portfolio of the Minister for Social Justice and Regeneration.

A Joint Working Group with the Social Economy Network and the Wales Council for Voluntary Action is developing an Action Plan, underpinned by research of business support needs, commissioned by the Assembly Government and a mapping project undertaken by the Welsh Development Agency and the Social Economy Network. The DTI's Social Enterprise Unit was invited to a meeting of the Working Group.

The 'Community Loans Fund,' established in 2001 and managed by Finance Wales has approved loans to social enterprises amounting to almost £1 million. This has had an immediate effect in relation to employment, creating 418 new job opportunities. In addition to this, applications amounting to more than £525,000 are under consideration.

A public procurement web-site is being developed by the Welsh Development Agency, in partnership with the Welsh Assembly Government, to enable social enterprises to access a huge array of public sector tendering opportunities in Wales. Social enterprises will then be able to register on the site as suppliers of goods and services and make themselves known to public sector purchasers.

A new Community Enterprise Investment Programme is being promoted by the Development Trusts Association Wales and the Wales Co-operative Centre. This aims to support 20-25 community enterprises to develop financial capability including encouraging asset development or transfers or manage risk on loan finance; increase business capacity by providing investment in enterprise development or as working capital; and improve business skills. The Welsh Assembly Government is currently considering this proposal.

Aberfan & Merthyr Vale Youth and Community Project

The Aberfan and Merthyr Vale Youth and Community Project is a registered charity, established in 1994 to promote community regeneration in the Merthyr Vale ward and to address social and economic problems resulting from the closure of coal mining facilities.

The project has renovated four derelict buildings to provide a base for a parent and toddler group, playgroup, after school club, crèche, youth service, literacy and numeracy classes, parental classes, general adult education classes, IT for the

local community and drop-in facilities in respect of drug and alcohol misuse, debt management, homelessness, counselling and mental health. The project also provides a website design service and community café.

In addition, the Project operates the Transport for Employment scheme, which leases vehicles at low cost to long-term unemployed people. This addresses the problems caused by the lack of public transport in the South Wales valleys, which negatively affects people's ability to seek or take up



employment. The vehicles are maintained by local young people who have offended, or are at risk of offending, offering an alternative to resorting to offending behaviour.

Aberfan & Merthyr Vale Youth and Community Project was visited by DTI Minister Stephen Timms on his ministerial tour in October 2002.

Northern Ireland

The Department of Enterprise Trade and Investment's (DETI) Corporate Plan 2002-05 committed to develop and implement agreed priorities in conjunction with the Social Economy Network and other Departments to maximise the contribution of the social economy. Against this background, a small, dedicated Social Economy Branch was established in July 2002.

The Branch has already made good progress during its first year in setting up new structures and promoting awareness. An Inter Departmental Steering Group is helping to finalise a consultation draft on a three-year Strategic Action Plan for social economy enterprises, closely aligned to the objectives in the UK Government's social enterprise strategy. The consultation process will commence in November 2003.

The Social Economy Network has over 120 members and receives funding from the DETI, the Department for Social Development and the EU. Four working groups have been set up to address key themes: Education and Enterprise; Structure and Strategy; Research and Policy; and Financial & Legal.

The Social Economy Forum brings together representatives of the Network and the IDSG twice a year under the chairmanship of the DETI Minister. The Forum met for the first time in June 2003 and agreed a prioritised work programme, some of which will be undertaken by joint working. The second Forum meeting is scheduled for February 2004.

DETI and the DETI Minister also supported the activities of others to raise awareness. In January 2003, the NI Council for Voluntary Action organised a major conference on the social economy, where the DETI Minister was joined by DTI Minister Stephen Timms. Support was also given to the Community Development Finance Association to host a conference on the Community Investment Tax Credit opportunities in June 2003.

Acceptable Enterprises (Larne) Ltd



Acceptable Enterprises (Larne) Ltd was born out of an identified lack of local provision for individuals with mental health problems. It was established in 1999 to develop a community business which provides

sustained employment, training and work experience for people with mental ill health, disability or other disadvantaged people.

AEL operate as a business generating at least 50% of income from various commercial activities.

These include: print finishing; packaging; mail shots; recycling services; and, sub-contract work in electronic sub assembly, soldering and general component assembly. To grow and sustain the

business, AEL has had to develop and expand its range of products and services and is now the sole mop manufacturer in Northern Ireland producing cotton and yarn mops for both the domestic and commercial cleaning sectors.

In all, the company's aim is to allow each individual to develop to their maximum potential and where possible to increase their employability and skills for independent living.

'The Government believes Regional Development Agencies, and Government Offices in the regions, have a vital role to play in ensuring that the potential of the social enterprise sector is realised throughout England.'

Social Enterprise: a strategy for success (2002)

At English regional level

Regional Development Agencies (RDAs) and Government Offices have a very positive role to play in helping to realise the potential of the social enterprise sector. For example, neighbourhood renewal teams have been set up in the nine government offices to provide a direct channel of communication from neighbourhood / community groups to the Neighbourhood Renewal Unit in central government. The RDAs, as they have reviewed their economic strategies, have considered how best to incorporate social enterprise. They have worked closely with the DTI's Social Enterprise Unit, sharing information and discussing policy issues. Across the board, the significant progress made since last year could not have been achieved without the active support of the regional agencies. Strategies and action plans for social enterprise are now being taken forward in every region. Action to date has fallen broadly into the following categories:

Improving the evidence base:

- mapping the incidence and impact of social enterprise in the region; and
- supporting development of social accounting tools.

Structures and networking:

- facilitating joint working between regional partners involved in promoting and supporting social enterprise and enabling networking between social enterprises in the region;
- working with the public and statutory sectors to create an enabling environment for social enterprises, for example in public procurement arrangements;
- developing integrated regional business support structures for social enterprises;
- raising awareness through conferences and other activities; and
- supporting trade fairs for the social enterprise sector.

Technical assistance:

- targeted grant programmes open to social enterprises, to enable them to build their capacity, build assets and become more financially sustainable;

- helping to create and finance Community Development Finance Institutions (CDFIs) that specialise in financial products for social enterprises;
- supporting other loan and equity funds for social enterprise;
- providing and supporting training for social enterprises;
- providing incubation space for social enterprises;
- providing web based services for social enterprises to promote trading; and
- helping to build the capability of Business Link operators in the region to advise and support social enterprises.

The following highlights just some of the features of this support in each of the regions since last year.¹⁷

East of England

- A web based 'Nearbuyou' directory has been developed, showcasing products and services offered by social enterprise in the region, designed specifically to provide a resource for public sector procurement officers and to promote inter-trading.
- Financial support has been made available to social enterprises, including innovative Community Development Finance Institutions and loans.

East Midlands

- Funding support for Social Enterprise East Midlands (SEEM) by the development agency, including an additional 2 years of funding of £500,000 to support infrastructure and research; and partnership to manage a £2 million grant programme to support the sector on feasibility and planning, developing assets, capacity building and opening up new markets.
- emda has developed a programme called Local Alchemy which is designed to support disadvantaged areas in developing Enterprising Communities. An enterprising community is characterised by a diverse enterprise ecology involving micro, social, community, small, medium and large enterprises. Local Alchemy will, therefore, result in new social enterprises emerging in the East Midlands.

¹⁷ More detail of regional activity can be found in Appendix A

London

- London Development Agency has commissioned Social Enterprise London (SEL) to co-ordinate the London Social Economy Taskforce and to deliver a range of projects to strengthen social enterprise in the region including research, networking, training, communication, developing pilot approaches and improving business support and access to it. Business Link for London is now taking forward parts of this programme.
- Access to Finance project is aimed at improving access to finance and business investment readiness. It includes specific support to social enterprises looking for loans over £50,000.

North East

- Launch in March 2003 of The North East Social Enterprise Partnership and its Social Enterprise Regional Action Plan aligned to the regional economic strategy. The Plan includes promotion to raise profile; development to win more business; and training to build capacity.
- Secondment of a regional development agency officer to the partnership to scope potential for business and growth opportunities and help build bridges between suppliers and buyers.

Sunderland Home Care Associates

Sunderland Home Care Associates (SHCA) is a women-led social enterprise, delivering essential care services for its local authority. As a major service operator for Sunderland City Council's social services department, SHCA provides personal and domestic services to hundreds of people dependant on others for care. Services can range from preparing meals, bathing, dressing and shopping, to care and support during the night. The enterprise promotes independence and enables

older, frail, disabled and needy people to stay in their homes for as long as possible.

Formed in 1994, SHCA now employs 150 staff from an area with one of the country's highest rates of unemployment. These are mostly women but also include around 20 men, many of whom come from former mining communities having previously lost their jobs during the pit closures in the past 20 years. As an employee-owned business, the workforce make decisions that effect



their working lives, resulting in strong commitment and extremely low staff turnover. This is helped by the offer of high quality training and flexible working conditions to allow employees to balance the demands of family and work life.

North West

- The Northwest Development Agency is developing its social enterprise support work mainly on a sub-regional basis. The model has been piloted on Merseyside, where a strong Social Enterprise Partnership has been developed and a programme of early wins was agreed last year, to market and help develop skills in social enterprises.
- In May 2003 the North West Community Finance Forum was launched. This brings together a wide range of organisations engaged in community finance. At this event the NWDA announced the creation of a £1.5m Sustainability Grant Fund, which will be available for social enterprises.

Homes for Change and Work for Change



A centrepiece of the redevelopment of the once infamous Hulme estate in Manchester is a scheme promoted entirely by local people, which provides housing and workspace for local,

ethical and cultural businesses, in an environment entirely managed by those that live and work there. The two resulting co-operatives, Homes for Change and Work for Change, provide accommodation for 75 households and 26 businesses employing 65 people. This is all arranged round a courtyard in a small city block complete with roof gardens to make the most of the space.

The first phase was one of the winners of the 1997 Housing Design Awards and a 1998 BURA Award for Best Practice in Urban Regeneration. The architecture demonstrates what is possible when the prospective inhabitants work with their architects to design their own homes and workspace. The scheme has set the standard for modern high density, sustainable, mixed-use urban development.

South East

- The regional development agency commissioned in June 2003 research to map the incidence and impact of social enterprise in the region, along with barriers to participation and potential for growth. The research provides a basis for the completion of the regional social enterprise strategy which the agency plans to launch in January 2004, following extensive consultation with the sector.
- Development by the agency of a regional Community Development Finance Institution is near contractual agreement and it is hoped that it will be placed under the umbrella of the Finance South East initiative. The fund will support up to 120 social enterprises per annum.

South West

- Funding agreed by the regional development agency for the RISE partnership (Regional Infrastructure for Social Enterprise) over the next three years of over £750,000 to promote and co-ordinate social enterprise activity across the region. The partnership's membership is drawn from over 20 of the region's social enterprise support organisations.
- The agency has also established a Social and Community Enterprise cross agency working group to determine overall priorities for the sector and to inform investment decisions.

Mid Devon Community Recycling



Starting out as a voluntary group in 1992, Mid Devon Community Recycling (MDCR) arose from the local community in response to concerns raised about waste

issues. On a voluntary basis it operated a weekly kerbside collection of recyclables in order to demonstrate that the public would support such a scheme and after 4 years MDCR became incorporated as a social enterprise company with firm environmental and social objectives.

MDCR currently employs 7 full time and 14 part time staff who are assisted by a team of 20 regular volunteers. The company also provides

work experience training for 10 learning disabled adults.

MDCR's success owes much to a close partnership with Mid Devon District Council, and it has emerged over the years as a fast growing company with a turnover in the region of £350,000. Much of its income is generated from domestic recycling collections as well as from visits to primary schools, training services, and collecting recyclable waste from businesses.

West Midlands

- Advantage West Midlands have agreed a regional access to finance framework. Under the framework the Agency is exploring development of a network of Community Development Finance Institutions. The CDFI network will provide comprehensive geographical and thematic provision of small scale loan finance for social enterprises and SMEs. The Agency has commissioned consultants to explore development of enhanced 'investment readiness' services to improve access to finance and appropriate packages of support. Social enterprise has been identified as one of the key areas of focus for the additional support.

- Co-ordination and investment in the social enterprise sector over the next 10-15 years will be enhanced through a West Midlands wide social enterprise strategy and commissioning framework to be launched in November 2003.

City South East Credit Union



City South East Credit Union (CSECU) emerged in 1989 from a small saving club. Founded by local residents in Willenhall, Coventry, CSECU's aim is to "even the score in

disadvantaged areas" through the promotion of thrift and sound financial management. The credit union is committed to financial inclusion, offering training and education at every opportunity, and by offering its members free life insurance and a convenient way to save and borrow money, it is able to empower disadvantaged people with choice and affordability.

CSECU currently has 1,100 members, which is set to

increase with the credit union's increasing popularity. It is supported by 15 volunteers and a Development Worker whose post is externally funded. CSECU's turnover has increased from £20,000 to £45,000 over three years, with assets now worth £110,000. Its income is generated mainly through loan interest and investments, with further support received from local organisations, the local authority and charitable trusts.

Yorkshire Forward

- Production of a Social Economy Framework which has been embedded in the region's economic strategy Framework launched at 'Footsey 100', a successful trade fair for social enterprises attracting over 80 exhibitors and 300 delegates. Since October all partners in the Framework have been working to implement its recommendations: an update of the framework is currently underway, to be available for this year's trade fair.
- In all sub regions mapping work has taken place to inform the amount and type of business support required. For rural areas research is underway, led by the Rural Community Councils, into the needs of social/community enterprises. This aims to establish models of good practice and the contribution to the rural economy.

'The Government is determined that the regulatory, tax and administrative framework should not hinder the development and growth of social enterprise.'

Social Enterprise: a strategy for success (2002)

1.2 Legal and regulatory issues

Getting the right regulatory framework is vital. The revised Regulatory Impact Assessment Guide, issued in January 2003 by the Cabinet Office Regulatory Impact Unit, specifies social enterprises when discussing the Small Firms' Impact Test which should help reduce the regulatory burden for social enterprises.

Making available appropriate legal forms for social enterprises is also important. Following publication of the Cabinet Office's report *Private Action, Public Benefit*¹⁸ in September 2002, further consultation has led to the development of new legal forms for both the social enterprise and charity sectors.

Community Interest Company

The DTI has taken forward the recommendation for a new legal form of company designed to meet the needs of many social enterprises, the Community Interest Company (CIC).

The CIC will help people who want to use the company form to pursue enterprise in the public interest. The form will be flexible to allow users to adapt to changing market conditions and grow their businesses. The CIC's built in asset lock will act to reassure the community that the company's assets will always be used for the community good.

We do not intend that CICs should deliver essential public services in core sectors such as hospitals and schools. Rather, CICs should develop to meet the needs of local communities, complementing core Government services in areas such as childcare provision, social housing, leisure and community transport. The CIC form is intended to sit alongside, and not replace, charities and Industrial and Provident Societies as another option for social enterprises when they incorporate.

Patricia Hewitt, Gordon Brown and David Blunkett launched a technical consultation on the CIC proposal on 26th March 2003 followed by a series of regional seminars and meetings. We have now completed an evaluation of the responses and a report on the consultation has been published.¹⁹ Legislation will be introduced as soon as Parliamentary time allows.

¹⁸ *Private Action, Public Benefit, A Review of Charities and the Wider Not-For-Profit Sector*, Strategy Unit Report, September 2002, www.number10.gov.uk/output/Page77.asp

¹⁹ *Enterprise for Communities: Proposals for a Community Interest Company. Report on the Public Consultation and Government's Conclusions*, www.dti.gov.uk/cics

‘SEL welcomes the creation of a social enterprise specific company form that clearly recognises the social nature of these organisations whilst directly nurturing their enterprising activities’

Social Enterprise London



Gordon Brown, Patricia Hewitt and David Blunkett, launching the CIC proposal, 26 March 2003

Industrial and Provident Societies

The Government recognises the importance of Industrial and Provident Societies (IPSs) and values their tradition of member engagement, contribution to the economy and service to the community. We supported a recently enacted Private Member’s Bill on co-operatives and community benefit societies which modernises legislation for IPSs in certain key areas.²⁰ In addition, following further consultation, it is proposed to introduce an asset ‘lock in’ regime for community benefit societies. This should reassure investors and help organisations build an asset base. Details of the Government’s response to the recommendations of *Private Action, Public Benefit* with respect to Industrial and Provident Societies may be found on the Treasury website.²¹

Charitable Incorporated Organisation

Private Action, Public Benefit also recommended that a new legal form designed specifically for charities, the Charitable Incorporated Organisation (CIO), be introduced, which will only be available to charitable organisations.

This recommendation was accepted by the Government and we intend to include the CIO in the proposed Charities Bill. In line with the approach advocated by the Company Law Review, the basic framework for the CIO should be set out in primary legislation, while the technical provisions, which might need amendment in the light of experience of the CIO’s operation, should be contained in secondary legislation.

20 Co-operatives and Community Benefit Societies Act 2003 (House of Lords Hansard Vol 651 Col 469 House of Commons Hansard Vol 408 Col 1429)

21 *Government Response to the Strategy Unit Report: Private Action, Public Benefit - Recommendations on Industrial and Provident Societies*, www.hm-treasury.gov.uk/media/6634B/ACF1DB8.pdf

‘Social enterprises are ... often well placed to be able to deliver good quality, cost-effective public services. The Government believes there is significant potential for more public services to be delivered by social enterprises. Capacity building in the sector needs to take place alongside work to raise awareness of social enterprise solutions amongst public sector procurers, so that expectations on both sides are fulfilled.’

Social Enterprise: a strategy for success (2002)

‘The Toolkit aims to demystify and describe the procurement process and provide insight into the steps needed to prepare bids and win contracts. It sets out to ensure that those bidding for business have the best information available to choose how - and, indeed, whether - to embark down the route of public sector contract delivery.’

Public Procurement: A Toolkit for Social Enterprises

1.3 Public Procurement

In work led by the DTI’s Social Enterprise Unit, we have sought to enable social enterprises to achieve their potential in delivering public sector contracts through two distinct strands of work:

- increasing the knowledge and expertise of social enterprises, so that they are better able to bid for and deliver public contracts; and
- promoting a better understanding of social enterprises among local authorities and other parts of the public sector, so that they recognise the opportunities for delivering their objectives through social enterprises and open up opportunities to them.

To increase knowledge within the social enterprise sector, we have developed a new, dedicated product – a procurement toolkit for social enterprises.²² To increase understanding within the public sector and improve practices, we have sought to integrate the social enterprise perspective within existing, broader procurement initiatives.

In this first year, the focus has been primarily on opening up opportunities for existing, often small scale, social and community enterprises. Over time, the work to build understanding in the public sector will encompass the whole spectrum of social enterprise solutions – from small-scale contracts with community enterprises to larger scale solutions such as those in the leisure sector. Similarly, while the initial focus has been on local authority procurement, future work will include central government departments and large-scale public procurement agencies such as the National Health Service.

Increase expertise on procurement within social enterprises

The procurement toolkit for social enterprises, launched in October 2003, gives social enterprises access to essential information and advice on how to compete for and win government business. It includes examples of social enterprise successes and ‘top tips’ as well as cautionary tales from practitioners to provide realistic expectations. The development of the toolkit was led by a secondee with experience of working in both local authority and social enterprise sectors, in collaboration with a number of social enterprises, local authorities and regional support organisations. Based on first-hand, practical experience from across the country, its utility and usability has been thoroughly tested to meet users’ requirements.

²² *Public Procurement: A Toolkit for Social Enterprises*, www.dti.gov.uk/socialenterprise

Working Herts Ltd



Working Herts Ltd was established as a social firm in 1997 to tackle long-term unemployment. It is a contractor for several local

authorities as well as private householders, delivering a range of services, from insulation work in housing to 'leak busting' for the water company and community safety work for the police.

About 90 young people are taken on each year under the New Deal and LSC E2E programmes with almost 70% able to secure permanent jobs or college places since

acquiring the work skills involved in this programme.

Since starting, the firm has won contracts with, and set up new projects in Three Rivers, Welwyn Hatfield, and Luton districts, also extending work areas to water conservation and Customer Research for Three Valleys Water plc, community safety work for the police, and filming work with Yorkshire TV.

"The toolkit is both practical and balanced in that it does not raise false expectations for social enterprises about the potential for business via procurement nor diminish the challenges in seeking this type of business. Forth Sector found the toolkit clear, concise, readable and well structured. One of the partners described the toolkit as 'business-like but not threatening.'"

Kevin Robbie, Forth Sector

Whilst the toolkit is the only publication targeted directly at social enterprises, it complements other sources of guidance which social enterprises may also find useful, including, *Tendering for Government Contracts - A Guide for Small Businesses*.²³

In January 2003 the Office of Government Commerce (OGC) and SBS launched a joint web portal entitled "Supplying Government,"²⁴ which provides advice and guidance for all suppliers about dealing with government. The portal gives contact points into most government departments as well as providing links to departments that advertise contract opportunities and have supplier registration systems.

Promote greater understanding of social enterprises among public sector buyers

Because of the initial focus on local authorities, a range of initiatives designed to improve local authority procurement, at both strategic and practical levels, have drawn attention to the opportunities offered by social enterprises.

23 *Tendering for Government Contracts – A Guide for Small Business*, www.supplyinggovernment.gov.uk

24 *Supplying Government*, www.supplyinggovernment.gov.uk

At a strategic level, the new *National Procurement Strategy for Local Government*²⁵ sets out a three-year strategy for 2004-2006, designed to realise the full potential of local government procurement. It also highlights the specific needs of social enterprise in local government public procurement processes.

At a practical level, the DTI's Social Enterprise Unit has provided support for a network of local authorities focused on finding 'New Approaches to Public Procurement'. This network is helping local authorities to implement procurement pilots (including social enterprises) which maximise training and job opportunities for disadvantaged residents.

New guidance aimed at local authorities, for example the Local Government Improvement and Development Agency guidance on *Sustainability in Local Government Procurement* and *Procurement Essentials*²⁶ and the Commission for Racial Equality guidance on *Race Equality and Procurement in Local Government*,²⁷ should also help open up opportunities to social enterprises.

The high-level cross-Government Sustainable Procurement Group has recognised the importance of providing guidance to procurers on how to take account of social issues in procurement. Further investigation of how relevant social issues can be appropriately reflected in public procurement is to be carried out by the Group over the next year. The Group will also be looking at how procurement training courses can support social enterprises.

25 *National Procurement Strategy for Local Government*, www.odpm.gov.uk

26 *Sustainability in Local Government Procurement* and *Procurement Essentials*, www.idea.gov.uk

27 *Race Equality and Procurement in Local Government*, www.cre.gov.uk

London Borough of Tower Hamlets Third Sector Commissioning Code of Practice

Tower Hamlets Council has sought to fundamentally change the way it relates to social enterprises through the development of a new commissioning framework and code of practice.²⁸

This framework recognises the contribution that social enterprises can make to service delivery and wider regeneration, while making clear that the primary focus is on securing excellent public services that meet the needs of their diverse communities.

The commissioning framework focuses on reducing the initial barriers to entry that in the past have prevented social enterprises from even reaching the first stage. "Our approach recognises the importance of giving organisations more time to engage with the process, provides an opportunity for social enterprises to help shape the way the service is finally commissioned, and ensures that guidance, support and capacity building are all part of the equation." In the end, however, social enterprises still have to demonstrate that they can deliver the Council's service priorities more effectively than the competition and still have to participate in the Council's rigorous performance management arrangements.

Tower Hamlets have used its new framework to commission a range of different Council services including innovative packages of social care, all their direct Youth Service provision, and a £5.5m contract to deliver community recycling services. The Council also has in place a three year programme of new commissioning opportunities. While some of these relate to completely new services, others reflect services currently provided by the Council or by the private sector on their behalf.

28 *Third Sector Commissioning Code of Practice*, www.towerhamlets.gov.uk

Work has begun on opening up other opportunities. The scale of National Health Service purchasing means that the choices it makes about suppliers and the goods it buys can have a significant influence over local economies. The Department of Health and the NHS Purchasing and Supply Agency are looking at how, within EC public procurement directives, NHS procurement of goods and services can also help to stimulate local economies and enhance the employability of vulnerable groups, especially in disadvantaged areas. This work will include identifying the types of services provided by social enterprises to support health and social care provision, and exploring potential for making the NHS more aware of social enterprise.

The NHS recognises that many innovative solutions come from social enterprises. *Selling to the NHS - a guide for suppliers*²⁹ is aimed at helping existing and potential suppliers gain a better understanding of the NHS market. Replication of effort in supplying information to the NHS is being reduced by a web based supplier information database (SID) and adopting a 'once only' approach so that systems are simplified.

Similar opportunities exist in the field of training and learning. For example, post 16 training, learning and community-based programmes, *Getting Better Delivery*³⁰ sets out to improve the Government's relationships with frontline providers, including social enterprises.

The DTI's Social Enterprise Unit will also look at ways the planned Audit Commission study on Delivering Well-Being through Regeneration and Development (due in March 2004) can help local authorities to engage better with social enterprises. This will follow up on an earlier report produced by the Audit Commission, on *Competitive Procurement*,³¹ which emphasised the importance of ensuring that the outcomes sought from procurement are fully consistent with an authority's broader aims and objectives.

“The Audit Commission is working to help local partners track the vital contributions that social enterprises can make to local well-being”

Audit Commission, October 2003

29 *Selling to the NHS - a guide for suppliers*, www.pasa.nhs.uk/suppliers/

30 *Getting Better Delivery: Guidance for Effective Working with Frontline Providers of Post-16 Training, Learning and Community Based Programmes*, May 2003, DfES Publications Tel 0845 60 222 60

31 *Competitive Procurement*, available by telephone order: 0800 502030 (quote LLI2712)

Bulky Bob's



Bulky Bob's, one of the Furniture Resource Centre (FRC) Group businesses, based in Liverpool, has contracts with several local authorities in the North West for bulky household waste collections. These usually include a specification for collection of the waste from homes, as well as a recycling and reuse target which has to be achieved. Some contracts are based on an annual sum

for the agreed service, up to a ceiling of the number of collections included; others are on a per collection basis.

In some cases, contracts won by Bulky Bob's ask for staffing to include a defined number of trainees delivering the service alongside full-time employees. This aspect of the contract provides a training programme and support for 12 months per trainee, as well as an agreed outcome that a percentage of trainees go into full time employment. FRC Group has an excellent record: ensuring 89% of trainees do enter full time employment (some with FRC).

FRC's businesses also use social reporting to measure impacts that are broader than just financial return. This enables them to capture their true worth and demonstrate, with evidence, that they are meeting their objectives.

"At present we doubt most private sector firms can compete with us to deliver the social objectives and targets, but in future they might be able to compete and win some of these contracts back," says Shaun Doran, FRC Group's Head of Commercial Development. "We can use our Social Report to promote our added value and in doing so, measure and report our triple bottom line achievements."

Priorities for future action

- We will take forward work on legal forms. When Parliamentary time permits, it is planned to introduce legislation on the Community Interest Company and set up the regulator. Work will go forward on regulations to create an asset 'lock-in' for Industrial and Provident Societies; and the new legal form for charities, the Charitable Incorporated Organisation.
- We will progress the *futurebuilders* fund so that it is in operation by the end of the Financial Year 2003-04.
- We will ensure promotion of the new public procurement toolkit for social enterprises and we will work with the Social Enterprise Coalition and partners to ensure social enterprises benefit from it.
- We will continue to work with partners in local government and others in the public sector to promote greater involvement of social enterprise and the voluntary and community sector more generally in solutions to deliver local services. A new review led by Treasury will assess government departments' progress in such involvement.

Make social enterprises better businesses

'Social enterprises require business support and training delivered by people and organisations that understand what they are trying to achieve and the additional pressures that creates.'

Social Enterprise: a strategy for success (2002)

"Starting a social enterprise isn't a game for dilettantes. There is no more cold-hearted or mercurial animal in the world than the market. If a social enterprise hopes to survive, let alone thrive, it must be led by risk-takers who enjoy competition and live by the rules of business. Everybody associated with the enterprise must be empowered and willing to make decisions in real time, not bureaucratic time, and to stay as close to their customers as possible. Perhaps the most important trait is resilience, because many of the strategies they employ will fail, and significant revenue will typically not flow for six or seven years."

Jerr Boschee, Founder and Executive Director, Institute for Social Entrepreneurs, USA.

Highlights of year 1

- Government strategy for small business now includes social enterprise.
- All Business Link Operators required, since April 2003, to include support for social enterprises in their business plans.
- All DTI Small Business Service business support products now as open to eligible social enterprises as to other types of businesses.
- Bank of England published first ever review of the financing of social enterprises.
- 23 Community Development Finance institutions (CDFIs) accredited by September 2003. These organisations intend to raise approximately £100 million of investment over the next three years.

2.1 Business support and training

Business support providers have been asked to make their services available to social enterprises. Services which meet the specific needs of social enterprises have been developed.

The Business Link Operator Network

Social enterprise is one of the Small Business Service's key delivery themes and, from April 2003, all Business Link Operators (BLOs) are required to include in their business plans how they will support start-up and established social enterprises. The newly established Business Link University offers BLOs advice and information on social enterprise.

During 2002-03 progress included a mixture of recruiting specialist staff, training existing advisers, forming partnerships to develop co-ordinated strategies, and contracting with specialist organisations. While there is still much to be done to deliver the consistent level of excellence required, the first steps have been taken. Our aim is for every BLO to offer, either directly or through others, the support required by social enterprises and to actively raise awareness of this support amongst social enterprises. We are working together to identify and spread best practice through the BLO social enterprise network. The first social enterprise workshop, organised by the BLO network, was held in June 2003 in Leicester and was addressed by the Chief Executive of the Small Business Service.

'Like any other business, social enterprises need access to good quality business advice and training.'

Social Enterprise: a strategy for success (2002)

'A key part of creating appropriate advice and support for social enterprises is to open up mainstream business advice so that providers are able to recognise the requirements of social enterprise, provide what is appropriate and signpost to others for specialist advice.'

Social Enterprise: a strategy for success (2002)

The role of Business Links - examples of good practice

Business Link Derbyshire is working with partners to promote its services to social enterprises. Work is underway to establish what help is available to those interested in setting up social enterprises and to develop a library of information on all aspects of development of social enterprises.

Black Country Business Link (BCBL) has pulled together four individual Borough Networks of support agencies, practitioners and other organisations involved in the social enterprise sector. They will form the core members of a pan Black Country network to co-ordinate support activities across the sub region. BCBL has also agreed and encouraged working relationships with a recently formed CDFI in the area as well as opening dialogue with a neighbouring sub regional network in Birmingham to examine how the two networks can work together.

Business Link County Durham has a Community Enterprise Team of six multi-skilled and experienced social enterprise consultants, two of whom also deliver specialist advice in marketing and finance. Since October 2001, the team has enabled 15 new social enterprises to become established, assisted more than 20 existing social enterprises to grow and become more sustainable, helped around 200 new social entrepreneurs involve themselves closely with the needs of their particular communities, and recently started a project for local social enterprises to work together to undertake a social account of their work within their local area.

Business Link for Essex commissioned The Guild, a consultancy with a wide range of experience in social enterprise support, to map social enterprise within the county and identify service providers and the support they offer this sector. This has led to the establishment of a support agency network, which, along with other measures, will help to develop a more coordinated approach to social enterprise support, making it easier for organisations to find the right advice and support as quickly as possible.

'The Government is committed to working more closely with training providers, whether public sector or private, to ensure that the level and quality of support for social enterprises available in some parts of the country, and in some sectors, is made available to all.'

Social Enterprise: a strategy for success (2002)

Business Support Directory

Led by the DTI we have developed a new web-based³² directory of business support. It can be searched for support available to organisations by number of employees or by area of interest, such as 'taking on staff and developing people', 'investing in community development' or 'investing in plant, machinery or property'. Support is as open to eligible social enterprises as to other types of business.

Skills and Training

The Government produced a skills strategy in July 2003.³³ This addresses the skills needs of businesses, including social enterprises. The skills strategy also promotes the concept of learning communities and links this to the development of social enterprise: 'By raising skills and encouraging learning, more people can get the confidence and know-how to set up and run social enterprises'.

Women's Education in Building

Women's Education in Building (WEB) established in 1983, offers education, training and business support for women from excluded communities which is designed to assist them to enter the workplace. Located across four sites in West, East, Central and South East London, WEB can help with the cost of childcare and

travel expenses, and provide training in the construction trades including painting and decorating, plumbing, electrical installation, carpentry and joinery and introduction to the built environment to NVQ Level 2, ICT to NICAS Advanced level and ESOL.

WEB also provides services across a number of sectors



including business start-up advice and finance, conference and training facilities.

During the initial pilot stages of the New Entrepreneurship Scholarships (NES), the take up by social enterprises was low. The scheme has now been funded for a third development year with the aim of encouraging enterprise in disadvantaged areas. There are 1,100 places being funded this year and in addition to sustaining the current development programme there will be expansion of recruitment from more areas of deprivation.

32 This can be found at www.businesslink.org

33 *21st Century Skills – Realising our Potential*, www.dfes.gov.uk/skillsstrategy

Further information can be found on NES's website³⁴ which states 'Within reason all types of businesses are eligible, including social enterprises.' The DTI's Social Enterprise Unit will monitor participation rates by social enterprises and continue to consider whether there is a need for a separate social enterprise bursary scheme and, if so, how this should be funded and administered.

Social enterprise specific training and support

The DTI has committed funding to support the work of the Social Enterprise Partnership (GB) Ltd (SEP), an ESF Equal-funded national programme. The project runs from May 2002 to November 2005. SEP is a partnership between Social Firms UK, Co-operatives UK, Development Trusts Association, Social Enterprise London, Social Enterprise Coalition and New Economics Foundation. One element of SEP's work is a Training Project where SEP is working in collaboration with Small Firms Enterprise Development Initiative (SFEDI) and other partners to map and identify competencies in the skills and knowledge of social enterprise managers and business advisors and to establish national occupational standards and professional qualifications. Two core training programmes will be developed.

The DTI, including through the SBS-led Phoenix Development Fund, has worked with a number of other providers to develop training and information packages for social enterprises. For example, we:

- supported practitioner-led training events organised by The Cat's Pyjamas in its hometown of Liverpool and, as a feasibility study, in three other venues across the country. Although these events have been very highly regarded by participants, the Cat's Pyjamas have decided to focus on events in Liverpool and develop further training based there. We will work with other training providers to identify alternative suppliers to deliver events outside Merseyside;
- supported a study by the Development Trust Association and National Council for Voluntary Organisations into currently available business and finance training for the non-business members of social enterprise boards and management committees and to identify gaps in training provision;

'It has been estimated that social enterprises 'may be 80-90% similar to other businesses, but that the 10-20% that is different is often the make or break factor'. ...Social enterprises have to meet both a financial and a social bottom line which can cause tensions and conflicts many mainstream businesses do not have to face.'

Social Enterprise: a strategy for success (2002)

'There is a need to ensure that social enterprises are able to access both mainstream business support and advice tailored to their specific characteristics.'

Social Enterprise: a strategy for success (2002)

³⁴ www.nesprogramme.org

³⁵ www.can-online.org.uk

'The Government believes that social enterprise specific training is essential.'

Social Enterprise: a strategy for success (2002)

- worked with a number of providers of training for social enterprises to establish a Social and Community Enterprise Training Consortium (SCETC), and to develop links with the Social Enterprise Partnership;
- explored methods of identifying and replicating successful business models and worked with Community Action Network to produce a guide to replicating their 'Mezzanine' model which houses a number of social enterprises in Elizabeth House, London. The full guide will be available on the CAN website in Autumn 2003;³⁵
- have begun to consider the scope for more collaboration and mutually beneficial commercial relationships between social enterprises and for-profit businesses;
- supported the piloting and running of a range of training modules, primarily for business advisers, devised with support from Social Enterprise London. Sixty-two of the modules, involving over 300 people, have been held in a number of English regions;
- provided support for organisations that are developing innovative approaches to promoting enterprise in disadvantaged communities. Seventeen of the ninety-six supported projects are specifically aimed at social enterprises. In addition, three of the twelve Round One Building on the Best winners, announced in October 2003, will focus on assisting social enterprises;
- supported the development of a social enterprise strand of the Inside UK Enterprise programme which began in May 2003.³⁶ Sixteen host social enterprises are currently participating. This will rise to twenty by autumn 2003;
- supported the Business in the Community Partners in Leadership with Community Enterprise programme;³⁷ and
- supported the Academy for Chief Executives' programme to help develop the leadership skills of social enterprises. Following the positive evaluation of the one-day 'taster' sessions, a pilot, with its emphasis on peer learning, will now go ahead.

35 www.can-online.org.uk

36 www.iuke.co.uk

37 www.bitc.org.uk/programmes/programme_directory/regeneration/pilce.html

Coventry & Warwickshire Co-operative Development Agency

The DTI's SBS-led Phoenix Development Fund is funding a project led by Coventry & Warwickshire Co-operative Development Agency to support the creation of community led social enterprises in some of the most deprived communities in the region. The project is aiming to assist socially excluded men and women, including the long-term unemployed, living in disadvantaged neighbourhoods in Coventry & Warwickshire.

Funded up to March 2004, this project will create a new model for community based social enterprise development, establish 12 new community led social enterprises in disadvantaged neighbourhoods, and create 18 jobs in social enterprises filled by individuals experiencing social exclusion. It also expects to develop over 50 social entrepreneurs while placing residents from deprived local communities into sustainable employment.

Additionally, this project will develop a DRIVE's manual (Developing Real Initiative for Enterprise). DRIVE is a series of 1-Day workshops over five weeks covering a variety of areas from how to work together in groups and personal effectiveness to project development and effective communication.

“Everything we do in DTI is focused on delivering prosperity for all”

Patricia Hewitt
Secretary of State for Trade and Industry and Minister for Women and Equality
DTI Business Plan 2003-2006

Delivering For All

The Government is committed to working to benefit all parts of society. This is central to achieving sustainable economic growth. Our policies are about empowering all communities with support from, and co-ordinated action at, the neighbourhood, local, regional and national levels. Our aims include bringing about measurable improvements in gender equality across a range of indicators; increasing the employment rate and significantly reducing the difference between the overall employment rate and the employment rate of ethnic minorities; promoting enterprise and employment in disadvantaged communities and under-represented groups; promoting social enterprise; developing the rural economy; and increasing enterprise in deprived areas.

Eastwards Trust

Eastwards Trust was established in 1981 with the objective of providing supported housing, care and educational facilities for the benefit of ethnic minority elders and those with disabilities.

Since then, the trust has expanded from care of eight elderly men in the London Borough of Newham, to nine large projects conducted in partnership with other organisations providing a

range of welfare, education and training services to BME elders and adults with learning difficulties. These include the provision of: sheltered and supported housing; culturally sensitive domiciliary care services; and, innovative social care and support services to enable independent living.

The Trust is also undertaking research to study the changing needs of BME older people, and supports



initiatives to address discrimination and inequality in services, while advocating a wider awareness of culture and diversity.

“We will work to promote enterprise among disadvantaged and under-represented groups and encourage social enterprise in disadvantaged communities.”

Patricia Hewitt
Secretary of State for Trade and Industry and Minister for Women and Equality
DTI Strategy September 2003

During the first year of implementing the social enterprise strategy, we focused on improving conditions for all social enterprises. This was necessary because of the need to raise the level of support across the board. During the remaining two years of the strategy, if we are to promote and develop the potential of the full range of social enterprises, we shall need to devote more resources to working with particular groups and on specific aspects. To that end, we are working with specialist support organisations and we are funding programmes (as described elsewhere in this report) to investigate the most effective means for providing support. In addition, the DTI's Social Enterprise Unit supported the development of social firms by contributing to the funding of Social Firms UK's conference and summer school.

All of the services available through the Business Link network are open to everyone who wants them, but it is recognised that they are neither as accessible or appropriate as they should or could be. It is accepted that some groups will continue to need specialist support, but in the longer term our aim is to change attitudes and approaches in the delivery of mainstream activities to ensure they are accessible to, and used by, all. The Phoenix Fund was established to inform this process, by supporting a diverse range of 'demonstrator' projects delivered mainly by organisations with specialist knowledge and understanding of particular communities; 'lenders of last resort' - the Community Development Finance Institutions - who reach people beyond the reach of the mainstream banks; and pilot initiatives such as the City Growth Strategies.

Dove Designs



Dove Designs was established in 1989 to provide training opportunities in IT, furniture manufacturing and business skills to people with mental health problems. The company has experienced a turnover growth of 250% since 1996. A key competitive advantage is derived from strong

relationships with suppliers in the local furniture manufacture sector. By manufacturing and selling its products, the emphasis of Dove Designs is on creating a realistic work environment, rather than just a rehabilitation centre.

The organisation has moved to the Brunswick Dock area of Liverpool and expanded its product range to include settee and chair frames, and specialist display stands. All products are built to British Standards specification. With support from the European Social Fund in 1994,

it began providing NVQ training courses in woodworking, and it now offers five NVQ courses: Furniture Production & Assembly; Furniture Hand Crafting & Finishing; Furniture Restoration; Business Administration; and Information Technology. The company now employs 12 full time staff and provides training and work experience for over 90 adults with mental health needs. They have also established a successful 5-a-side football squad for the trainees and staff in order to encourage team skills, raise general fitness levels and boost self esteem.

2.2 Finance and funding

Bank of England Review

The Bank of England published a report³⁸ on the finance and funding of the social enterprise sector in May 2003. This was welcomed as a thorough and accurate analysis of the social enterprise sector with some useful recommendations on improving investment readiness; facilitating the supply of conventional debt finance by mainstream and social banks and Community Development Finance Institutions (CDFIs); and increasing the supply of 'Patient Capital'. This analysis has formed the basis of further work on improving social enterprises' access to finance.

Making the market - following up on the Bank of England's review

The DTI hosted a working seminar of experts in June 2003 to consider how best to address the needs of social enterprises identified in the Bank of England's review. Present were representatives from the five largest banks, the directors of five major charitable foundations, all the CDFIs and smaller banks specialising in this sector as well as officials from across Whitehall. A note of the meeting is available on the DTI website.

There was substantial interest amongst those involved in providing finance for social enterprises to take forward work in this area. Therefore, the Finance and Funding Working Group,³⁹ chaired by Andrew Robinson of Natwest/RBS, was reconstituted to drive forward progress in three key areas:

- Developing a better understanding of the social enterprise market.
- Formalising the process of arranging finance.
- Increasing the supply of finance.

'At present, many social enterprises are undercapitalised and struggle to access external finance, particularly when starting up, growing or moving away from grant dependency. Ensuring appropriate finance and funding is available to social enterprises is key to enabling the sector to develop and grow. It is central to our strategy to encourage social enterprises to move away from grant dependency and towards greater self-financing.'

Social Enterprise: a strategy for success (2002)

"The Bank has a long-standing interest in the financing of SMEs, where our aim has been to promote a better mutual understanding between lenders and borrowers. As with conventional businesses, social enterprises need to have access to a range of different sources of finance. I very much hope that this report will help in achieving that objective."

Eddie George, as Governor of the Bank of England.

38 *The Financing of Social Enterprises: A Special Report by the Bank of England*, www.bankofengland.co.uk/financing_social_enterprise_report.pdf

39 A list of Finance and Funding Working Group members can be found in Appendix C

'The Government intends to work more closely with the banking sector to identify what can be done - by all involved - to improve relations between social enterprises and financial institutions.'

Social Enterprise: a strategy for success (2002)

These three areas each had their own expert Chairs: Andrew Robinson, Victoria Hornby of the Sainsbury Family Charitable Trust and Malcolm Hayday of Charity Bank respectively. The focus of all three groups (which each met in July, August and September) was to come up with specific recommendations for Government which built on the findings of the Bank of England's own recommendations and to identify "quick-wins" that the sector itself could take forward immediately. Further work on their proposals is now in hand.

Summary of key proposals from finance and funding working groups

a. Developing a better understanding of the social enterprise market

1. **Incentivise banks** - the costs associated with the non-standard nature of applications from social enterprises in the retail/small business segment would appear to be a limiting factor in terms of access to bank finance. Continued work with specialist units in banks to address this issue, particularly to establish the commercial value of the sector and alternative partnership arrangements with intermediaries (such as CDFIs) to reduce these transaction costs, should be encouraged.
2. **Role models** - a bank's appetite for certain types of loans or sectors is also influenced by previous experience. Detailed case studies about social enterprises having acquired external funding, and the value added by CDFIs in the process, will assist in increasing banks awareness of the potential and peculiarities of this market. The case studies would also be useful in challenging misconceptions. For example, where a social enterprise does not fully understand the parameters within which a bank operates, and what it takes to become 'investor ready'; or, where a bank does not understand unconventional income streams or how a loan can be repaid without a profit driver.
3. **Regional Events** - front-line sales force, regional business managers and sanctioning managers have a very low level of knowledge about the social enterprise market. A series of workshops and road shows would raise awareness of social enterprise in the banking industry. ►

“Social enterprises are inconvenient – not fitting neatly into, or well served by, the structures and systems we’ve inherited from the past. The Bank of England work exposes many of these issues, as well as suggesting actions that must be taken by banks, policy makers, community development finance providers, foundations and trusts before the market can grow.”

Andrew Robinson, Head of Community Development Banking, NatWest & Royal Bank of Scotland

4. **Training Courses** - bankers have said that easy-to-use guidance on how to distinguish between a weak mainstream business and a good social enterprise would also be helpful. New courses could be developed by the Institute for Financial Services. The British Banking Association should be encouraged to set up working group on this issue and a meeting with heads of bank credit policy should be arranged to see what they would find useful.

b. Formalising the process of arranging finance

1. **Feasibility and technical assistance funding for borrowers** - funding should be made available for a time-limited pilot project to enable CDFIs specialising in the social enterprise market to autonomously provide small grants for feasibility studies or business plans connected to finance applications and/or general technical assistance. The US model of government support for technical assistance finance through banks/CDFIs could provide a useful example. Additionally, as part of the pilot, a few larger grants for feasibility studies associated with major tenders should be made available through a different process. Successful projects would be expected to ‘recycle’ the grant back into the fund.
2. **Signposting** - social enterprises would benefit from a web-based self-diagnostic tool to help them identify their finance needs and appropriate sources.
3. **Brokerage Services** - social enterprises would benefit from intermediaries who would work with potential financiers and funders to assist in the raising and structuring of appropriate finance packages.

c. Increasing the supply of finance

1. **Community Investment Tax Relief (CITR)** - the impact of CITR will be monitored by the Community Development Finance Association (CDFA) to investigate whether additional investment in social enterprise is created and to recommend improvements for the future.
2. **Supply-side products** - Continued strategic support is required to enable the CDFI sector to work more closely with banks on new products. In particular, there is a requirement for an ‘equity equivalent’ product to address the lack of finance available for start-up and growth social enterprises.

Patient Capital

One key recommendation of the Bank of England's review was recognition of a demand for patient capital (sometimes also referred to as 'soft loans'). In order to explore this in more detail, the DTI, the Home Office and ODPM hosted a conference on the subject in July. This included a showcase of the Adventure Capital Fund, a pilot form of 'patient capital' being supported by the Government.

Patient Capital Seminar - 18 July

Six key issues:

1. **Supply and Demand Awareness.** For patient capital to become an established part of the menu of finance used by social and community enterprises, awareness and understanding of its potential and how it can be used has to be substantially raised among local enterprises (and their advisers) and funders.
2. **The Evidence Base.** Community and social enterprises and their supporters are building intellectual capital about the sector - but rhetoric rather than a robust evidence base continues to inform most arguments for growth and support. Current efforts to develop approaches to balanced scorecard, Social Return On Investment (SROI) and social auditing methodologies that are designed to be relevant to social and community enterprises (but which are also appropriate, feasible and cost effective) need to be reinforced.
3. **The 'Three Legged Stool' - of public, charitable and private sector financial support.** The current level and extent of public sector interest and involvement in the exploration of the potential of patient capital for the support of social and community enterprises has been a vital ingredient of recent advances in the sector. Substantial further growth depends on other funders (private sector and charitable) being encouraged to become active investors alongside statutory funders.
4. **Spectrum of Finance.** Patient capital is not a 'stand alone' type of finance. It includes a range of types of funding and is on a spectrum of finance - from unconditional grants at one end to full commercial finance at the other. Social and ►

community enterprises need to be confident in their knowledge of the full range of financial options that may be open to them and how best (and when) to tap into each.

5. **Building Organisational Capacity and Confidence.**

Social and community enterprise development is a complex process and can pose high risks for the local people and organisations that take it on. Combining access to patient capital with appropriate help with organisational development is crucial if the capacity and confidence of those setting up and managing an enterprise are to be up to the task - and they are able to inspire the confidence of potential investors.

6. **The 'Business Culture.'** Some social and community enterprises are understandably ambivalent about external pressure to adopt what they perceive as financially driven business 'culture' and attitudes. Nonetheless, it is important that they learn to adopt and adapt business disciplines and methods in ways that enable them to address simultaneously their financial, social and environmental aspirations and to attract investment.

The Adventure Capital Fund was launched in December 2002 to test out a range of alternative approaches to financial investment in community and social enterprises. Its aim is to accelerate enterprise growth and create sustainable institutions that contribute to long-term community renewal. The project has been developed as a partnership between the Home Office's Active Communities Directorate, ODPM's Neighbourhood Renewal Unit, the DTI's Social Enterprise Unit, the Local Investment Fund, the Development Trusts Association, the Scarman Trust, and the New Economics Foundation, all of whom, apart from ODPM and the DTI, are represented on the Investment Panel. The financial products, taking the form of either grants or loans, are tailored to the specific needs of each client who also receives technical assistance and business support. Repayments will be made from a combination of financial and social returns to be delivered by the community enterprise over a period of years. The £2 million capital was over-subscribed five times. Ten enterprises were selected for support. In addition, four Regional Development Agencies supported development grants or bursaries to bring projects to a state of 'investment readiness'.

‘The Government acknowledges that, at present, too many social enterprises appear to have underdeveloped financial management and business planning skills.’

Social Enterprise: a strategy for success (2002)

The programme has been independently evaluated by the London Metropolitan University.⁴⁰ Lessons learned will be reflected in the second round (to begin in October), for which the Home Office has agreed a further £4m capital (from recovered assets).

Build capacity and financial awareness

SBS in conjunction with leading CDFA members has developed a financial awareness programme for social enterprises. This builds on the SBS programme for small businesses and will be delivered by members of CDFA. A pilot programme will be delivered in a number of locations across England in December 2003 and January and February 2004. This will provide a participant with a better awareness and understanding of the range of financial products available, and through strategic planning, how best to access the right kind of package and support to meet their growth needs.

Addressing the asset transfer issue

Social enterprises continue to experience problems when seeking to acquire assets. Patient capital, if we can stimulate a greater supply, might help (See previous section for the Adventure Capital Fund’s role on this).

Sometimes the issue is not about raising the capital to buy land or property but concerns about whether, if a public asset is passed to a social or community enterprise, it will continue to be used for public good. The proposed Community Interest Company will have a secure asset lock, which, like similar measures planned for the Industrial and Provident Society legislation should provide reassurances which may ease the transfer of assets to communities in the future.

Until these measures are in place, some public authorities will continue to be cautious. Others have, in the past, been held back by the requirement to dispose of assets at market value. To overcome this barrier, in August, Planning Minister Keith Hill launched the General Disposal Consent 2003 which allows local authorities to sell off land, in certain circumstances, for less than its market value without having to ask the permission of

40 *Primed for Growth*, available from www.neweconomics.org

the Secretary of State.⁴¹ This takes forward the Government's commitment to give local authorities greater freedom to dispose of their interests in land. Under the 2003 Consent, local authorities will be able to dispose of any interest in land held under the Local Government Act 1972 which they consider will contribute to the promotion or improvement of the economic, social or environmental well-being of the area at less than best consideration providing the undervalue does not exceed £2,000,000. For proposed transactions where the "undervalue" will exceed the £2,000,000 threshold specific consent from the Secretary of State will be required.

While some progress has been made on asset transfer, more needs to be done. Social enterprises may feel fortunate if they are given an asset or can raise the money to buy one, but the costs and management skills involved in the long-term maintenance may put a real strain on their viability and affect future social delivery adversely. These aspects must also be addressed.

Tackle 'clawback' clauses

As anticipated, progress on resolving the problems faced by social enterprises because of clawback has been slow. The DTI's Social Enterprise Unit has supported the work of the Regional Development Agencies on this. They plan to issue a best practice note (agreed with HMT). This should make clear both the regulations and any flexibilities that may legitimately be employed.

41 The details are provided in ODPM Circular 06/2003 - www.odpm.gov.uk/stellent/groups/odpm_planning/documents/page/odpm_plan_023358.hcsp

Priorities for future action

- We will work with the Small Business Service and others to deliver a consistent level of excellence throughout the BLO network and to increase the take-up of BLO services, either directly, or through others, by social enterprises, including those involving under-represented groups.
- We will ensure that the new Business Support Directory is not only open to eligible social enterprises but is easily accessible by and known to them and we will take steps to encourage social enterprises to make use of what is available.
- We will support those, like the Social Enterprise Partnership (GB) Ltd, and Social and Community Enterprise Training Consortium and others, who are developing and delivering high quality, specialist support, training and advice for social enterprises and their advisers and we will encourage them to take up appropriate training and look at any barriers limiting this.
- We will follow up the Bank of England's review of financing of social enterprise and take forward further work on the key recommendations from the follow-up seminar and related Finance and Funding Working Groups held in the summer of 2003.
- We will continue to work with others on the barriers facing social enterprises when they seek to acquire assets and consider what more may be done to improve their ability to run them effectively for the benefit of their clients and communities.
- We will continue to work to improve understanding and encourage consistency of application of the regulations relating to 'clawback'.

Establish the value of social enterprise

'Better support for the sector will come when government (at all levels), the financial community and business advisors understand its nature and needs better, are convinced of its value, and alter their practices to incorporate the social enterprise model.'

Social Enterprise: a strategy for success (2002)

'Knowing the extent and scale of social enterprise in the UK is critical to establishing its credibility.'

Social Enterprise: a strategy for success (2002)

Highlights of year 1

- Publication in July 2003 of a research report, *Guidance on mapping social enterprise*, reviewing the extent of existing knowledge of the sector; drawing out good practice in mapping social enterprise; and recommending a methodology to map social enterprise UK-wide.
- Raising the profile of successful social enterprise, for example through the Enterprising Solutions National Social Enterprise Award.
- Supporting a strong and inclusive voice for the sector by providing strategic funding for, and working with, the Social Enterprise Coalition.
- Supporting research into the identification and development of quality and impact tools that meet the needs of social enterprises by funding, and raising the profile of, the work of the Social Enterprise Partnership (GB) Ltd.

3.1 Establish the knowledge base

A strong evidence base on social enterprise across the UK is needed to inform future policy development and to help establish the value of the sector. As shown in the reports from the regions, some data on social enterprise has been collected at regional and local level. However, such regional and local information cannot easily be compiled and compared to create a complete picture of social enterprise across the UK because the studies have used differing methodologies and definitions according to their individual remits.

Guidance on mapping social enterprise

The DTI's Social Enterprise Unit has led the first stage of our work to establish baseline data on social enterprise across the UK with the completion in July 2003 of a research report, *Guidance on mapping social enterprise*. This drew heavily on the experience of previous mapping studies, involving people within the sector who have commissioned and been a part of mapping projects. The report includes a review of current knowledge of the sector, confirming that whilst existing studies offer valuable insights, knowledge across the UK is fragmented and cannot be compared. The main body of the report highlights good practice in mapping social enterprise and makes

recommendations to improve the comparability and consistency of data collected. The guidance enables organisations to innovate around this common core to meet specific regional or local needs. The report also recommends a methodology, based on the same central core data, for taking forward a UK-wide study.

Report on Guidance on mapping social enterprise

In March 2003, the DTI commissioned ECOTEC Research & Consulting to conduct a research project on *Guidance on mapping social enterprise*. The research:⁴²

- reviews 33 existing social enterprise mapping studies, confirming that whilst each offers valuable insights, knowledge of social enterprise across the UK is fragmented and incomparable;
- based on the existing knowledge of social enterprise across the UK, makes a crude estimate that the overall number of social enterprises with trading income of 50% or above is in the region of 5,300 enterprises;
- identifies that incomparability between studies can be accounted for by their differing remits and use of varying methodologies and definitions;
- recommends applying the definition of social enterprise as set out in *Social Enterprise: a strategy for success* through a test based approach focussed on registration, trading and pursuit of social objectives;
- recommends gathering a common central core of data around which there is flexibility to innovate according to the remit of individual studies;
- makes practical recommendations for mapping social enterprise at local, regional and national levels; and
- suggests options for developing the information gathered at national level into a valuable dynamic resource for the sector.

The full, comprehensive report is freely available. The next step is to disseminate the key good practice guidance - probably in the form of a short, introductory guide - to make it readily accessible to organisations and encourage its use.

⁴² Further information and a copy of the report is available via www.dti.gov.uk/socialenterprise

Baseline research

The DTI's Social Enterprise has started work to take forward the recommended methodology to map social enterprise UK-wide. This will provide basic evidence on the size of the social enterprise sector, the number of people it employs and its contribution to the UK economy. We anticipate that the results due next year will provide a framework to estimate the impact of social enterprise (alongside work to develop appropriate performance indicators and tools for individual social enterprises). This could include using accepted random sampling techniques to estimate the performance of social enterprises in the UK against key indicators, such as creation of jobs or skills development, or to carry out further research, for example into enterprises run by or for women, or by or for ethnic minorities.

Mapping Social Enterprise Across the UK

The report on *Guidance on mapping social enterprise* (ECOTEC Research & Consulting, 2003) recommends a four step process to collect core baseline data on social enterprise across the UK:⁴³

- Compilation of initial regional databases from national sources.
- Validation of initial databases by regional partners and national co-ordinator.
- Short, focused telephone survey to verify social enterprise tests.
- Analysis to estimate economic contribution of social enterprise sector across UK.

'Active promotion of social enterprise is vital, to raise the profile of the sector and help spread understanding.'

Social Enterprise: a strategy for success (2002)

3.2 Recognise achievement and spread the word

Raising the profile of the sector, through active promotion and celebrating successful social enterprise, will help increase understanding of social enterprise within government, the financial community and business advisors. We continue to work to raise awareness of social enterprise within government and more widely through, for example, Ministers' and officials' speeches at a range of high-profile conferences and seminars throughout the UK, and a sustained programme of visits to social enterprises. Through this approach, we have helped generate local, regional and national interest and media coverage, as well as increasing our understanding and knowledge.

43 Further information is available via www.dti.gov.uk/socialenterprise

Social enterprise visits



Patricia Hewitt and Claire Dove of Blackburne House at the Women's Technology and Education 20th Anniversary Celebration, 12 March 2003.



DTI Minister, Nigel Griffiths, Sir David Sieff and the High Sheriff of Bedfordshire help the Recycle-IT! team celebrate their winning the National Sieff award at Business in the Community's National Awards for Excellence, 9 September 2003.

Social enterprise tour

In October 2002 I embarked on a tour of social enterprises in England and Wales. This programme of visits took me to a wide range of social enterprises, from rural and urban areas, belonging to a variety of legal forms and in various stages of development. My aim was to get to the very heart of this sector and try to gain a better understanding of what social enterprises were about, what they had to offer, and the issues and challenges facing their growth and development.

This tour did just that. I had the pleasure of seeing the large and impressive Greenwich Leisure with its highly motivated staff and state of the art equipment, as well as the work of social enterprises like PACK-IT in Cardiff, with its mailing and distribution services, and the local community job creation being achieved at Sheffield Rebuild through its construction and training operations. I also enjoyed hearing about the challenging ambitions of a number of other social enterprises including ARTS Factory with its plans to ensure widespread home access to PCs in the Rhondda Valley, and Aberfan with its brilliant scheme of renting out old Fiestas to unemployed people so they could access jobs in the M4 corridor, while taking time to marvel at the stunning sights at the Eden Project in Cornwall.

These were just a few of the eighteen social enterprises and support organisations I was introduced to. It was easy to be inspired by their creative talents, passion and commitment, but I was also impressed by how their clear social purpose and ability to engage with local communities, was underpinned by strong business minds, entrepreneurial flare and sound commercial acumen. I appreciated that these qualities are inseparable if social enterprises are to thrive and succeed.

I completed this exhausting week with enormous gratitude for the warm receptions that greeted my visits, and a tremendous sense of optimism about the future of this sector. I met many impressive and dedicated people who left me in no doubt that the social enterprise sector is in good hands.

DTI Minister, Stephen Timms on his tour of social enterprises in England and Wales, 16-24 October 2002.

International perspectives

We are also maximising opportunities for learning and sharing experience of social enterprise internationally to draw attention to the UK's models of social enterprise.

Social enterprise (though it may carry a different label) has a long and distinguished history not only within the UK but throughout the world from Europe to America to Africa. Over the past year, DTI has:

- built networks with others across Europe by participating in the Social Economy conference in the Czech Republic in November 2002;
- showcased the UK's Social Enterprise Strategy at the Edge-Cities European conference in Northern Ireland in June 2003;
- presented the UK's work at a seminar organised by the Social Enterprise Partnership (GB) Ltd for their European partners in London in June 2003;
- hosted a delegation of European Commission officials on a visit to meet key officials and social enterprises in the UK in March 2003;
- worked with an expert on social enterprise from the USA, Jerr Boschee, on a series of regional training events with Regional Development Agencies; and
- met delegations from Japan, South Korea, New Zealand and Australia.

Young enterprise

Closer to home, we have initiated work to help introduce young people to the enterprising skills and attitudes in social enterprises. In response to the Howard Davies review recommendations, DfES has invited 400 state secondary schools to become Pathfinder schools and put their various schemes and programmes to promote better understanding of business, the economy and enterprise within schools into action over the next 2 years (2003-04 and 2004-05).

The Pathfinder project will include a wide variety of approaches, enabling us to draw up an enterprise education scheme that will include social enterprise for the national rollout in 2006.

"I welcome the contribution that the Enterprising Solutions Award is making to raise awareness about what social enterprises can achieve. I look forward to the day when the concept of social enterprise is understood and embraced by all. What better way to do this than by showcasing exceptional entrepreneurial talents harnessed to benefit community needs?"

Derek Mapp, East Midlands Development Agency

Awards

As well as increasing recognition of social enterprise, awards help to illustrate just what successful social enterprises can achieve and provide innovative and entrepreneurial models for those within the sector. Together with joint sponsors, NatWest and the Royal Bank of Scotland, the DTI is working to increase the profile of the Enterprising Solutions National Social Enterprise Award. In 2002, the overall winners, Brighton and Hove Wood Recycling Project, fronted a special supplement on the awards in *Social Enterprise* magazine when they won the top prize of £10,000. In 2003, the Award will also be featured in the business section of *The Observer*, this year's additional media partner.

We also sponsor specific social enterprise awards as part of mainstream business awards. In recognition of the particular contribution that social enterprises can make to urban renewal and regeneration, for the first time in 2002, the DTI supported an award for the fastest growth social enterprise as part of the Inner City 100 awards. That year, 8 social enterprises featured in the Inner City 100, with Sheffield Rebuild winning both the Social Enterprise Award and the Rising Star Award. The DTI and SBS are continuing sponsorship of the social enterprise award

Brighton and Hove Wood Recycling Project

"We started with little more than a few volunteers and the burning desire to save wood from landfill.

Winning the award gave us a real feeling of elation - after struggling to survive, our hard work was finally recognised

and rewarded. It generated nationwide interest and masses of credibility - we're now becoming a model for similar schemes nationwide. And that's good news for the environment and good news for jobs!"

Richard Mehmed, founder



and one other award as part of the Inner City 100 in 2003. This year's winners will be announced at an award ceremony on 2 December 2003.

We also support awards that recognise successful social entrepreneurs such as the New Statesman Upstarts Awards. In 2002, winners ranged from Tim Smit for his remarkable achievements at the Eden Project, to Peter Gibbs of Sea-Change and Yusupha Kujabi of Partners for Help to Self Help for their potential to succeed as social entrepreneurs. The third annual Upstarts Awards winners will be announced in February 2004.

Sheffield Rebuild Ltd



Winner of Inner City 100's Social Enterprise Award and the Rising Star Award, for 2002, Sheffield Rebuild Ltd was grown out of a partnership between a well-established local builder with social ideals and community projects in Manor and Heeley. It uses construction contracts and funding programmes to

create local employment and training opportunities. The desired outcome is to give people facing multiple disadvantages a range of structured opportunities, leading to sustainable social improvements such as increased employability and access to commercial job opportunities. It has three trading arms:

Rebuild Construction works on construction contracts, such as new build homes, offices, and refurbishment contracts; Replant undertakes hard and soft landscaping

contracts; and, Reinsulate undertakes loft and cavity wall insulation work.

Since the Training Unit was set up in 1997, it has established close working links with a network of organisations committed to training and community development. Every trainee is helped to prepare a personal training and development plan, given a formal Training Agreement, and attends college to gain National Vocational Qualifications in their chosen craft.

“We want it to be easier for people to set up and grow successful social enterprises. Our vision is that in 20 years time SEC will be like the CBI, representing a large social enterprise sector of economic activity in the UK economy”

Jonathan Bland, Chief Executive,
Social Enterprise Coalition

A strong voice for the sector

There is much promotional work that the sector itself can and should take forward, led by the Social Enterprise Coalition (SEC). The DTI has offered a further 3 year strategic grant to help SEC establish itself as the strong, inclusive and coherent focal point for the sector. The funding runs up to March 2006 and is worth up to £450,000 in total, with SEC required to bring in income from other sources that will more than match this and develop a sustainable business plan.

Social Enterprise Coalition



Baroness Glenys Thornton, Jonathan Bland and Nigel Griffiths MP, launching, *There's more to business than you think: a guide to social enterprise*, 17 September 2003

The Social Enterprise Coalition (SEC) is comprised of the leading organisations that promote social enterprise throughout the UK. SEC aims to support the sector by being a strong, inclusive voice for social enterprise, promoting the sector with policy makers and the public, and by building the capacity of the sector through sharing knowledge and information.

This year has seen SEC develop into a dynamic organisation, with its first Chief Executive, Jonathan Bland, appointed in April, supported by a small team. SEC has been active in representing the sector during consultations on Community Interest Companies and the reform of Industrial and Provident Society legislation, and in working with the Bank of England on finance issues for the sector. It has initiated work in a number of key areas, including research about the role of the Regional Development Agencies and the Devolved Administrations in supporting social enterprise. SEC has also engaged in promotional work, taking part in a BBC Radio 4 programme about social enterprise and publishing an introductory guide to social enterprise, *There's more to business than you think*.

Recently, SEC has joined the Social Enterprise Partnership (GB) Ltd and secured additional funding from the Small Business Service Phoenix Fund to support its work over the next year building capacity within the sector through sharing knowledge and encouraging co-operation through the development of regional social enterprise networks.

With a new and expanded board and a growing staff team, SEC has an ambitious work programme for the next year. This will build on work already underway on legal structures, finance and regional development but will also include some major new projects around social enterprise and public services, the rural agenda and creating opportunities in key growth sectors. SEC is also developing an exciting communication strategy that will significantly raise the profile of social enterprise across the UK.⁴⁴

44 Further information is available via www.socialenterprise.org.uk

3.3 Create trust

Social audit and impact evaluation

'Work to enable social enterprises to measure their social, environmental and economic impact, to benchmark themselves against other businesses, and to reach appropriate quality standards, will help to establish the value of social enterprise.'

Social Enterprise: a strategy for success (2002)

It can be daunting for an individual social enterprise to pick out from the variety available those tools that are the most appropriate for measuring their impacts. We believe that by using such tools, for example social audit, social enterprises will be in a stronger position to demonstrate their true value, helping to reduce some of the obstacles they face in accessing finance or competing for public sector contracts. Impact measurement can also allow social enterprises to understand what works, and thus be more effective in meeting their social and environmental objectives.

We are supporting work that will assess the options and help social enterprises identify the most appropriate tool for their needs. The DTI's two year grant funding towards the work of the Social Enterprise Partnership (GB) Ltd, SEP, helps support their Quality and Impact Project. This Project will provide a guide to give social enterprises better access to, and support in using, such tools.⁴⁵ A variety of social accounting tools are being developed and tested under the project. A healthcheck is being created for development trusts, key performance indicators for co-operatives and a balanced scorecard of indicators for social firms. As part of this project, New Economics Foundation has piloted a prototype Social Return on Investment methodology with four social enterprises.

In the longer-term, we plan to identify a framework of tools and techniques that could meet the needs of both social enterprises and mainstream small and medium sized businesses to enable them to improve their own performance and provide evidence of their social impacts. While there are no plans to make social audits a requirement, it is hoped that by making them readily accessible and demonstrating their value, their use will increase. Additionally, when the UK wide mapping of social enterprise has been completed, the DTI hopes to design research to demonstrate typical social impacts of social enterprises that will complement impact evaluation by individual social enterprises.

⁴⁵ More information is available via www.neweconomics.org

Branding and quality standards

Another way to boost the confidence of customers and contractors in social enterprises, might be to develop a branding or quality standard scheme for the sector. The DTI will consider the value of such schemes. While Community Interest Companies are not intended to become the only legal form, and therefore the brand for social enterprise, their introduction, and the changes to the Industrial and Provident Society legislation, will need to be taken into account in this work.

Halton Community Transport

Halton Community Transport (HCT) is a successful social enterprise operating in Halton, on the outskirts of Merseyside. It has contracts with Halton Borough Council to provide a number of specialised transport services for residents unable to use conventional public transport. It was formed in 1990 when three enthusiastic and committed volunteers created a community car scheme to drive people with disabilities who could not readily access public transport.

HCT's trading arm "The Extra Mile Transport Company" retails liquid petroleum gas, operates a driving school for aspiring coach drivers and provides professional garage services including vehicle

repairs. HCT operations include: Coach and Mini Bus travel for community groups, accredited training and education opportunities; Accessible Transport to Employment and Post-16 Education, Women's Safe Transport and Dial a Ride services.

To objectively demonstrate its value and impact on the local community HCT chose, from the range of tools available, to undertake a social audit.

The social audit process forced HCT to review fundamental questions such as their objectives, whether they were still relevant and how well they were achieving them. Further along the process they gained



invaluable knowledge on more crucial (but often undiscovered) issues important to success of the business. For example, the views of their stakeholders, the impact of the organisation locally and elsewhere and it identified weaknesses (thus providing a forum for improvement). Finally, the social audit process enabled them to document to both existing and potential stakeholders the benefits that HCT brings to the community.

Priorities for future action

- We will conduct a UK-wide social enterprise mapping exercise to provide information on the size of the social enterprise sector, the number of people it employs and its contribution to the UK economy.
- We will continue to raise the profile of social enterprise through awards, media coverage, visits, speaking events and publications.
- We will continue to support and work with the Social Enterprise Coalition as it becomes a strong, fully inclusive voice for the sector.
- We will continue to work with the Social Enterprise Partnership (GB) Ltd and others on impact measurement with the long-term aim of identifying a framework of effective tools and techniques, including social audit, that meet the needs of social enterprises and mainstream small businesses.

Regional Activity

East of England

Supported by East of England Development Agency (EEDA) and led by Hertfordshire Business Link, the East of England's key regional partnership, Supporting the Social Economy in the East of England Region (SSEER), is working on a number of initiatives aimed at promoting and sustaining social enterprise throughout the region.

SSEER is developing a strong business support framework for social enterprises, through collaboration and integration of specialist social economy (e.g. co-operative development agencies) and mainstream business support agencies.

This work includes support for a major, integrated package of business support in Southend, a priority regeneration area with the lowest business survival rates in the region. Additionally, a web based 'Nearbuyou' directory has been developed, showcasing products and services offered by social enterprise in the region, designed specifically to provide a resource for public sector procurement officers and to promote inter-trading.

EEDA and SSEER have helped to create a number of innovative community development finance institutions in the region, including support for implementation of the Suffolk Regeneration Trust, a county-wide finance institution that will provide a range of financial products to excluded individuals, potential entrepreneurs and businesses. In addition EEDA has provided funding for small loans for social enterprises through Cambridge Co-operative Development Agency, bursaries through the Adventure Capital Fund and development costs for the launch of a regional loan fund through an ethical share issue.

EEDA is also supporting work on capacity building within the social economy, and has formed a partnership with the Judge Institute of Management Studies (University of Cambridge) to provide opportunities for regional social enterprise managers to undertake postgraduate courses and to provide a research capacity to underpin regional investment. Social enterprises have also benefited from the Single Regeneration Budget and through this funding, EEDA has supported the development of a number of credit unions aimed at providing affordable and sustainable forms of financing for socially excluded people.

For more information on the work of EEDA, visit www.eeda.org.uk.

East Midlands

The East Midland Development Agency's (emda) interest in social enterprise is clearly stated in its Economic Inclusion Development Plan (EIDP), and through its support for Social Enterprise East Midlands (SEEM).

SEEM has now received an additional 2 years of funding of £500,000 from emda to support activity in key areas such as infrastructure and funding, business support and research. emda has also provided £240,000 support towards the East Midlands Community Loan Fund, launched in October 2002, and is working with SEEM to manage a £2 million grant programme to support the sector on feasibility and planning, developing assets, capacity building and opening up new markets. These activities have been supported by a number of events to promote the social enterprise model across a multitude of key stakeholders.

emda and SEEM are also developing specific actions to affect the strategic climate in which social enterprises operate. These include: work with the region's public and statutory sectors to support them in developing procurement arrangements which deliver on a double or triple bottom line; development of a toolkit and support service for voluntary and community organisations seeking to diversify their income streams and adopt enterprising techniques; and close working between Business Links in the region, SBS and other business support providers to scope out an integrated and seamless business support structure for social enterprise.

Additionally, social enterprises in the East Midlands have played a significant role in emda's Local Alchemy Programme, aimed at supporting less prosperous communities in the region in becoming more enterprising. Through this programme emda has funded three pilots, resulting in the creation of new social enterprises, and has invested £2.5 million in an endowment being managed by the region's Community Foundations, to provide small grants to individuals and organisations developing social entrepreneurship.

For more information on the work of emda, visit www.emda.org.uk.

London

The London Development Agency's (LDA) Economic Development Strategy clearly sets out its commitments for intervention in developing social enterprise. LDA is a key member of the London Social Enterprise Task Force, which brings together the major partners in London involved in promoting the sector. The Taskforce has produced a new Business Support Strategy for London Social Enterprises 'Time to Deliver', and established working groups to take forward implementation. The LDA is also developing a strategy for the promotion and support of take-up of the Community Investment Tax Relief (CITR).

LDA has commissioned Social Enterprise London (SEL) to co-ordinate the London Social Economy Taskforce and to work on a range of key projects to strengthen social enterprise in the region including research, networking, training, communication, developing pilot approaches and improving business support and access to it.

Initiatives developed through the Enterprise for Communities SRB programme, such as the Social Enterprise Postgraduate Programme delivered by the University of East London and Social Enterprise Loan fund managed by London Rebuilding Society, continue to deliver. LDA funds a new childcare development; East London Childcare Institute, led by NEWTEC and launched in Newham on the 27th August 2003. This social enterprise model offers a high quality range of services to local businesses and the wider community. It is anticipated that this may be replicable in other areas to address the shortages of affordable childcare provision and skills shortages.

LDA continues to support the Development Trusts Association to broker support for exiting SRB schemes looking to develop community enterprise models as part of their forward strategy.

The LDA Access to Finance project is aimed at improving access to finance and business investment readiness in Objective 2 areas and includes specific support to social enterprises looking for loans over £50,000.

The LDA2 programme has supported the growth of local social enterprise networks that strengthen locally based advice and support for social enterprises.

For more information on the work of LDA, visit www.lda.gov.uk.

North East

The North East Social Enterprise Partnership (NESEP) acts as a voice, forum and generator of activity for social enterprise, and provides a regional framework for practitioners. One NorthEast (ONE) is co-funding NESEP along with the Social Enterprise Partnership (GB) EQUAL project.

NESEP was officially launched in March 2003, when it unveiled its Social Enterprise Regional Action Plan (SERAP). The SERAP is aligned to both the Regional Economic Strategy and *Social enterprise: a strategy for success*, and contains four key themes: promotion to raise profile; development to win more business; training to build capacity; and governance to keep the sector and its served communities together. To facilitate this, an RDA officer has been seconded to NESEP to scope potential for business, help build bridges between suppliers and buyers and link growth opportunities into the business support network.

Support for social enterprise in the North East has also been enhanced by the clear recognition from the four Sub-Regional Partnerships (SRPs) in the region of this sector's contribution to combating social exclusion and raising aspirations and levels of income in communities. Significant sub-regional activity is underway to support the growth of social enterprise.

ONE's future activity will include looking at regional access to finance for the sector, and in particular raising demand for Phoenix Funding. The Agency has been proactive in bringing together established CDFIs, SBS, Business Links and social enterprises to discuss these issues.

In addition, the Agency is funding the development of social accounting tools and it is currently working on improving access to skills and the relationship with the Framework for Regional Employment and Skills Action.

For more information on the work of ONE, visit www.onenortheast.co.uk.

North West

The Northwest Development Agency (NWDA) is developing its social enterprise support work mainly on a sub-regional basis. The model has been piloted on Merseyside, where a strong Social Enterprise Partnership has been developed, and a programme of early wins was agreed last year. This included support around marketing, legal issues, skills of Board members, and social auditing, and the Partnership let contracts to deliver this work, mainly to social enterprises themselves. Phase two will include more intensive work in areas such as Business Support and Workforce Development. The Merseyside Social Enterprise Initiative is funded by £2.5m from NWDA and £1.2m from Objective 1.

In Cheshire, Cumbria, Lancashire and Greater Manchester, surveys of social enterprises have been published, and in each area a Social Enterprise Partnership was launched during May 2003. A Quick Wins programme covering six projects has been agreed and is currently out to tender. Steering Groups involving a wide range of partners are now working on sub-regional Action Plans which are expected to be operational from April next year. NWDA has allocated £4.5m funding to social enterprise support in these four areas over the next three years.

NWDA will look to encourage further the development of co-ordinated support for social enterprise by making the links to LSP Community Strategies and Neighbourhood Renewal Plans. It is also establishing a Northwest Social Enterprise Forum to enable sub-regional Partnerships and regional social enterprise networks to share information and good practice.

In May 2003 the North West Community Finance Forum was launched. This brings together a wide range of organisations engaged in community finance, including local CDFIs, ABCUL and the CDFA. At this event the NWDA announced the creation of a £1.5m Sustainability Grant Fund, which will be available for social enterprises to undertake activity which will specifically help them to become more financially sustainable, and will work closely with the community finance team at the Phoenix Fund to ensure that funding is strategically targeted within the region.

For more information on the work of NWDA, visit www.nwda.co.uk.

South East

In June 2003 SEEDA commissioned work to map the incidence and impact of social enterprise in the region, along with barriers to participation and potential for growth. The research provides a basis for the completion of the regional social enterprise strategy which SEEDA plans to launch in November 2003. Alongside this, Business Link (BL) Wessex, supported by SBS and the Government of the South East (GOSE), organised a successful regional conference in September 2002, to raise awareness of social enterprise. A similar event was held in May 2003 to encourage the voluntary/community sector to become more entrepreneurial, and to show how business support organisations could help. Work is also in hand to raise the competencies of BL business operators to advise and support social enterprises. An assessment tool for Business Links has been developed and piloted, and key partners are currently negotiating a training package to be included in continuous professional development of BL staff.

SEEDA's Enterprise Gateway initiative provides an integrated, structured, incubation and 'hatchery' process, with particular focus on developing business skills and entrepreneurship in deprived and rural areas. Social enterprises are encouraged to use the Gateway's network, business support, training and space, business support for social enterprises is an element of the core services. There are plans to link the Gateway with, where appropriate, local initiatives/projects that may support social entrepreneurship via schools and community centres.

Progress is also being made on a number of other key initiatives aimed at promoting social enterprise, including: work is ongoing to develop a broad based Social Enterprise Partnership in the region, building upon the current EQUAL partnership (SESEP - South East Social Enterprise Partnership), including RAISE (regional voluntary and community sector network) and the Business Links network; the European Social Fund co-financing prospectus will support management and enterprise training for social enterprise managers and network development; and SEEDA's development of a regional Community Development Finance Initiative is near contractual agreement with the Local Investment Fund and Industrial Common Ownership Finance and will be placed under the umbrella of the Finance South East initiative. The fund will support up to 120 social enterprises per annum.

For more information on the work of SEEDA, visit www.seeda.co.uk.

South West

SW RDA has agreed to fund the RISE partnership (Regional Infrastructure for Social Enterprise) over the next three years. RISE supported by a grant of over £750,000 from the RDA, will promote and co-ordinate social enterprise activity across the region. The partnership's membership is drawn from over 20 of the region's social enterprise support organisations. The RDA, the Business Link organisation and the LSCs are all represented on the RISE Board.

The importance of the social economy to the region has been recognised in the appointment of an RDA Board member, Judith Reynolds, who has an extensive social enterprise background.

In May SW RDA hosted '*helping social enterprises to become better businesses*', a major social enterprise event in Taunton, organised in consultation with Government Office for the South West (GOSW), RISE and the voluntary sector. Following this, GOSW and 'Creating Excellence' - the SW regeneration centre held an event aimed at exploring the opportunities for social enterprises to compete more effectively for public service contracts. This was attended by over 100 delegates from public authorities, business support agencies, and the social enterprise community.

SW RDA has also established a Social and Community Enterprise cross agency working group to determine overall priorities for the sector and to inform investment decisions.

Business Link Devon and Cornwall manages delivery of specialist social enterprise business support throughout the two counties. Additionally, in Cornwall, Co-active delivers a training programme to establish an indigenous social enterprise support capacity. It offers workshops and joint visits to social enterprise clients, and students trained to Small Firms Enterprise Development Initiative (SFEDI) or equivalent standard.

For more information on the work of SW RDA, visit www.southwestrda.org.uk.

West Midlands

Advantage West Midlands (AWM) has played a leading role in facilitating a region-wide, multi-agency social enterprise partnership through Enterprise in Communities (EIC).

Government Office for the West Midlands and SBS West Midlands are also active participants in this partnership which was set up to co-ordinate social enterprise sector support, review and influence policy.

Through EIC, a number of projects have been supported to assist development of sustainable social enterprises in the West Midlands.

These include the funding of the West Midlands Social Economy Partnership, a £3.5m region-wide action research scheme, which has involved mapping and scoping key issues facing the sector, providing support via a series of awareness raising workshops and seminars.

Another important project is the establishment of the £850,000 Advantage Community Loan Fund which is specifically designed to provide loans of between £15,000 and £85,000 to social/ community led enterprises.

AWM also provides support for the Regional Finance Forum, who are developing a network of CDFI's establishing geographical and thematic coverage for social enterprises and SME's and an 'investment readiness' service to improve access to finance.

An innovative beacon credit union project to create sustainable credit unions has been funded by AWM. A study in conjunction with the regional BME social enterprise task group has also been supported to explore issues facing BME communities interested or already running social enterprises.

At a sub-regional level, the six regeneration zones (geographical target areas unique to the West Midlands) are in the process of developing strategies to support social enterprise, raise awareness and improve access to mainstream and specialist service providers.

Co-ordination of support and development across the region will be enhanced through a West Midlands-wide social enterprise strategy and commissioning framework which will be launched in November 2003.

For more information on the work of AWM, visit www.advantagewm.co.uk.

Yorkshire Forward

In October 2002 the practitioner-led Social Economy Task Group produced a Social Economy Framework. It was launched at 'Footsey 100', a very successful Trade Fair for social enterprises attracting over 80 exhibitors and 300 delegates. Since October all partners in the Framework have been working to implement its recommendations; an update of the framework is currently underway, to be available for this year's trade fair.

The framework has been embedded in the new RES and social enterprise appears across a number of the region's key objectives.

The Social Economy Task Group has become Social Enterprise Yorkshire and the Humber. It has an open membership system and is represented in the Social Enterprise Coalition.

Yorkshire Forward (YF) has engaged with the 4 sub regional Business Links to develop business support mechanisms specifically for social enterprises. Each sub region is at a different stage of development but generally support is available as standard business support or specialist advice via social enterprise support agencies.

In all sub regions mapping work has taken place to inform the amount and type of business support required and for rural areas research is underway, led by the Rural Community Councils, into the needs of social/community enterprises, to establish models of good practice and the contribution to the rural economy.

YF continues to invest in the South Yorkshire Key Fund and we are developing a regional Partnership Investment Fund that takes into account the needs of social enterprises. Further feasibility work into making investment funds more accessible is planned.

Specific regional funds include the Adventure Bursary Fund managed by LIF/DTA and the Scarman Trust aimed at helping social enterprises to become investment ready. YF supported this scheme last year and intends to support it again this year. Additionally, to assist social enterprises to become more financially sustainable, Jerr Boschee the influential American speaker, ran a successful workshop in the region, which YF would like to repeat this year.

For more information on the work of YF, visit www.yorkshire-forward.com.

Implementation Group Membership

Adele Blakebrough	Co-founder & Director, Community Action Network
Liam Black	Chief Executive, Furniture Resource
Jonathan Bland	Director, Social Enterprise London ⁴⁶
Claire Dove	Chief Executive, Blackburne House
Stuart Etherington (represented by Nick Wilkie)	Chief Executive, National Council for Voluntary Organisations (NCVO)
Ted Fowler	Economic Regeneration Officer, Bristol City Council
Pauline Green (represented by by John Goodman)	Chief Executive, Co-operatives UK
Paul Harrod	Director, Aspire
Gerry Higgins (represented by Sally Reynolds)	Director, Social Firms UK
Timothy Modu	Executive Director, Voluntary Action Haringey
Judith Reynolds	Director, Co-active
Andrew Robinson	Head of Community Development Banking, Royal Bank of Scotland/NatWest
Stephen Sears	Chief Executive, Ealing Community Transport Group
Mark Sesnan	Managing Director, Greenwich Leisure Ltd
Glenys Thornton	Chair of Social Enterprise Coalition
Iain Tuckett	Group Director, Coin Street Community Builders
Andrea Westall	Deputy Director, New Economics Foundation Centre
Steve Wyler	Chief Executive, Development Trusts Association

⁴⁶ Now, Chief Executive, Social Enterprise Coalition

'Making the Market' and Finance and Funding Working Group members

Phillip Angier	Angier Griffin
Steve Walker	Aston Reinvestment Trust
Hilary Brown	Bank Of England
Emma Murphy	Bank Of England
Peter Kelly	Barclays Bank Plc
Richard Roberts	Barclays Bank Plc
Charlie O' Malley	Big Invest
Leonie Hirst	Big Invest
Philip Newborough	Bridges Community Ventures
Andrew Shadrake	Business Link Devon & Cornwall
Paul Coleman	Business Link for London
Sarah McGeehan	CDFA
Bernie Morgan	CDFA
Malcolm Hayday	Charity Bank
Marion Webster	Community Foundation Network
David Carrington	Consultant
David Dickman	Co-operative Bank
David Dunn	Co-operative Bank
Keith Masson	DTI
Shantha Shanmugalingham	DTI
Nicola Pollock	Esmee Fairbairn Foundation
James Edwards	Finance South East
Eleanor Knight	Finance Wales
Alex Hook	Foursome Investments
David Gold	Glimmer of Hope
Craig Campbell	HBOS
Douglas Faill	HBOS
Ken McNaughton	HBOS

Tim Weetman	Home Office
Ben Day	HM Treasury
Louise Willington	HM Treasury
Neil Warsop	HM Treasury
John Rendall	HSBC
Steve Ford	HSBC
Andrew Hibbert	ICOF
Brian Whittaker	Lankelly Foundation
Roger Brocklehurst	LIF
Stephen Pegge	Lloyds TSB
Andy Walch	Lloyds TSB
Naomi Kingsley	London Rebuilding Society
Gilson Undi	London Rebuilding Society
Bruce Wood	London Rebuilding Society
David Brinsford	Natwest
Peter Ibbetson	Natwest
Andrew Robinson	Natwest/RBS
Tracy Betts	Natwest/RBS
Sarah Forster	New Economics Foundation
Keith Richardson	North East Social Enterprise Partnership (NESEP)
Fiona Ellis	Northern Rock Foundation
Frank Carson	ODPM
Allan Watt	RBS Group
Lucy Findlay	RISE - SW Social Enterprise Partnership
Victoria Hornby	Sainsbury Family Charitable Trusts
Ellen Lederman	Shorebank
Bob Brennan	Small Business Service
Jonathan Bland	Social Enterprise Coalition
Ros Boyle	Social Enterprise Coalition

Megan Bingham-Walker	Social Enterprise Unit
Jonathan Holyoak	Social Enterprise Unit
Barbara Phillips	Social Enterprise Unit
Tim Reith	Social Enterprise Unit
Steve Wallace	Social Enterprise Unit
Scott Anderson	Social Investment Scotland
Sue Cooper	Triodos Bank
Gavin Smith	Triodos Bank
Nigel Price	Unity Trust Bank
John Kingston	Venturesome





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