

The infrastructure of the social economy in the UK

A report for Nova Ekonomika

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OPERAČNÍ PROGRAM
LIDSKÉ ZDROJE
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Executive Summary

Report structure and approach

The report was commissioned by the Czech Republic based organisation Nova Ekonomika to map the infrastructure of social economy in the UK.

The brief required: a map of the main spheres of action in the social entrepreneurship sector in the UK identifying the main parties concerned from public, private and NGO sectors and their roles; a description of the historical development of the government's approach to social entrepreneurship; and a general commentary on the appropriateness of these developments.

The report details the scale of activity instigated across and undertaken by government and social economy sector actors over approximately the last 12 years and provides commentary on each of the government interventions detailed.

Summary tables are provided at the beginning of the report and a comparative analysis is carried out of social economy support actors using basic X-Y axes built from a simple rating of each organisation of the focus of their activity.

Study comments: overview

It is clear the UK is the world leader in government backed social economy interventions and is set apart in this respect from any other country. Therefore no attempt is made to compare UK activity to the Czech Republic or to other countries due to the resource requirements such an undertaking would require.

A range of observations, drawn from the in-depth study of both government and the social economy support sector, can be made and are summarised hereafter.

Consistent pressure applied by lobbying organisations has been a substantial contributor to the development and implementation of much of the government's intervention in the social economy. This lobbying has generally taken a position of appreciative inquiry¹, where lobbyists have been challenging but supportive, collaborative and rarely confrontational or negative. This has led to the development of strong professional relationships between government and the sector which right now are best exemplified by a series of high level job swaps between government ministers and social enterprise chief executives².

However, both the quality of government interventions and that of support

¹ http://en.wikipedia.org/wiki/Appreciative_inquiry

² http://www.cabinetoffice.gov.uk/third_sector/news/news_stories/10-01-29_dvine_job_for_a_minister.aspx



provided by second tier providers are highly variable. Numerous examples of ill configured, delayed or badly timed and poorly executed government policy, legislation and financing exist throughout the history of government intervention in the sector. Equally, support organisations often establish inappropriate services based on aspiration rather than need that are inefficiently configured. Further inefficiencies, in government and the support sector, are often compounded by high overheads relative to size of resources allocated for direct support. This fragmentation of support drives reduces impact realisable from the finite resource based allocated.

Both government and the support sector appear to fall victim to a “political need for success” which overshadows the benefits that honest evaluation and transparency would have on the potential to improve government intervention and support services.

An obvious disadvantage the UK experience is the lack of opportunity to compare its interventions and overall approach with similar activities undertaken by other countries. This is the case due to the fact that the UK is significantly ahead of most of the world in terms of government intervention and the provision of support. Where comparison is possible it has generally not been undertaken, possibly in part due to the relatively introspective approach the UK takes to itself.

Study comments: Government intervention in the UK social economy

The Office of the Third Sector, based in the Cabinet Office, has been instrumental in the acknowledgement of social enterprise as worth engaging with by no less than eight government departments. Of note is the Department of Health’s social enterprise unit and investment fund, which has allocated £100 million to social enterprise development within the public health service. It also created the “Right to Request”, which empowers National Health Service (NHS) workers to request their department be considered for externalisation as independent social enterprises delivering services back into the NHS.

Public service delivery by social enterprise has been a consistent and strengthening interest across government. From early acknowledgements of the role of community based waste management organisations to deliver the national waste strategy (2000) through the creation of the £215 million Futurebuilders investment fund (2003) to the £100 million health fund (2009), much of government is committed in some way to scale social enterprise, and therefore community, involvement in public service delivery.

The future for social enterprise in the UK is unclear. Both major parties have made clear policy statements in support of social enterprise. However with broad and deep public sector expenditure cuts looming it is clear social enterprise and the third sector as a whole will be hit hard. Within this environment it is broadly anticipated that financial mechanisms such as the Social Impact Bond detailed below are likely to come to the fore and replace a

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substantial part of the grant funding that has been underpinning government's engagement with social enterprise to date. Commentators are already warning about the loss of innovation acknowledged as a key feature of the social economy movement, as focus turns to delivery of outputs, outcomes and measurement of cost savings.

Study comments: The social economy support sector

Support services to the social economy in the UK are well developed but not yet fully mature. Many support functions are well provided, especially geographic and sector specific support, to nascent and early stage social enterprises and social entrepreneurs. Later stage social enterprises generally have resources to purchase the support they require and are more suited to accessing mainstream business support in the UK from the likes of Business Link³. Mid sized social enterprises often suffer from a lack of appropriate support availability.

The social economy support sector has emerged as an influencing force, both regionally and nationally, with government. Many organisations initially established to foster the social economy have increasingly taken advocacy and lobbying roles to help drive and shape policy, legislation and funding regimes. Indeed it could be said that support services have gone 'hand in glove' with intensive lobbying efforts conducted by the sector and aimed at government.

The results of successful lobbying have often resulted in the creation of funds and services designed to support the development of the sector. Successful provision of support is noticed by government and can inform the configuration of their service provision. So it can be said that there is a virtuous circle created when either lobbying or support is successful, and a vicious circle, where government withdraws funds and services, created when support is not perceived to deliver a successful outcome. Additionally it is also worth noting the potential for conflicts of interest created by less than strongly ethical organisations desirous of retaining and building revenues when lobbying offers opportunities to build their organisations rather than meet the needs of the sector/s they serve.

Pressure on support providers and service providers / front line organisations is evident. This pressure can be articulated as the need to be seen to be doing well when in some cases the service may be badly configured, wrongly targeted or simply poorly delivered. Funders require success so it is in the support organisations best interests to prove they are successful rather than paint a more honest picture that might indicate the sector they serve is under developed, the service they provide is inadequate or the aspirations of the initiative are too high. This desire for support organisations to be seen to be successful in fact reduces quality and perpetuates inappropriately configured services.

³ www.businesslink.gov.uk

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Definitions in the social economy

The final section of the report briefly defines a number of key terms used across the social economy in the UK. It also touches on the history of their development in case any lessons can be ascertained from this for the Czech Republic. This section makes no attempt to discuss contemporary issues around whether for profit activity may be counted as social enterprise or social entrepreneurship and the impact this has on balances between public and private benefit realised by social economy actors.



The historical development of the UK government's approach to social entrepreneurship

Overview

Social enterprise in the UK has a long history, from the cooperative movement and mutual organisations of the 1800's to the long-standing trading activities of many charities⁴. Throughout the second half of the twentieth century support was provided to co-operatives to different degrees by different governments, culminating in a near complete withdrawal of central government support to co-operative development during the Conservative government of 1979-1997. During the "lean years" of the 1980's and early 1990's co-operative and community development organisations often turned to European funding programmes to finance their work. Then, as is the case now, committed individuals – both volunteers and paid – often subsidised projects, organisations and initiatives through their "sweat equity", the provision of their own time, and sometimes funds, to ensure projects continued.

The mid 1990's saw parts of the co-operative movement rebranding co-operatives as social enterprise, leading to the building of the current social enterprise movement and government embracing the concept. This was very much driven by a concerted campaign from cooperative and social enterprise organisations. The first government document to acknowledge social enterprises as a group of organisations concerned with delivering social or environmental objectives through trading was the Policy Action Team 3 paper titled "Enterprise and Social Exclusion" published in 1999.⁵ The report led to a number of government interventions and, combined with a strong lobby from sector leaders, instigated and focused initial government interest in the sector.

In 2002, the government launched a Social Enterprise Strategy⁶ and set up the DTI Social Enterprise Unit to co-ordinate its implementation. The Social Enterprise Unit was borne, at least in part, from the continued lobby of government from the emerging social enterprise sector, and in particular the newly formed Social Enterprise Coalition. The Unit was established within the Department of Trade and Industry, and in 2006 became part of the newly created Office of the Third Sector⁷ (OTS), within the Cabinet Office⁸ at the centre of government.

The DTI's Social Enterprise Unit and the subsequent Office of the Third Sector is at least in part responsible for the creation of units within many

⁴ http://www.esrc.ac.uk/ESRCInfoCentre/facts/Social_enterprise.aspx

⁵ <http://www.hm-treasury.gov.uk/d/97.pdf>

⁶ http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/action_plan.aspx

⁷ http://www.cabinetoffice.gov.uk/third_sector.aspx

⁸ <http://www.cabinetoffice.gov.uk/>



government departments and more than £500million of public investment⁹ targeting growing social enterprises and social entrepreneurs. It has also been instrumental in developments such as The National Programme for Third Sector Commissioning, which has seen more than 2,000 public sector commissioners be trained in how to engage with social enterprise to procure services.

Current state of the sector – overview

There are more than 62,000 social enterprises in the UK, employing over half a million people, with a combined turnover of more than £27bn a year. Social enterprises account for 5 per cent of all businesses with employees and contribute £8.4bn a year to the UK economy - almost one percent of annual GDP¹⁰. A notable feature of the UK social economy is the ready availability of data, something that is lacking in the other countries with developing social economies.

The vast majority of social enterprises in the UK can be considered small with only 19% having turnovers of more than £1million, are predominantly urban based (89%) and have a staff comprising, on average of 40% volunteers¹¹. Further, anecdotal evidence suggests that a very large proportion of social enterprises can be considered lifestyle businesses – where the entrepreneur pursues ideas and activities that inspire them emotionally or intellectually rather than choosing to tackle a particular issue strategically. It is unclear whether this is a result of lifestyle choices made by social entrepreneurs or due to a lack of strategic capacity within support organisations and intermediaries across the sector (although probably resulting from a combination of factors including, but not limited to, these two).

Comments on the UK government’s approach to the social economy

Appendix 1 comprises a chronological account of the development of government policy towards and support for the UK’s emerging social economy. This is also summarised in the table below. Each element presents a key development – from the creation of policy, through the provision of support services, to the funding of social economy practitioner and support organisations. Each entry names and describes the intervention, discusses any issues that arose from the intervention, provides space for commentary (from the author and from members of the reference group), including analysis of what was successful and what failed and lists sources for additional reading. The timeline below is by no means exhaustive but attempts to identify all the important government led interventions in support of social enterprise and social entrepreneurship.

Interventions are categorised by type: policy development, legislation,

⁹ Aggregate amount from four major placements (UnLtd = £100m, DoH SE fund = £100m, Futurebuilders = £225m & Community Builders = £70m)

¹⁰ <http://www.official-documents.gov.uk/document/cm71/7189/7189.pdf>

¹¹ UnLtd Market size project August 2007 – report available upon request.

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funding/financing, lobbying, provision of support, promotion and government reorganisation.

Mapping interventions chronologically exposes the increasing momentum of activity across government departments. What was once a fringe activity only promoted into government by a persistent lobby from the sector now has a life of its own and is increasingly figuring as core activity in multiple government departments. Social enterprise is broadly acknowledged by government, and indeed all political parties, for the potential it has to transform public sector services in particular. It is a strong feature of many of the proposed approaches to improving public sector service delivery during a time that will see increasing cuts in public sector expenditure.

The future for the social economy and its interaction with the public sector appears, on the face of it, to have a very positive future. Some concerns remain however. One is the potential for government to unburden itself of liabilities through the spin-out of services or parts of government to newly constructed mutual or social enterprise bodies. One example of this possibility is the government's recent announcement of their intention to mutualise British Waterways (BW)¹². BW consists of 2,200 miles of waterways in England and Wales, was the heart of the industrial revolution and has been in decline for perhaps a century – now a liability, that costs government over £30 million a year in subsidies. A wholesale transfer to the social economy of BW will simply transfer a liability. What is needed is root and branch reform of its governance and management structures to ensure it is managed as an asset and the conflicting usages begin to align together for community and public benefit. At the time of writing it is not clear that government acknowledges this.

Another concern expressed within the sector is that the government's perception of the sector's not-for-profit status will act as justification for the sector to absorb budget cuts required to reduce the public sector budget deficit. Government often seems to lose sight of what "not-for-profit" actually means: that surplus is intended to be applied for public benefit rather than no surplus is to be made. The increasing pressure on the public sector purse and imminent and substantive budget cuts coupled with a desire from the sector to prove it can deliver leaves the way open for intentional abuse of the sector by government.

Broadly, however, the development trajectory of the government's engagement with the social economy is something to be celebrated. The social economy is recognised by all the political parties to the level that they may be perceived to be fighting with one another to be viewed as the sector's champion in the eyes of the public. Depending on estimates, between £500 million and £1 billion has been committed to the sector's growth. And the benefits of working with and through the sector are broadly acknowledged as

¹² <http://www.britishwaterways.co.uk/newsroom/all-press-releases/display/id/2673>



equally important, perhaps now more so, as working with and through the private sector. The dialogue in government that talked about cost saving efficiencies realisable through public-private partnerships during the 1990's and early 2000's has turned to focus on the efficiency increases and potential to engage across society that the social economy has to offer through public-third sector partnerships.



The main spheres of action in the social enterprise and entrepreneurship support sector in the UK.

Appendix 5 details the key players outside of government who have helped shape the UK's burgeoning social economy. This is summarised in the table following this narrative. Organisations are categorised into the following areas:

- **Business development**

Business development agencies, while configured around business development services, often branch out to cover many other areas of activity including lobbying of government and in some cases the provision of finance. They are broken down into the following four categories:

- **Social enterprise specific**

Social enterprise specific support has its roots in a long traditions of co-operative and community development support. Much of the social enterprise support movement has its origins in the cooperative development sector in the 1990's, as described elsewhere in this document. Organisations can be categorised by national or regional focus. There are support organisations that exclusively focus on social enterprise, such as the Social Enterprise Coalition, and those that serve the charitable or third sector as a whole but where their support services are relevant to social enterprise, such as NCVO's sustainable funding project and its general operational advice services. Support provided can take many configurations including but not limited to: incorporation and launch; business planning and start-up; skills training; capacity building; scaling; social franchising and replication strategies; financing.

There is an overall bias of focus on early stage and smaller social enterprises and their support needs. This is undoubtedly the case due to a number of factors, including but not limited to: funds available are generally geared to early stage support; organisations in the sector are predominately small, young and in the earlier stages of their development; and larger organisations generally service their own development needs in-house or through use of their own funds.

- **Social entrepreneur specific**

Social entrepreneur specific support organisations have been borne from the understanding, built historically by organisations such as Ashoka, that individuals rather than organisations are the highest point of leverage in which to invest to realise public benefit impact. Support to social entrepreneurs can be generally characterised as focussing on needs of the individual wherever they are in their stage of development, both organisationally and personally. Organisations such as UnLtd and the School for Social Entrepreneurs take this focus, concerning themselves with how to empower individuals to create

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structures and initiatives to realise their vision.

This approach has received increased interest over recent years. To some degree the focussing on individuals is counter-cultural in the UK who, if broad generalisations could be made, prefer to focus on institutional development. Social entrepreneurship has been the poor relation to social enterprise, especially in the eyes of government, perhaps with the exception of the establishment of £100 million endowment for UnLtd, the foundation for social entrepreneurs, to provide small grants to individuals working in the social economy.

- **Sector specific**

Support organisations focussed on specific sectors are prolific in number and across sub-sectors of the social economy. Many of these organisations have their roots in the practitioner organisations that they serve and are often the initiatives of the more strategic thinking individuals in each sector. While the intent of these organisations, to capacity build and create thriving and successful sectors, is laudable there are often issues that arise around efficiency and effectiveness of sector specific approaches. Transaction costs can be very high as significant back office administration and development costs have to be spread across often relatively small service delivery budgets. It is to address this that the recent reorganisation of the Business Link¹³ support framework was conceived of, the theory being that economies of scale and holistic service provision could be realised by moving from circa 3,000 support providers (mainly regionally or sector focussed) to around 100 providers. The downside of this rationalisation is a loss of regional and sector specific expertise. Further investigation is merited to explore appropriate configurations of support functions that balance efficiency and expertise.

- **Business development consultancies and pro bono services**

A number of social enterprise business development consultancies have sprung up in recent years. They are generally borne out of collaborations between social enterprise and co-operative practitioners and support agency practitioners and maintain a small staff base, buying in additional consultants as needed.

Pro bono is a term derived from Latin meaning “for the public good”. Within the business world pro bono activities describe professional services provided voluntarily and at no cost to the beneficiary organisation. Pro bono services are provided by companies across a range of corporate sectors. The legal profession in the UK, and indeed across the world, has a long tradition of providing *pro bono* assistance to individuals and organisations in need (and often in the third sector). In the UK Lovells, a leading law firm, is focussing all its *pro bono* on social enterprises while a number of other large law firms and international legal networks are delivering substantive volumes of assistance

¹³ <http://www.businesslink.gov.uk>



into the social economy. Pro bono should not be confused with what is better described as corporate volunteering where professionals work for short periods of time to assist the work of NGO's.

- **Education and training**

Overall the academic study of social enterprise is generating substantial interest across higher education establishments in the UK, however only a few such as those detailed below have established formalised courses. Details of the principle courses are listed in the section below.

In acknowledgement of this trend, as well as the general increased interest across government the former Department for Innovation, Universities and Skills (now merged with DBIS) has recently been working on a social enterprise strategy for higher education. Prior to the departmental merger it published a guide to creating social enterprises for university staff¹⁴. At the time of writing it is unclear how this work will proceed under the new department.

Also while the DIUS was in existence, HEFCE (the Higher Education Funding Council for England) announced a new awards programme in partnership with UnLtd¹⁵, the foundation for social entrepreneurs, towards the end of 2009. The programme titled the "Higher Education Social Entrepreneurship Awards"¹⁶ are for staff or students within a Higher Education Institutions supported by HEFCE to develop entrepreneurial solutions to social problems that demonstrate a connection to the Higher Education sector.

Social economy related education in the secondary school system is generally included within two strands of the curriculum, citizenship and entrepreneurship. However there is very little social enterprise specific focus and what there is can be said to manifest as a consequence of curriculum studies focused on other topics such as volunteering or community development. Critical to social economy developments in secondary education has been the work of a small number of dedicated third sector actors who have been instrumental in shaping curriculum as well as channelling what little funding has been allocated for social economy studies in or alongside the secondary education system.

Training takes a number of forms in the social economy sector. Two notable trends are for the provision of peer-to-peer support through shared managed work space, such as The Hub, and experiential development support such as that carried out by the School for Social Entrepreneurs.

- **Financing**

The social finance sector in the UK is diverse and burgeoning. Social finance

¹⁴ <http://www.enterprise.ac.uk/images/downloads/url67.pdf>

¹⁵ www.unltd.org.uk

¹⁶ http://culturegroup.co.uk/Hefce_Website/



(or impact investing as it can also be described) are terms being used to describe the provision of finance for social or environmental benefit as distinct from philanthropy as it uses approaches found in the mainstream financial community. Provision of social finance may come in the form of venture philanthropy (see the European Venture Philanthropy Association¹⁷ for examples) where grants are made alongside venture capital type target setting and provision of expert assistance, right through to fully commercial financing deployed in ways to maximise non-financial benefit. In many ways the UK is the field leader globally with a plethora of organisations and offerings emerging.

- **Communication**

Very limited marketing and PR support exists specifically for the social economy. What capacity there is generally resides within the larger support agencies such as UnLtd or within small business development consultancies, examples of which are provided above. Limited pro bono support is provided by a small number of private sector organisations.

- **Measurement of social impact / social return on investment**

Social Return on Investment (SROI) is of increasing interest to organisations across the social economy as a way to account for investment on a triple bottom line basis. SROI is still emerging as a field with multiple competing standards and networks attempting to position themselves to provide a common evaluation framework for the social economy.

In addition to organisations attempting to set SROI standards there are organisations conducting original research and action research with a view to developing the sector, for instance the New Economics Foundation. There are also organisations that provide ratings services for donors seeking to place their philanthropy effectively. These organisations, such as New Philanthropy Capital, seek to measure past performance rather than establish frameworks for measuring current and future performance.

¹⁷ <http://www.evpa.eu.com/>



Summary table of government interventions into the social economy, 1998 to present day

Name	Date	Description	Link
The Compact	1998	Framework where government and third sector organizations agree to abide by a set of principles and guidelines for how government and third sector organisations work together, in partnership, for the benefit of local communities.	www.thecompact.org.uk
Policy Action Team 3 – ‘Enterprise and Social Exclusion’	1998 - 2001	Report focussed on enterprise as a method to address social exclusion.	www.cabinetoffice.gov.uk/media/cabinetoffice/.../pat_report_3.pdf
Single Regeneration Budget and ESF and ERDF funding	1990's and 2000's	Range of central government and European funding schemes with remits to support the emerging social economy.	See below for range of links
The Invest to Save Budget	2000	Government funding programme promoting partnership, efficiency and innovation in the delivery of public services.	www.isb.gov.uk
The Social Investment Task Force	2000	Commission with the remit to identify how entrepreneurial practices can be applied to obtain higher social and financial returns from social investment.	www.enterprising-communities.org.uk
The Phoenix Development Fund	2000	Fund to tackle social exclusion by supporting innovative projects providing business support to enterprise in disadvantaged geographical areas.	www.berr.gov.uk/files/file37787.pdf
The Department of Trade and Industry's (DTI) Social Enterprise Unit	2001	First government unit dedicated to the support and development of social enterprise.	http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_strategy_2002.pdf

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Report on the role of the voluntary and community sector in public service delivery	2002	Cross-departmental review undertaken by the Treasury as part of an attempt at radical service delivery reform by the government.	www.hm-treasury.gov.uk/d/CCRVolSec02.pdf
The Social Enterprise Strategy	2002	First formal government commitment to the development of social enterprise. The vision of a dynamic and sustainable social enterprise sector strengthening an inclusive and growing economy represented an important inflection point in the government's support to the social economy.	http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_strategy_2002.pdf
Social Enterprise Day	2002	Celebrates the work of social enterprises and aims to inspire a new generation of social entrepreneurs.	http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/social_enterprise_day.aspx
Futurebuilders	2003	Provides loan financing, often combined with grants and professional support, to third sector organisations in England that need investment to help them bid for, win and deliver public service contracts.	http://www.futurebuilders-england.org.uk/
Community Interest Companies	2004	New company form with a statutory "Asset Lock" to prevent the assets and profits being distributed, ensuring assets and profits are retained community purposes.	www.cicregulator.gov.uk
Capacitybuilders	2004	£100 million to ensure third sector organisations in England are able to access high quality advice and support.	http://www.capacitybuilders.org.uk/
The Cabinet Office's Office of the Third Sector	2006	Formed from a merger of the DTI's SEnU and the Home office Active Communities Unit, OTS has responsibility for work across government to support the environment for a thriving third sector.	http://www.cabinetoffice.gov.uk/third_sector.aspx
Social Enterprise Action Plan	2006	Action plan for OTS to strengthen and reiterate the government's commitment to being an enabling force for social enterprise.	http://www.cabinetoffice.gov.uk/media/cabinetoffice/third

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			_sector/assets/se_action_plan_2006.pdf
Social enterprise included in mainstream business survey	2006	Inclusion of social enterprises in the government's mainstream business survey.	www.berr.gov.uk/files/file38247.pdf
The Action Plan for Third Sector Public Service Delivery	2006	Action plan to increase public service delivery by the third sector.	http://www.cabinetoffice.gov.uk/third_sector/public_services/public_service_delivery.aspx
Report on the future role of the third sector in social and economic regeneration	2007	Review into the future role of the third sector in social and economic regeneration, contributing to continuing policy development including the Social Enterprise Action Plan and the Action Plan for Third Sector Public Service Delivery.	http://www.official-documents.gov.uk/document/cm71/7189/7189.pdf
The Ambassadors Programme	2007	Announced in the Social Enterprise Action Plan the programme raises awareness and fosters a culture of social enterprise in England through recruitment of 30 Ambassadors broadly representative of the social enterprise movement as a whole.	http://socialenterpriseambassadors.org.uk
National Programme for Third Sector Commissioning	2007	Programme developed to help increase the public sector's awareness and skills in commissioning services from voluntary organisations, as well as increase the capacity of third sector organisations who wished to develop their skills in this area.	www.idea.gov.uk
Community shares action research	2009	Action learning research programme in the field of community shares and bonds.	www.communityshares.org.uk

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Communitybuilders	2009	£70 million investment fund to build more cohesive, empowered and active communities, designed to empower citizens and communities by strengthening the resilience of multi-purpose community-led organisations through a mixture of financial and advisory support.	www.communitybuildersfund.org.uk
Real Help for Communities: Volunteers, Charities and Social Enterprises	2009	Support package provided by government to the third sector to counter the effects of the financial crisis and ensuing recession.	http://www.cabinetoffice.gov.uk/third_sector/real_help_for_communities.aspx
Social Investment Wholesale Bank	Yet to launch	Government announced scheme to access unclaimed assets lying dormant in accounts and reinvest them for public benefit.	www.unclaimedassets.org.uk
Social Impact Bond	Yet to launch	Government supported bond based on the potential of realising reduced public service delivery costs through utilising private finance to improve service provision and government then allocating a proportion of these savings to the investor and service deliverer.	http://www.socialfinance.org.uk/downloads/SIB_report_web.pdf
Current engagement with social enterprise across government, by department	Current	Office of the Third Sector leads work across government to support the environment for a thriving third sector, enabling the sector to campaign for change, deliver public services, promote social enterprise and strengthen communities.	http://www.cabinetoffice.gov.uk/third_sector.aspx
		HM Treasury has had numerous engagements around the furtherance of the social economy. The PAT 3 working group was convened and by the Treasury and they have been involved with a number of the significant policy developments outlined above.	www.hm-treasury.gov.uk/
		Department of Health has established a Social Enterprise Unit to work with social enterprises to deliver innovative health and social care services and a £100 million fund to finance this activity.	www.dh.gov.uk

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		Department of Communities and Local Government runs a Third Sector Partnership Board, to further its commitment to strengthening its relationship with the sector. It funds a range of multi-million pound finance and support initiatives to assist the development of the third sector in supporting communities.	http://www.communities.gov.uk/communities/thirdsector/
		Department for Work and Pensions runs The Future Jobs Fund, a £1 billion two-year fund aiming to create 170,000 jobs, primarily for young people. Large numbers of social enterprises as well as social enterprise support organisations have secured funding from the Fund.	http://www.dwp.gov.uk/
		Department for Business, Innovation and Skills is a new department formed from the merging of Department for Business, Enterprise and Regulatory Reform (BERR) and the Department for Innovation, Universities and Skills (DIUS). It's social economy remit is not yet clear but is likely to include elements inherited from these previous departments.	http://www.bis.gov.uk/
		Department of Environment, Food and Rural Affairs has provided extensive support to the community waste sector, a sub-set of and pioneer within the social economy. DEFRA has committed to make greater use of third sector expertise in waste management and to capitalise on the multiple benefits – social, economic and environmental – it can bring to communities.	http://www.defra.gov.uk/environment/waste/thirdsector/index.htm
		Ministry of Justice recently published “Reducing Re-offending Through Social Enterprise” which identifies ways in which it can develop further productive partnerships, both locally and nationally, with social enterprise.	www.justice.gov.uk

Summary table of the main actors in the UK social economy support sector

Name	Description	Link
Business development agencies - Social Enterprise specific support organisations		
Social Enterprise London	First social enterprise specific support organization. London focused, providing support, networking and lobbying. Social Enterprise Coalition was borne from SEL.	www.sel.org.uk
NCVO's Sustainable Funding Project	SFP provides tools, resources and expertise to enable voluntary and community organisations to develop and implement a sustainable income strategy.	http://www.ncvo-vol.org.uk/sfp
Social Enterprise Coalition	SEC is the UK's national body for social enterprise. It represents a wide range of social enterprises, regional and national support networks and other related organisations.	http://www.socialenterprise.org.uk
Social Enterprise support organisations in the regions	Regionally based support organisations, similar to SEL. Focal points for regional lobbying and representation as well as support and capacity building.	Multiple – see entry below
Co-operatives UK	Co-ops UK works to promote the interests of co-operatives, increasing awareness and understanding of co-operative values and principles, and supporting the growth and development of new and existing co-operatives.	http://www.cooperatives-uk.coop
Social Enterprise Magazine	The UK's monthly magazine devoted to providing accessible, comprehensive news and practical help for everyone interested in social enterprise.	www.socialenterprisemag.co.uk
Business development agencies - Social Entrepreneur specific support organisations		
Ashoka	Ashoka finds and supports leading social entrepreneurs with paradigm changing	http://www.ashoka.org/unite

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	new ideas able to scale at least nationally and with significant, game changing, public benefit impacts.	dkingdom
UnLtd	UnLtd supports and develops the role of social entrepreneurs as a force for positive change in the United Kingdom mainly through the provision of small grants to individuals.	www.unltd.org.uk
Business development agencies - Sector specific support organisations		
Social Firms UK	SF UK carries out lobbying and awareness-raising activities, research and practical initiatives to increase the number and ensure the quality of Social Firms in the UK	http://socialfirmsuk.co.uk/
The Development Trusts Association	DTA is a membership based support network of dedicated to helping people set up development trusts and helping existing development trusts learn from each other and work effectively.	www.dta.org.uk
Realliance and the Community Waste sector support organisations	REalliance is a joint venture between the– Community Composting Network, Community Recycling Network UK, London Community Recycling Network and Furniture Reuse Network. These organisations have, for over 15 years, been supporting and lobbying on behalf of the community waste sector across the UK.	http://www.realliance.org.uk/
Changemakers	Changemakers was an early champion of young people leading their own social action and change. Over the past sixteen years it has supported more than 50,000 young people to become Changemakers.	www.changemakers.org.uk
Prime	The PRIME Initiative provides free information, events and training to help older people get back into work by starting their own business - also known as “becoming self-employed”. While not exclusively focussed on the social economy it is worthy of note due to the nature of the target group and the fact that PRIME deals with social enterprise as part of its remit.	http://www.primeinitiative.co.uk/
Prowess	Prowess is the UK association of organisations and individuals who support the	www.prowess.org.uk

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	growth of women's business ownership.	
The Community Transport Association	The CTA exists to support its members and to act as the lead UK body for voluntary and community transport.	www.ctauk.org.uk
The Federation of City Farms and Community Gardens	The Federation of City Farms and Community Gardens supports, represents and promotes community-managed farms, gardens, allotments and other green spaces, creating opportunities for local communities to grow.	www.farmgarden.org.uk
The Plunkett Foundation	The Plunkett Foundation promotes and supports co-operatives and social enterprises in rural communities [in the UK and worldwide] by providing support, networks and knowledge to help rural communities to be aware of, understand and implement practical solutions to the challenges that they are facing.	www.plunkett.co.uk
Supporters Direct	Supporters Direct promotes and supports the concept of democratic supporter ownership and representation through mutual, not-for-profit structures of football clubs across the UK.	http://www.supporters-direct.org/
Business Development		
Business development consultancies	A number of social enterprise business development consultancies have sprung up in recent years. They are generally borne out of collaborations between social enterprise and co-operative practitioners and support agency practitioners and maintain a small staff base.	Multiple – see entry below
Pro bono	Pro bono activities describe professional services provided voluntarily and at no cost to the beneficiary organisation. Pro bono services are provided by companies across a range of corporate sectors. While the term “pro bono” is generally restricted to use within the legal profession a range of corporations and companies in other sectors engage in what might also be termed pro bono activities.	Multiple – see entry below
Education - Higher education		

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The Skoll Centre	Based in Oxford The Skoll Centre works for the advancement of social entrepreneurship worldwide by developing innovative social transformation through education, research, and collaboration.	http://www.sbs.ox.ac.uk/centres/skoll/Pages/default.aspx
University of East London	UEL recently established a social enterprise undergraduate degree which has a diploma in Higher Education built in as a mid-way qualification.	https://www.uel.ac.uk/programmes/hss/undergraduate/summary/socialenterprise-ba.htm
Southbank University	Southbank University runs a series of courses in charity and community enterprise management.	http://bit.ly/dOWNQp
Herriot-Watt University	Herriot-Watt University provides research, training, business planning, education and consultancy services for social economy actors.	http://www.sml.hw.ac.uk/socialenterprise/
Education - Training		
The School for Social Entrepreneurs	SSE provides training and opportunities to enable people to use their creative and entrepreneurial abilities more fully for social benefit. SSE runs practical learning programmes aimed at helping develop the individual entrepreneur and their organisation simultaneously.	www.sse.org.uk
The Hub	The Hub is a managed workspace for social enterprises, social entrepreneurs and ethical businesses. It places emphasis on networking and peer learning to improve the skills and therefore success rates of people using the Hub.	www.the-hub.net
Education – Secondary school education		
Changemakers	See summary above.	www.changemakers.org.uk

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Make your Mark	Make Your Mark with a Tenner lends school children £10 each and supports them in realising entrepreneurial initiatives thus reinforcing the enterprise curriculum and runs a competition to celebrate, promote and reward the best idea. Make your mark is run as part of national enterprise week ¹⁸ , a government funded initiative.	http://www.enterpriseuk.org/
The Big Boost and soon to be announced Young Unltd.	In 2005 UnLtd launched a £10 million awards fund for young social entrepreneurs called the Big Boost ¹⁹ , mirroring its level one and level two schemes for 11 to 25 year olds. At the time of writing UnLtd, along with Changemakers, are currently in later stage negotiations with the Big Lottery for a £5 million fund to restart this programme under the working title Young UnLtd.	http://www.unltd.org.uk/
Financing - grants		
Venture Philanthropy	Venture philanthropy is an approach to charitable giving that involves the provision of advice and other capacity-building support in addition to financing. It is a form of highly engaged philanthropy that takes a formal, structured approach which purposely incorporates the core principles of venture capital investment to its grant-making.	Multiple – see entry below
Foundations	Foundations play an important part of the financing of social enterprises and social entrepreneurs. Historically foundations have provided significant inflows of grant funding to the emerging social economy.	Multiple – see entry below
Financing - loans		
Venturesome	Venturesome is a social investment fund - a Charities Aid Foundation initiative launched in 2002. Venturesome provides capital investment to charities and other social purpose organisations [recognising] that capital investment is necessary - for growth, covering cash flow difficulties or weathering difficult	http://www.cafonline.org/default.aspx?page=6903

¹⁸ <http://www.enterpriseuk.org/>

¹⁹ <http://www.unltd.org.uk/template.php?ID=35&PageName=news>

	periods - but difficult to access. Such financial needs may fall outside the criteria of a grant maker, but be too risky for a bank loan.	
Big Issue Invest	Big Issue Invest provides Loan Finance to social enterprises at competitive rates of interest based on future cash flow projections or supported by assets.	http://www.bigissueinvest.com/
The Social Investment Business	Borne out of the Adventure Capital Fund, The Social Investment Business has become the largest social investor in the UK. SIB brings finance, knowledge and expertise to help third sector organisations thrive – improving their infrastructure, increasing their capacity, helping them bid for, and win, public service contracts. SIB currently manages Futurebuilders, Community Builders, the Department of Health Social Enterprise Investment Fund and the Modernisation Fund. Treated collectively funds under management total over £400 million.	http://www.socialinvestmentbusiness.org/
Social Finance	Social Finance is developing financial products that marry the needs of investors and the sector, support organisations in their efforts to deploy and raise capital, and research social investment markets and opportunities.	http://socialfinance.org.uk/
Communication		
Communication overview	Very limited marketing, PR and dedicated lobbying support exists specifically for the social economy. What capacity there is generally resides within the larger support agencies such as UnLtd or within small business development consultancies.	Limited – see below
Measurement of social impact / social return on investment		
New Economics Foundation	NEF has pioneered impact measurement since its inception in 1986. It is an independent think-and-do tank that inspires and demonstrates real economic well-being. It's current initiative, the Valuing What Matters programme runs a range of SROI and impact measurement projects.	http://neweconomics.org/
The SROI Network	The SROI Network is a membership organisation and network that aims to	http://www.thesroinetwork.org

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	ensure the principles and standards of SROI are adhered to; develop the methodology; disseminate information on indicators and proxies for use in SROI analyses, and train SROI practitioners and provide peer support.	g/
New Philanthropy Capital	NPC is a consultancy and think tank offering advice based on in-depth research of social issues and on their own unique method of analysing charities. NPC brings an investment analysis approach to the assessment of charities and NGO's on behalf of funders. It also undertakes research into particular fields to provide philanthropic investment frameworks and strategies.	http://www.philanthropycapital.org/
The Social Audit Network	SAN promotes the use of Social Accounting and Audit as a tool to prove the value of activities carried out by organisations in the social economy.	http://www.socialauditnetwork.org.uk/
Pro Bono Economics	PBE aims to broker economists into the charitable sector, typically to address questions around measurement, results and impact.	http://probonoeconomics.com/



Appendix 1: Details of government interventions into the social economy, 1998 to present day

a. The Compact (1998 – policy development and government reorganisation)

Description

The Compact on Relations between the Government and the Voluntary and Community Sector in England (The Compact) was published in November 1998. It is a document that sets out key principles and guidelines for how government and third sector organisations work together, in partnership, for the benefit of local communities.

“Local Compacts, now operational or in development in 99 per cent of local authority areas, are local level agreements for partnership working. The Commissioner for the Compact is now taking forward the implementation of the Compact principles and will champion their dissemination and application across Government”²⁰.

Issues

The Compact is not legally binding but works “on trust and mutual goodwill, its authority is derived from its endorsement by government and by the voluntary and community sector itself through its consultation process”²¹.

Commentary

Criticism is regularly levelled at the compact for its lack of enforceability and the impact this has on partners’ behaviour. The compact is regularly breached, it would appear, mainly by government who do not honour the principles or practices outlined in the Compact. For this reason The Compact is seen in equal measure as a basic building block of government-third sector partnership and an ineffectual initiative and therefore not worth engaging with.

Further information

www.thecompact.org.uk

b. Policy Action Team 3 – ‘Enterprise and Social Exclusion’ (1998-2001 – policy development)

Description

In 2001 the National Strategy for Neighbourhood Renewal was published. “A New Commitment to Neighbourhood Renewal” was the product of 18 Policy

²⁰ <http://www.official-documents.gov.uk/document/cm71/7189/7189.pdf>

²¹ http://www.thecompact.org.uk/information/100018/about_us/

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Action Teams (PAT) established in 1998 to develop a concentrated programme of policy development. Each PAT focussed on specific problems faced by deprived neighbourhoods and was made up of cross-departmental government representatives, local area representatives and experts in the relevant fields. PAT 3 focussed on enterprise as a method to address social exclusion.

Issues

PAT 3 identified three main issues needing to be addressed:

1. "Not enough accessible, high quality business support - like advice and training on marketing and money;
2. "market failures" in access to finance, which mean that not enough capital is available for projects with high returns to society;
3. A weak culture of support for enterprise, across the whole range of local and national institutions; the benefits and tax system is perceived as complex and difficult to understand"²².

Commentary

Social enterprise was acknowledged as needing to be recognised and encouraged for the role it can play in renewal. The PAT 3 report provides a good example of the governments then thinking about enterprise, in the widest sense of the word, and its ability to realise public benefit.

Further information

Explanation of PAT's

-http://www.nationalschool.gov.uk/policyhub/better_policy_making/seu_pat_report/3.2.asp

PAT 3 final report -

www.cabinetoffice.gov.uk/media/cabinetoffice/.../pat_report_3.pdf

*c. Single Regeneration Budget and ESF and ERDF funding
(throughout the 1990's and into the 2000's – funding)*

Description

The Single Regeneration Budget²³ of the UK alongside various funding regimes originating from the European Union, including the European Social Fund²⁴ (ESF), the European Regional Development Fund²⁵ (ERDF) (and the

²² www.cabinetoffice.gov.uk/media/cabinetoffice/.../pat_report_3.pdf

²³ <http://www.communities.gov.uk/archived/general-content/citiesandregions/221229/>

²⁴ http://www.esf.gov.uk/introduction_to_esf/

²⁵ <http://www.communities.gov.uk/citiesandregions/european/europeanregionalddevelopment/>

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EQUAL²⁶ fund that ran between 2000 and 2006), funded a range of activities across employment, regeneration, and social exclusion. In the case of ESF the programme is confirmed to continue until 2013.

Issues

Oftentimes it was local social economy support providers or practitioners who applied for and secured these funds at a time when resourcing of emerging social economy activity was at low availability. However the onerous nature of application processes and reporting requirements regularly led to inefficiencies in utilisation of funds, with higher than desired levels of funds being used for administrative purposes. This is a noted problem across such funds, especially for small, local, organisations. Another interesting issue of note was the level of “mission drift” experienced by applicant organisations keen to secure funding away from their core objectives and focus

Commentary

These funds have played an important role in funding social economy activities that at the time were not of significant interest to government or mainstream national grant funders. However the benefit of access to funding for often innovative and hard to reach projects needs to be balanced with the negative aspects outlined above. Individually, let alone collectively, each of these major funding streams were so large that much good practice as well as much bad practice was developed and funded.

Further information

SRB - <http://www.communities.gov.uk/archived/general-content/citiesandregions/221229/>

ESF – http://www.esf.gov.uk/introduction_to_esf/

ERDF – <http://www.communities.gov.uk/citiesandregions/european/europeanregionaldvelopment/>

EQUAL – http://ec.europa.eu/employment_social/equal/index_en.cfm

d. The Invest to Save Budget (2000 – funding and policy development)

Description

²⁶ http://ec.europa.eu/employment_social/equal/index_en.cfm

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The Invest to Save Budget (ISB) was a government-funding programme promoting partnership, efficiency and innovation in the delivery of public services. The fund was re-branded following the 2004 Spending Review, which focused on the third sector's role in delivering public services within local communities. Since 2004, the total investment in the third sector stands at over £100 million.

Issues

Some of the lessons learnt from a review of ISB carried out in 2007 are as follows:

ISB deserves credit for launching projects that have gone on to have a significant impact

These [projects] prove the value of such a venture capital fund for the public sector that sits at the centre of government. The ISB has provided an opportunity to test new ways of working in partnership and delivering public services where there are multi-agency or cross-departmental interests. It is unlikely that these projects would have received funding from mainstream departmental budgets yet many have resulted in the proactive mainstreaming of some successful projects

The ISB can claim substantial success in providing the space for partnerships of statutory and non-statutory organisations to support new approaches to service delivery that involve a degree of risk

[ISB] has been valuable in providing opportunities to frontline service delivery agents, from the statutory and third sectors, to test new approaches to delivery and to inform wider policy development and service design at a strategic level within central government.

The ISB has provided useful seed corn funding to get some successful and innovative schemes of the ground. However, the scheme has been less successful at capturing the learning and disseminating this. The scheme is reliant on the commitment to individual projects at different levels of government. As a result, this commitment has not been consistent across ISB projects and suggests a more robust mechanism is needed to pursue and embed successful innovation more effectively across public sector bodies.

Another key barrier to attaining sustainability is access to continuation funding. A majority of projects, particularly those which are led by Third Sector Organisations, face uncertainty in terms of securing long-term funding.

Commentary

The concept of immediate investment yielding future cost savings is a strong as it is old. The current manifestation of this is the social impact bonds, detailed below. While the potential of this approach transformative for many public services the reality is adoption has been patchy at best, as

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acknowledged in the government's review of ISB. Configured appropriately and with buy in at all levels of government such an approach could turn many public services upside down, whether or not third sector organisations are involved in service delivery.

Further information

www.isb.gov.uk

<http://www.isb.gov.uk/hmt.isb.application.2/LEARNERS/ISB%20REVIEW%20240707%20final.pdf>

e. The Social Investment Task Force (2000 – lobbying and policy development)

Description

Announced by the Chancellor of the Exchequer in February 2000 the Social Investment Task Force (SITF) was a partnership effort between the UK Social Investment Forum²⁷ (UKSIF), The New Economics Foundation²⁸ (NEF) and The Development Trusts Association²⁹ (DTA) and chaired by renowned venture capitalist and advisor to the government Sir Ronald Cohen³⁰.

The remit of the Social Investment Task Force was: “To set out how entrepreneurial practices can be applied to obtain higher social and financial returns from social investment, to harness new talents and skills to address economic regeneration and to unleash new sources of private and institutional investment. In addition, the Task Force should explore innovative roles that the voluntary sector, businesses and Government could play as partners in this area.³¹”

Issues

At the launch in October 2000 the then Chancellor, Gordon Brown, welcomed the report and its five recommendations:

1. A Community Investment Tax Credit
2. A Community Development Venture Fund
3. Bank disclosure on lending in under-invested areas
4. Greater latitude for investment in Community Development initiatives
5. Support for Community Development Finance Institutions (CDFI's).

²⁷ www.uksif.org

²⁸ <http://neweconomics.org>

²⁹ www.dta.org.uk

³⁰ http://en.wikipedia.org/wiki/Ronald_Cohen

³¹ <http://www.enterprising-communities.org.uk>



Commentary

Progress reports on action towards these recommendations were published in 2003 and 2005³². In part due to high-level government buy-in and a powerful lobby the SITF made significant progress across many of its recommendations:

1. Community Investment Tax Relief (CITR) was introduced providing a tax relief of 5% per annum for five years to investors funding accredited CDFI's who then lend to enterprises and community projects serving under-invested communities. To date circa £40 million has been raised using CITR. While not directly applicable to the financing of social enterprises other than CDFI's CITR is worth including in this report. This is due to the wide spread acknowledgement that basic reforms in the governing legislation would allow for significantly more funds to be raised and for these to be directed to the funders of social enterprises.
2. Formation of the Community Development Finance Association³³ (CDFA). Launched in 2002 the CDFA is the trade association for CDFI's in the UK established to support and grow the sector.
3. Creation of Bridges Community Ventures³⁴ with funding from government. "In September 2002, Bridges Community Ventures raised £40 million, £20m from the private sector and £20m in the form of matched investment from the Government. A portion of the Government's matching investment was subordinated, in that it takes the first risk and has a capped return. The availability of this type of matching investment was crucial to attracting private sector investment to a new field, where returns are as yet unproven"³⁵. Bridges now have almost £150 million under management in three groupings for funds: Venture funds, a sustainable property fund and a social entrepreneurs fund, with a number of additional financial contributions from government adding to the initial £20 million invested.
4. Changes in Charity Commission guidance on "social investing". Published in May 2001 and updated in November 2002 the Charity Commission published guidance³⁶ defining social investment and clarifying it as a valid way for charities to achieve their goals. This has helped stimulate a number of large programme related investments from the endowments of UK charitable foundations in support of the social economy. Notable examples are The Esmée Fairbairn

³² <http://www.enterprising-communities.org.uk/rpt-cont.shtml>

³³ www.cdfa.org.uk

³⁴ www.bridgesventures.com

³⁵ <http://www.enterprising-communities.org.uk/documents/SITFreportJuly03.pdf>

³⁶ <http://www.charity-commission.gov.uk/supportingcharities/casi.asp>



Foundation³⁷ and The Tudor Trust³⁸.

The combination of high-level buy in from government and strong, high profile, coordinated support and lobbying from key individuals and organisations in the private and third sectors was critical to the multiple successes achieved by the Social Investment Task Force.

Further information

www.enterprising-communities.org.uk

f. The Phoenix Development Fund (2000-2008 – funding and financing)

Description

The Phoenix Development Fund (PDF) [was] a flagship... fund administered by the Small Business Service running from 2000 to 2008 developed in response to PAT 3 paper on 'Enterprise and Social Exclusion'³⁹. Between 2001 and 2008, when the fund closed, £65 million was provided in development finance and loan guarantees to Community Development Finance Institutions (CDFI's).

Issues

PDF aimed to tackle social exclusion by supporting innovative projects providing business support to enterprise in disadvantaged geographical areas and to groups currently underrepresented among business owners. The evaluation considered the fund to have been a success, and to have "contributed greatly to the knowledge base on what does and does not work with regards to providing business support to promote social inclusion through enterprise"⁴⁰.

Commentary

PDF provided an early foundation upon which much later policy development, investment and support to social economy development was built. It is interesting to note that funding for and development of CDFI's was considered an important part of a developing social economy. Early in the development of social economy solutions to deprivation and exclusion CDFI's were identified as a potentially key player. Since PDF the debate has moved on to focus more on social enterprise as the key vehicle for tackling these issues. With this change so the funding has changed too, arguably prematurely, away from support to CDFI's. Critics of this change in focus point out that PDF only supported CDFI's halfway to maturity and therefore squandered much of the

³⁷ www.esmeefairbairn.org.uk

³⁸ www.tudortrust.org.uk

³⁹ www.berr.gov.uk/files/file37787.pdf

⁴⁰ Summary from the Phoenix Fund evaluation - www.berr.gov.uk/files/file37787.pdf

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significant resources allocated to the fund.

Further information

Evaluation of the Phoenix Development Fund -
www.berr.gov.uk/files/file37787.pdf

g. The creation of the Department of Trade and Industry's (DTI) Social Enterprise Unit (SEnU) (2001 – government reorganisation)

Description

In October 2001 Douglas Alexander, the government minister with relevant responsibilities, announced the creation of the Social Enterprise Unit within the Department of Trade and Industry. Working groups across key themes, comprising government officials and stakeholders, were established to initially guide the direction of the SEnU.

Issues

Major barriers to healthy development of social enterprise were identified by these working groups. They included: “poor understanding of the particular abilities and value of social enterprise; little hard evidence to demonstrate the impact and added value of social enterprise; fragmented availability of accessible, appropriate advice and support; difficulty accessing and making use of what is perceived to be limited appropriate finance and funding available; limited account taken of the particular characteristics and needs of social enterprise within an enabling environment; and complexity and lack of coherence within the sector, combined with widely varying skills and knowledge bases”⁴¹. These barriers were then fed into the development of the UK’s first social enterprise strategy, outlined below, which then formed the work programme for SEnU.

Commentary

The creation of the SEnU has been acknowledged by the UK third sector and third sectors and governments around the world as a groundbreaking development. Between 2001 and 2006, when the Office of the Third Sector (OTS) replaced the SEnU, the unit led a range of positive developments across policy, legislation and funding/financing regimes that provided substantive amounts of development support to the emerging social economy. The SEnU was an important focal point over this period as it established the government definition of social enterprise and built momentum across government, the third sector and funders.

Some dissatisfaction from the more traditional, charitable, end of the social economy was voiced – due to the placing of the unit within the DTI, the

⁴¹ http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_strategy_2002.pdf



government department charged with promoting trade and industry (rather than focussing on community cohesion or inclusion through its placement into a different government department as some would rather).

Further information

http://en.wikipedia.org/wiki/Social_enterprise

http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_strategy_2002.pdf

h. The Role of the Voluntary and Community Sector in [Public] Service Delivery (2002 - policy development)

Description

This cross-departmental review of the role of the voluntary and community sector in public service delivery was undertaken by the Treasury in 2002 and formed part of an attempt at radical service delivery reform by the government. It acknowledged social enterprises as different from Voluntary and Community Organisations (VCO's) and the key role of both in delivering the reform that was being sought. It committed government to "creating a framework in which the sector can continue to flourish, be strong and independent"⁴².

Issues

This study was one of the first acknowledgements by government of the potential for Third Sector organisations to deliver a value-added public service, this is to say a service that is more efficient and/or of better quality than either the public sector or the private sector. It also acknowledged that such organisations might be better placed than those from other sectors in accessing particularly hard to reach client groups and as such best placed to deliver certain services. The study also recognised the need for capacity building activity to be undertaken to support Third Sector organisations in being able to deliver public services and realise the value-adds identified.

Commentary

While the paper has more of the feel of a position or mapping paper rather than a policy paper it also differs from many policy papers in that significant new resources are committed to the development of the sector. Most notably is that allocation of half of £188 million the Active Communities Unit (which was shortly to become half of the OTS) budget to implementation of the review and the allocation of £125 million to the creation of the Futurebuilders fund, explained later in this report. It also marked an important point in the development of the government's approach to advancing the social economy – that of active and lead involvement from the Treasury.

⁴² www.hm-treasury.gov.uk/d/CCRVolSec02.pdf

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Further information

Full text of the review - www.hm-treasury.gov.uk/d/CCRVolSec02.pdf

i. DTI Social Enterprise Strategy (2002 – policy development)

Description

The DTI Social Enterprise Strategy, published in 2002, articulated for the first time a formal government commitment to the development of social enterprise. The vision “of [a] dynamic and sustainable social enterprise strengthening an inclusive and growing economy”⁴³ represented an important inflection point in the government’s support to the social economy.

Issues

The document, titled Social Enterprise: A strategy for success, detailed a three-year course of action for government of how it would promote and sustain social enterprise activity. Three key outcomes to aim for were identified:

Create an enabling environment;

Make social enterprises better businesses; and

Establish the value of social enterprise.

Sub-issues were identified under each of these themes and formed the basis of work planning for the SEU from then on. These also informed the Unit’s work with other departments with the strategy empowering the Unit to undertake this cross-departmental work.

To realise this commitment to social enterprise the strategy stated the government would:

1. “Set up an Interdepartmental Official Group;
2. Set up an External Stakeholder Consultation Group;
3. Set up subgroups on specific issues; and
4. Arrange interdepartmental Ministerial meetings as necessary.

In support of the strategy the Social Enterprise Unit will:

1. Co-ordinate work across Whitehall and the regions to ensure that, where change is needed, action is taken to bring this about;
2. Work with and support practitioners, intermediaries and other key stakeholders as they implement their parts of the strategies; and

⁴³ http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_strategy_2002.pdf



3. Deliver on the specific tasks allocated to the Unit directly.

[Therefore] the remit of the Social Enterprise Unit is:

1. To act as a focal point and co-ordinator for policy making affecting social enterprise;
2. Promote and champion social enterprise;
3. Take action needed to address barriers to growth of social enterprises; and
4. Identify and spread good practice⁴⁴.

Commentary

The cross-departmental remit provided to the SEnU by the strategy appears to have been the originating source of the strong commitment to social enterprise the UK government is now articulating through multiple department's social enterprise development activities. Social enterprise was 'put on the government's map' by the strategy. And despite patchy provision of support and often overly bureaucratic consultation and engagement mechanisms between government and the third sector the strategy has been broadly welcomed by practitioners and support organisations alike.

Further information

http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_strategy_2002.pdf

j. Social Enterprise Day (2002 – promotion)

Description

Social Enterprise Day celebrates the work of social enterprises and aims to inspire a new generation of social entrepreneurs through a range of activities.

Issues

The Social Enterprise Awards⁴⁵, a national awards ceremony rewarding leading social enterprises across a range of categories and Make Your Mark⁴⁶, a social enterprise competition for young people are both timed to coincide with Social Enterprise Day. It is also used as a platform for other events. 2009 saw the Prime Minister host a reception for the Social Enterprise Ambassadors at Downing Street⁴⁷

⁴⁴ http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_strategy_2002.pdf

⁴⁵ www.socialenterpriseawards.org.uk

⁴⁶ <http://www.enterpriseuk.org>

⁴⁷ The Prime Minister's Office - www.number10.gov.uk

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Commentary

Social Enterprise Day is enjoyed by many in the sector and is something of a focal point for in-sector activities. However the event rarely gets any mainstream media coverage and so value is mainly limited to intra-sector morale raising. The day is held during Enterprise Week in the UK and Global Entrepreneurship Week⁴⁸. These events, along with the plethora of social enterprise specific events that occur on the day itself can often mean that individual events get somewhat lost in the general volume of events.

Further information

http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/social_enterprise_day.aspx

<http://www.socialenterprise.org.uk/pages/social-enterprise-day.html>

Global Entrepreneurship Week - www.gew.org.uk/

k. Futurebuilders (2003 – funding and financing)

Description

Futurebuilders was created following recommendations in the Treasury's Cross Cutting Review into the role of the voluntary and community sector in public service delivery in September 2002, detailed above.

“Futurebuilders provides loan financing, often combined with grants and professional support, to third sector organisations in England that need investment to help them bid for, win and deliver public service contracts. The aim of the Fund is to substantially improve the financial and strategic capability of the third sector so that it can play an ever greater role in improving the lives of the people and communities it serves”⁴⁹.

Criteria used to screen eligible organisations include:

- Being a third sector organisation committed to winning public service contracts
- Needing a Futurebuilders investment to help to win new, or secure ongoing, income from public sector bodies
- At least 51% of the project's (as opposed to the organisation's) long term income coming, directly or indirectly, from public funds
- The organisation willing and able to take on a loan
- Part or all of the project being unbankable

⁴⁸ www.gew.org.uk

⁴⁹ <http://www.futurebuilders-england.org.uk/about-us>



- In need at least £50,000
- The service mainly benefiting people living in England.

Issues

In 2003 government tendered for and let the contract to manage the new Futurebuilders fund. The contract was secured by a consortium of organisations made up of Charity Bank, National Council for Voluntary Organisations and Northern Rock Foundation. The consortium then set up Futurebuilders England to manage the Fund.

In 2007, the Cabinet Office opened the tender to manage the contract of the second phase of the Futurebuilders Fund (2008-11). Reports at the time is that this retendering was in response to underperformance by the managing organisation during stage one of the fund, specifically that funds were not being deployed at the rate expected.

The second tender was won by the Adventure Capital Fund⁵⁰ (ACF), which is now managing the second stage of the fund. Towards the end of 2009 ACF rebranded as The Social Investment Business⁵¹

Commentary

Futurebuilders has drawn criticisms of being risk averse with the investees it supports by requiring clear indications of potential for public sector contracts to be secured when more game changing innovations might be stimulated by supporting higher risk organisations.

Problems around management of the fund were leaked in the run up to the retendering in 2007, mainly around the low levels of deal flow and funds being allocated. Other criticisms have been levelled at the fund around the balance of investment to grant, with grant funding for early stage development not being available at the level demanded by applicants. Further inspection may find that the high levels of requirement for grants as opposed to investments led to the perceived underperformance between 2003 and 2008 due to the funds ill-calibrated view of the needs of the sector. Consensus within the third sector is very much that investors in general have an unrealistic view of the investment readiness of the sector to receive commercial or near commercial finance. This, across funds in addition to Futurebuilders, can lead to problems of expectation management from both the supply and demand sides of social investing in the UK.

Despite the challenges and criticisms outlined above it is broadly accepted that Futurebuilders is playing an innovative and important role in resourcing the third sector to deliver public services. Whether the delivery of public services should be the priority that third sector organisations and government

⁵⁰ www.adventurecapitalfund.org.uk

⁵¹ www.socialinvestmentbusiness.org



alike make it is a different question, one that is worthy of exploration by all parties in this Czech Republic focussed project, prior to the development of any policy, legislation or funding mechanisms to realise this.

Further information

<http://www.futurebuilders-england.org.uk/>

I. Community Interest Companies (CIC's) (2004 – legislation)

Description

The Companies (Audit, Investigations and Community Enterprise) Act 2004 laid out legislation to create a new company form – the Community Interest Company or CIC. CIC's "have a statutory "Asset Lock" to prevent the assets and profits being distributed, except as permitted by legislation. This ensures the assets and profits are retained within the CIC for community purposes, or transferred to another asset-locked organisation, such as another CIC or charity"⁵².

Issues

The purpose of the asset lock is two-fold: to enshrine the objectives of the organisations public benefit focus and to be able to raise equity without risking a re-focussing of activities away from public benefit should the shareholders seek to require this. The latter is achieved through the issuance of different categories of share apportioned different voting rights.

Responses to the new CIC structure have been somewhat mixed. Some parts of the sector have welcomed the legislation as a way to clearly indicate the public benefit nature of a particular organisations focus and structure. Others have been critical of the structure and are quick to point out that asset lock and the raising of non-voting share capital were both perfectly feasible using pre-existing forms of legal structures (combinations of companies and charities which hold "golden shares" of the trading companies).

Commentary

In the five years since the legislation was introduced 3,300 CIC's have registered. However it appears only a small percentage of these have used the legal structure to raise capital. So, while the new legal structure has been welcomed by many and used by more than 3,000 social enterprises it does not appear to be used for one of its primary purposes – the capitalisation of enterprise – and therefore is being used mainly for asset locking purposes, a legal function that was already, and continues to be, achievable through already existing legislation.

Further, an early test of the asset lock came in the form of one of the first CIC's to register, ECT Recycling, getting in to financial difficulties and being

⁵² <http://www.cicregulator.gov.uk/aboutUs.shtml>

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forced to sell itself to a private sector competitor, May Gurney⁵³. May Gurney is now in the process of moving ECT's assets (mainly contracts with UK local authorities) across to its main company. This effectively leaves one of the largest CIC's to register (£50 million turnover and 1,600 staff) stripped of its assets. This shows that the asset lock aspect of CIC's has less legal standing than asset lock clauses that can be created for normal companies through the owning of a golden share by an associated charity.

Further information

www.cicregulator.gov.uk

m. CapacityBuilders (2004 as ChangeUp then 2006 as Capacitybuilders – provision of support)

Description

Established as an initiative of the Home Office and designed to support the needs for frontline community organisations ChangeUp⁵⁴ was launched in 2004 in response to third sector needs identified in the HM Treasury's 2002 Cross Cutting Review of the Role of the Voluntary and Community Sector in Service Delivery, outlined above. Capacitybuilders was established as a stand-alone organisation to take over ChangeUp in 2006.

"Capacitybuilders works to ensure that third sector organisations in England are able to access high quality advice and support. Since being established in 2006 Capacitybuilders has invested £100 million in improving the support available to frontline third sector organisations. In 2009/10 we are investing over £30 million more"⁵⁵.

Issues

The fund, delivered by national hubs of expertise and local consortia is targeted on helping third sector organisations access information and resources, supporting learning and development, promoting good management, leadership and employment practices and raising the profile of the sector as a place to work.

Capacitybuilders has a remit to ensure that infrastructure organisations are equipped to reach down to the smallest third sector organisations, building capacity at a community level.

Commentary

Despite this last statement much criticism has been levelled at Capacitybuilders and ChangeUp as unable to provide substantive support at the grass roots and of getting caught up in a plethora of middle management

⁵³ www.maygurney.co.uk

⁵⁴ <http://www.changeup.org.uk/overview/introduction.asp>

⁵⁵ <http://www.capacitybuilders.org.uk/about-us/overview>

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with the associated increase in costs and reduction in impact.

Further information

<http://www.capacitybuilders.org.uk/>

n. The creation of the Office of the Third Sector (OTS) (from 2006 – government reorganisation)

Description

The OTS was created in May 2006 partly “in recognition of the increasingly important role the third sector plays in both society and the economy”⁵⁶ and partly in response to a strong and well coordinated lobby from the third sector, of which social enterprise movement was a part. The lobby campaigned to place more importance on the sector through a repositioning of its relationship with central government. OTS has responsibility for “work across government to support the environment for a thriving third sector (voluntary and community groups, social enterprises, charities, cooperatives and mutuals), enabling the sector to campaign for change, deliver public services, promote social enterprise and strengthen communities”⁵⁷.

Issues

OTS was created through the merging of the Home Office’s Active Communities Unit, which had responsibility for support and capacity building to the third sector overall, and the DTI’s Social Enterprise Unit (SEnU). Some debate occurred prior to this merger about whether a centralised approach to third sector development was optimal or whether it was better to have relevant government departments hosting support functions relevant to third sector organisations working in their fields (i.e. the DTI hosting the SEnU, the treasury hosting support to social finance, etc).

Commentary

Overall the creation of the OTS appears to have been a good thing for the development of the social economy. Some criticism was levelled against support and funding programmes where the needs of the social economy were subordinate to other parts of the third sector. Notable in these was CapacityBuilders, outlined elsewhere in this report. However both these programmes came out of the Home Office side of the DTI-Home Office merger to create OTS and therefore this bias was to be expected. Overall OTS has presided over a substantial increase in funding, support and policy instruments aimed at supporting the social economy’s development. It has also helped stimulate the creation of a number of social enterprise units within other government departments, most notably inside the department of health.

Feedback from the social economy sector is that a single point of contact and

⁵⁶ http://www.cabinetoffice.gov.uk/third_sector/about_us.aspx

⁵⁷ http://www.cabinetoffice.gov.uk/third_sector/about_us.aspx

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coordination is positive while on the negative side many feel the OTS involves itself too much in many commissioned projects and funding streams and has had accusations of micro-managing and taking a controlling and overbearing role in some of its interactions with the sector.

Further information

http://www.cabinetoffice.gov.uk/third_sector.aspx

http://www.cabinetoffice.gov.uk/third_sector/about_us.aspx

o. Social Enterprise Action Plan (2006 – policy development)

Description

The social enterprise action plan strengthened and reiterated the government's commitment to being an enabling force for social enterprise. The action plan was published four years after the publication of their social enterprise strategy and shortly after the restructuring of government departments focused on supporting the third sector, which led to the creation of the Office of the Third Sector, based in the Cabinet Office.

Issues

The action plan identified the following areas as critical to the sector's development and committed to actions to address each:

- 1) "Foster a culture of social enterprise"
 - i) Use evidence base to develop awareness
 - ii) Appoint 20 SE ambassadors
 - iii) SE campaign for young people (the make your mark [campaign])
 - iv) Strengthen SE teaching and awareness in schools and tertiary education
- 2) Ensure the right information and advice are available to those running social enterprises
 - i) Additional funding through RDA's to improve business link capacity to support SE's
 - ii) Integrate SE support into capacity builders and change up
 - iii) Map SE support networks and work to fill gaps
 - iv) Needs and skills analysis of SE's
- 3) Enable social enterprises to access appropriate finance
 - i) £10 million additional investment

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- ii) OTS and Small Business Service to roll out financial awareness training for social enterprises
 - iii) Review of CITR (Community Investment Tax Relief)
- 4) Enable social enterprises to work with government
- i) The government will publish a cross-departmental third sector public services action plan
 - ii) Address issues around the use of social clauses in public sector contracts
 - iii) Small amount of funding (0.8m) to support organisations to represent social enterprises and influence public policy⁵⁸.

It acknowledged government's role as an enabler of social enterprise and its role as a "force for change" in improving public services and tackling the UK's most intractable social and environmental problems.

Commentary

The process of developing the action plan was time-consuming. Much of its content reiterated what had already been committed to by government. However the action plan was broadly welcomed as part of a continuing and strengthening commitment from government to the development of the sector, especially at the point when a new government unit (OTS) had been created. The action plan broadened the number of strategic partners OTS engaged with and made a small number of additional financial and support commitments not previously made by the DTI's SENU.

The government followed up the publication of the action plan with summaries of progress made one year on and two years on⁵⁹, both published to coincide with social enterprise day in November.

Further information

The social enterprise action plan -

http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_action_plan_2006.pdf

Summary and one and two year on reports –

http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/action_plan.aspx

⁵⁸ http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/action_plan.aspx

⁵⁹ http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/action_plan.aspx



p. Inclusion of social enterprise in the UK government's mainstream business survey (2006 – government reorganisation)

Description

In 2005 the government included social enterprises in their main business survey of entrepreneurial activity in the UK⁶⁰.

Issues

In 2006 this was published and uncovered a sector comprising at least 55,000 social enterprises (recently adjusted to 62,000⁶¹) fitting the government's definition of social enterprise. (It is the authors understanding that the government definition of social enterprise changed just before the publication of this survey, from organisations established for public benefit and deriving at least 50% of their income from trading activities to 25% from trading activities therefore increasing substantially the number of organisations classed as social enterprises). This 55,000 represented around 5% of businesses with employees, with a combined turnover of about £27 billion and contributing to GDP at around £8.4 billion⁶².

Commentary

As interest in the social enterprise movement grew some in government and the sector made strong claims of its potential without the evidence to support these claims. The inclusion of social enterprise within the mainstream business survey provided the data required to support, and in some cases refute, these claims thereby rebalancing rhetoric with reality.

As outlined above, data is related to the ongoing definitional debate about what constitutes a social enterprise or socially entrepreneurial activity. If different definitions of levels of trading activity had been used then data would have told a different, less powerful, story and undoubtedly less interest would have been generated in the sector.

Further information

2005 Annual Survey of Small Businesses -

www.berr.gov.uk/files/file38247.pdf

Survey of social enterprise undertaken by DTI SEnU (2005) -

http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/survey_social_enterprise_across_uk.pdf

⁶⁰ www.berr.gov.uk/files/file38247.pdf

⁶¹ http://www.cabinetoffice.gov.uk/newsroom/news_releases/2009/091119-social-enterprise.aspx

⁶² http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_action_plan_2006.pdf



*q. The Action Plan for Third Sector Public Service Delivery
(2006 – policy development)*

Description

Partnership in Public Services: An action plan for third sector involvement was launched by Office of the Third Sector in 2006 to increase public service delivery by the third sector. The action plan focussed on four areas: commissioning, procurement, building on the sector's capacity and innovation.

The action plan set out measures to further improve the commissioning and procurement landscape, bringing together activity from across Government. Programmes committed to establishing or expanding in the action plan were:

- National Programme for third sector commissioners, explained in detail below
- Innovation Exchange⁶³, set up in 2007 to provide third sector innovators with access to the resources they need to become more involved in public service delivery
- Futurebuilders, explained above, and
- Community Assets Programme⁶⁴, a £30 million Community Assets programme to empower communities by encouraging the transfer of underused local authority assets to local organisations.

Issues

The OTS website states “two years on from its publication, a lot has been achieved. The principles of the action plan are being implemented across government departments and the sector is developing and delivering improved public services”⁶⁵.

Significantly the action plan was developed by OTS in partnership with a range of other government departments including the Departments of Health (DH), Work and Pensions (DWP), (the then titled) Education and Schools (DfES), Trade and Industry (DTI), the Office of Government Commerce (OGC) and the Treasury.

Commentary

This cross-departmental working contributed to the stimulation of social enterprise focussed policy development and financing in many other

⁶³ http://www.cabinetoffice.gov.uk/third_sector/public_services/innovation_exchange.aspx and <http://innovation-exchange.org/>

⁶⁴ http://www.cabinetoffice.gov.uk/third_sector/community_action/community_assets.aspx

⁶⁵ http://www.cabinetoffice.gov.uk/third_sector/public_services/public_service_delivery.aspx



government departments (a summary of which is below).

Further information

http://www.cabinetoffice.gov.uk/third_sector/public_services/public_service_delivery.aspx

http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/psd_action_plan.pdf

r. Report on the future role of the third sector in social and economic regeneration (2007 – policy development)

Description

As part of the UK Budget in 2006 the government announced a review into the future role of the third sector in social and economic regeneration. Run jointly by HM Treasury and the Cabinet Office the review informed the 2007 Comprehensive Spending Review⁶⁶ and contributed to continuing policy development including the Social Enterprise Action Plan and the Action Plan for Third Sector Public Service Delivery.

The review identified four major areas of common interest between the third sector and Government: enabling greater voice and campaigning, strengthening communities, transforming public services, and encouraging social enterprise.

Issues

It is these last two that are of particular relevance to the social economy. Under the transforming public services section the government committed to a “vision for partnership over the next ten years reflects all these roles [being a partner in innovation and design of services and being campaigners for change]; ensuring that public services are able to improve further by fully drawing on the understanding and experience of third sector in designing, developing and delivering services”⁶⁷.

Under this heading the government committed to:

1. Invest in training for the commissioners of public services so they are aware of the different providers available to them;
2. Continue to work with commissioners pioneering the use of social clauses;
3. Support Local Authorities to assess the quality of their relationships

⁶⁶ A periodic reassessment of government spending priorities - <http://news.bbc.co.uk/1/hi/business/7024473.stm>

⁶⁷ <http://www.official-documents.gov.uk/document/cm71/7189/7189.pdf>

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with the third sector;

4. Commission a study into the potential role of third sector organisations in delivering employment services;
5. Engage in further work to understand the relationship between demand-led funding and funding for the third sector;
6. Identify key opportunities for third sector organisations to deliver more and better public services; and,
7. Invest £65 million in the Futurebuilders Fund, providing loans and grants to organisations looking to deliver public services in all areas”⁶⁸.

Under the encouraging social enterprise section government committed to a “vision for partnership over the next ten years... creating the conditions for the development of thousands more social enterprises and enabling those organisations that wish to diversify their income streams to undertake more trading activity”⁶⁹.

Under this heading the government committed to:

1. “Invest further in raising awareness of the social enterprise business model so that new audiences are aware of the potential of the choices they can make in setting up a business or buying from one;
2. Ensure that young people know about social enterprise, through their enterprise and business studies education. Social enterprise will be part of the main key stage 3 and 4 curriculum framework from 2008, and the Qualifications and Curriculum Authority is currently consulting on how best to include social enterprise models in the GCSE Business Studies syllabus;
3. Through the third sector research programme, invest in building the evidence about the
4. Impact and nature of the social enterprise sector;
5. Work to improve the business support that is available for people wanting to start and
6. Grow social enterprises, through Business Link and capacity building support from Capacitybuilders;
7. Work to improve social enterprises access to finance including through delivery of the £10 million equity fund announced in the Social Enterprise Action Plan and by examining ways to boost social investment; and,

⁶⁸ <http://www.official-documents.gov.uk/document/cm71/7189/7189.pdf>

⁶⁹ <http://www.official-documents.gov.uk/document/cm71/7189/7189.pdf>



8. Support Government Departments to investigate how social enterprise business models can improve policy delivery and outcomes”⁷⁰.

Commentary

Publically third sector leaders welcomed the report. Privately there was a feeling that government simply was reiterating previous commitments and showing that the balance between policy development and action was weighted against action. This issue cuts to the centre of a regular critique of government in general: that it is heavy on policy and thinking and light on action and resourcing.

Further information

Text of the full report is available at – <http://www.official-documents.gov.uk/document/cm71/7189/7189.pdf>

s. The Ambassadors Programme (2007 – provision of support and promotion)

Description

“The Social Enterprise Ambassadors programme was announced in the Government’s Social Enterprise Action Plan in November 2006, and aims to raise awareness and foster a culture of social enterprise in England. Following a workshop with the sector in March 2007 a consortium of partners led by the Social Enterprise Coalition won the tender to deliver the programme in June 2007. Recruitment of the Ambassadors was completed in autumn 2007, and 30 were selected for the role. As a group, they are diverse and broadly representative of the social enterprise movement as a whole”⁷¹.

Issues

The ambassadors act as role models for people interested in a career in the social enterprise. They work in three different taskforces to raise awareness of social enterprise amongst people in the areas of young people, business and finance and public services.

Commentary

The Ambassadors programme receives a mixed opinion from third sector commentators. There is a general in principle acceptance that the scheme is a good idea. However it has been slow to get started, has run into definitional problems and as a result a number of the Ambassadors have been forced to resign. It also does not appear to deliver the high level media profile aspired to by the programme and has received criticisms around its apparent high cost.

⁷⁰ <http://www.official-documents.gov.uk/document/cm71/7189/7189.pdf>

⁷¹ http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/ambassadors.aspx



Further information

<http://socialenterpriseambassadors.org.uk>

t. National Programme for Third Sector Commissioning (2007 – policy development and provision of support)

Description

The Office of the Third Sector commissioned The Improvement and Development Agency⁷², an agency supporting improvement and innovation in local government, to develop and deliver the national Programme for Third Sector Commissioning in 2007.

The programme was developed to help increase the public sector's awareness and skills in commissioning services from voluntary organisations, as well as increase the capacity of third sector organisations who wished to develop their skills in this area. We were awarded the contract in May 2009 to deliver phase two of the programme and designed this new phase to be delivered by organisations best placed to do so, building on their 'day jobs' and thus making the best use of the funding"⁷³.

Issues

This reconfigured approach to working is aiming to increase awareness and understanding of the value of commissioning products and services for the public sector from the third sector through generating more involvement of the third sector throughout the commissioning cycle.

In phase one of the programme 2,000 public sector commissioners were trained in how the third sector can contribute to the commissioning of public services. A web based community of practice was established and business schools and universities engaged with to develop and provide accredited training.

Commentary

This programme has so far played an important role in strengthening the relationship between government and the third sector. It has seen government focusing not just on "how the third sector needs to improve" (in technical ability / skills / understanding of processes etc), but also on how public sector commissioners need to be trained and "educated" in the diversity and differences of the third sector (and also how they can deliver the outcomes they want). It is also worth noting that there is no other government function that trains government employees to understand how to contract and commission with the third sector.

Further information

⁷² www.idea.gov.uk

⁷³ <http://www.idea.gov.uk/idk/aio/14448716>

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www.idea.gov.uk

<http://www.idea.gov.uk/idk/core/page.do?pagelId=6583598>

<http://www.idea.gov.uk/idk/aio/14448716>

u. Community shares action research (2009 – funding and policy development)

Description

In February 2009 the Office of the Third Sector and the Department for Communities and Local Government announced funding for an action learning research programme in the field of community shares and bonds.

The research is being managed by the Development Trusts Association⁷⁴ (DTA), in conjunction with Co-operatives UK⁷⁵ and the UK Social Return on Investment network⁷⁶ (SROI). A range of organisations are being supported through the process of raising bonds or shares. The objective of this work is to “develop a more robust evidence base on the potential for community share and bond issues to increase community empowerment, grow social enterprises, and support wider Government objectives as well as test the potential for incentive funding from Government to stimulate funding from non-governmental sources”⁷⁷.

Issues

This government initiative was built on the back of the DTA publication “Community Shares and Bonds: the sharpest tool in the box”⁷⁸ published in 2007 and the Co-operatives UK publication “Community Investment: Using Industrial and Provident Society Legislation”⁷⁹ published in 2008.

The research gathered is intended to inform the next Comprehensive Spending review.

To date ten organisations are being supported, having shown that they:

- “Intend to raise finance through community investment ie. “The sale, or offer for sale, of more than £10,000 of shares or bonds to communities of at least twenty people, to finance ventures serving a community

⁷⁴ www.dta.org.uk

⁷⁵ www.cooperatives-uk.coop

⁷⁶ www.thesroinetwork.org

⁷⁷ <http://www.dta.org.uk/OneStopCMS/Core/TemplateHandler.aspx?NRMODE=Published&NRNODEGUID={864AD8DC-B519-4564-AD0D-34D423A667F4}&NRORIGINALURL=%2fwhatsnew%2fpresreleases%2fcommsharesPR.htm&NRCACHEHINT=NoModifyGuest>

⁷⁸ <http://www.dta.org.uk/resources/publications/communityshares.htm>

⁷⁹ http://www.cooperatives-uk.coop/live/images/cme_resources/Public/In%20the%20Spotlight/ITS%20Sept/Community-Investment-guide.pdf

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purpose.”

- Will issue non-transferable securities
- Have a committed group of project champions and an established steering group, unincorporated body, partnership, association, or corporate body
- Have community support for their venture”⁸⁰.

The successful social enterprises are receiving a package of funding and support. Their experiences are being recorded and evaluated and OTS states they “will be used to support future policy development in this area”.

Commentary

Although small in size and funding deployed, this initiative has been broadly welcomed by the sector. With results expected during 2010 and 2011 the hope is that a positive set of experiences will indeed inform future government policy.

Further information

www.communityshares.org.uk

v. Communitybuilders (2009 – funding and financing)

Description

The Department of Communities and Local Government (DCLG) committed to Communitybuilders in their “Communities in Control: real people, real power”⁸¹ White Paper published in July 2008. The £70 million investment fund aims to “build more cohesive, empowered and active communities. The fund, which is jointly run by CLG and the OTS, is designed to empower citizens and communities by strengthening the resilience of multi-purpose community-led organisations across England through a mixture of financial and advisory support”⁸².

The fund is being managed by the Adventure Capital Fund (ACF), part of Social Investment Business. Development support is being provided as a separate function by Coin Street Community Builders⁸³, one of the UK’s leading Development Trusts. The fund opened for applications in late 2009. To date no funds have been allocated.

⁸⁰ <http://www.communityshares.org.uk/news/round-two-successful-projects-announced>

⁸¹ <http://www.communities.gov.uk/publications/communities/communitiesincontrol>

⁸² http://www.cabinetoffice.gov.uk/third_sector/community_action/communitybuilders.aspx

⁸³ www.coinstreet.org



Issues

Guidance states the type of the organisations that will be supported by the investment fund will have to have the ambition and capability to fulfill the following roles:

- Offering a place for communities to meet
- Support and promote active and empowered citizens and community groups
- Providing and hosting community services
- Mobilising opportunities and resources within and into a local area

While guidance is broad the indication throughout the development and launch of the fund is that the funds are to be used for asset based development of organisations delivering public benefit to local communities.

Commentary

The Communitybuilders initiative was warmly welcomed by the third sector, in particular the Development Trusts movement. However delays in the consultation and eventual establishment of the fund have received a good deal of criticism. These delays have meant that the fund, now launched, has just 18 months to disperse the total funds. Within a sector that suffers from a lack of investment readiness this severely restricts application of the funds on smaller and riskier projects.

Further information

www.communitybuildersfund.org.uk

http://www.cabinetoffice.gov.uk/third_sector/community_action/communitybuilders.aspx

- w. **Real Help for Communities: Volunteers, Charities and Social Enterprises (2009 - funding and financing)**

Description

The report *Real Help for Communities: Volunteers, Charities and Social Enterprises* was published by the Office of the Third Sector in February 2009 and comprises the core support provided by government to the third sector to counter the effects of the financial crisis and ensuing recession.

“Underpinning the Government’s development of *Real Help for Communities: Volunteers, Charities & Social Enterprises*, the Office of the Third Sector formulated a number of guiding principles. These principles emerged from the NCVO summit on the economic downturn, co-chaired by the Minister for the Third Sector, Kevin Brennan, in November 2008. They aim to guarantee that

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the measures implemented by Government are targeted at the right parts of the sector and ensure continued and strengthened delivery to deprived communities.

The Principles:

- Helps achieve economic growth, equality and social mobility
- Delivers real help now and in the future for individuals, families and communities
- Ensures as many resources as possible are directed into frontline services
- Encourages third sector organisations to work together to provide help now and in the future, and
- Provides a rapid response to current and emerging needs⁸⁴.

Issues

Real Help for Communities committed £42.5 million of financial support across a range of programmes:

- Meeting Demand for Services and Tackling Unemployment

Up to £10 million investment in a volunteer brokerage scheme for unemployed people. This will create over 40,000 opportunities for people to learn new skills and give back to communities through volunteering.

- Real Help for Communities: Targeted Support Fund

£15.5 million of grant funding to small and medium third sector service providers in communities most at risk of increased deprivation due to the recession.

- Real Help for Communities: Modernisation Fund

£16.5 million to support viable third sector organisations to access specialist services in order to restructure and become more resilient and efficient in the recession.

- Investment in the School for Social Entrepreneurs

£0.5 million to expand its programme in support of early stage social entrepreneurs.

Commentary

While broadly welcomed by the sector the amount provided was less than half

⁸⁴ http://www.cabinetoffice.gov.uk/third_sector/real_help_for_communities/su_mmary.aspx



the amount generally argued for and a paltry amount when compared to the amount of public sector finance supporting private sector activity.

Further information

http://www.cabinetoffice.gov.uk/third_sector/real_help_for_communities.aspx

<http://www.cabinetoffice.gov.uk/media/197912/action%20plan%20acc.pdf>

x. The proposed Social Investment Bank (yet to launch – funding and financing)

Description

The 2005 Pre-Budget Report announced the Government and the bank and building society sector would develop a scheme to access unclaimed assets that have been lying dormant in the bank accounts of individuals and companies for long periods of time and reinvest them for public benefit.

The Commission on Unclaimed Assets was set up by The Scarman Trust in November 2005 in response to an agreement between the Treasury and banks to release funds dormant in UK bank accounts for more than 15 years. The commission, after consulting with more than 1,000 third sector organisations released a report in March 2007 recommending unclaimed assets be used for funding for third sector organisations, supporting communities to acquire land or buildings and promoting enterprise in disadvantaged communities. “To substantially increase the sector’s access to capital, the Commission [also] recommended using money from dormant accounts to create a Social Investment Bank that would provide the third sector with greater access to a greater variety of investment instruments thus increasing their capacity to innovate, grow and meet emerging social needs”⁸⁵.

Issues

The Commission believes that social investment is underdeveloped in the UK and that this stifles the potential of the third sector itself to realise public benefit. The proposed introduction of a wholesale fund - to build the capacity of financial intermediaries and to leverage new, private capital to the third sector to tackle this barrier to the sectors growth.

By establishing a wholesale investment bank facility for the third sector the Commission believed a number of functions could be met:

Enabling social finance providers to meet the demand for their services

Attracting new capital investment to the sector

Providing guarantees

⁸⁵ http://www.socialfinance.org.uk/about/index.php?page_ID=3

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Promoting and trading in a secondary market for securities, and,

Encouraging the use of financial advice and business support by third sector organisations and intermediaries.

Commentary

In the December 2009 pre-budget report the government committed to up to £75 million to establish a social investment wholesale bank facility. This is a significantly lower amount than advocated for and previously discussed with government but was the first clear commitment emerging from government in almost five years. During this time more than £300 million has been released from government to fund third sector development (Futurebuilders, The Department of Health Social Enterprise Investment Fund and Community Builders, all detailed in this paper) through different mechanisms. While it is easy to comment with hindsight that the proposed Social investment Bank could have been created with these, and other, funds the fact that it was not indicates the current level of coordination of social investment across government.

Further information

www.unclaimedassets.org.uk

(note this link is currently not working and there does not appear to be an archive facility available with a copy of the report). Copies will be available from a number of third sector support organisations, one being www.socialfinance.org.uk.

y. Social Impact Bonds (2009, to be launched 2010 – policy development and financing)

Description

Inspired by pioneering work in the United States the concept of a Social Impact Bond is based on the potential of realising reduced public service delivery costs through utilising private finance to improve service provision and government then allocating a proportion of these savings to the investor and service deliverer. An earlier, related, approach is detailed in section above on the Invest to Save Budget.

In the UK the development of this concept has been driven forward by Social Finance⁸⁶, a new social finance intermediary established to “lay the foundations” for the proposed Social Investment Bank.

Issues

A strong and successful lobby of government recently led to Gordon Brown to announce that Social Impact Bonds would be included within the Smarter

⁸⁶ www.socialfinance.org.uk

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Government white paper⁸⁷ published in December 2009. The paper states that government will “pilot Social Impact Bonds as a new way of funding the third sector to provide services... This has the potential to radically change how government funds the third sector, by rewarding social investors for work which reduces future social costs”⁸⁸. The pilots are expected to commence in 2010.

Earlier, in November, mainstream press reported that a group of city financiers, led by the chair of Social Finance and former chair of the Social Investment Task Force and the Commission on Unclaimed Assets – Sir Ronald Cohen – was in the process of raising a £12 million pilot fund to test Social Impact Bonds⁸⁹.

Commentary

In the authors view Social Impact Bonds stand a good chance of becoming a well used financial tool, bridging third sector organisations and government and increasing the volume (and improving efficiency) of public sector contracts delivered by the social economy. The idea has cross political party support and is likely to gain considerable traction in a climate of significant public sector budget cuts.

Critics of the scheme point out that savings in public sector service delivery can be realised within government or with government finance rather than by utilising private finance.

Further information

http://www.socialfinance.org.uk/downloads/SIB_report_web.pdf

<http://www.timesonline.co.uk/tol/news/uk/crime/article6908014.ece>

⁸⁷ A government paper detailing government policy and action.

⁸⁸ <http://www.hmg.gov.uk/frontlinefirst.aspx>

⁸⁹ <http://www.timesonline.co.uk/tol/news/uk/crime/article6908014.ece>

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Appendix 2: Current engagement with social enterprise across government, by department

The following is intended as a summary of current engagement across government departments in the field of social enterprise. The majority of text is drawn from government websites.

a. Office of the Third Sector (OTS)

Description

“As part of the Cabinet Office, the Office of the Third Sector (OTS) leads work across government to support the environment for a thriving third sector (voluntary and community groups, social enterprises, charities, cooperatives and mutuals), enabling the sector to campaign for change, deliver public services, promote social enterprise and strengthen communities. The OTS was created at the centre of government in May 2006 in recognition of the increasingly important role the third sector plays in both society and the economy”⁹⁰.

Current activities

“social enterprise policy is focused on working across government to create an environment in the UK for social enterprises to thrive by:

- Fostering a culture of social enterprise, especially by inspiring the next generation to start thinking about the social impact of business
- Improving business advice, information and support
- Tackling the barriers to access to finance, and
- Enabling social enterprises to work with government”⁹¹.

OTS coordinates a broad range of OTS led, outsourced and cross-departmental programmes and advises numerous other government departments in the field of social enterprise.

Further information

http://www.cabinetoffice.gov.uk/third_sector.aspx

⁹⁰ http://www.cabinetoffice.gov.uk/third_sector/about_us.aspx

⁹¹ http://www.cabinetoffice.gov.uk/third_sector/social_enterprise.aspx

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b. HM Treasury

Description

“The Treasury is the United Kingdom's economics and finance ministry. It is responsible for formulating and implementing the Government's financial and economic policy”⁹².

Historically the Treasury has had numerous engagements around the furtherance of the social economy. The PAT 3 working group was convened and the report published by the Treasury and they have been involved with a number of the significant policy developments outlined above. The Treasury has also been involved in a range of joint programmes not listed in this report such as the Local Enterprise Growth Initiative⁹³ (LEGI) which have undoubtedly delivered benefits to social enterprises through its focus on enterprise to address exclusion.

Further information

www.hm-treasury.gov.uk/

c. Department of Health (DH)

Description

“The Department of Health (DH) exists to improve the health and wellbeing of people in England”⁹⁴.

The DH announced in 2006 that it would establish a Social Enterprise Unit to work with social enterprises to deliver innovative health and social care services. Initially this is being done through the identification and funding of pathfinders so that learning can be shared across the health and social care sector for the benefit of others in the health sector.

The Unit established a Social Enterprise Investment Fund (SEIF) in 2007, capitalising it with £100 million to finance loans, grants and capacity building support. The fund is managed through Futurebuilders, which in turn is managed by The Social Investment Business, and Partnerships UK⁹⁵, an arms length government organisation with the mission to support and accelerate the delivery of infrastructure renewal, high quality public services and the efficient use of public assets through better and stronger partnerships. Issues have been raised by third sector organisations that the mix of grants and loans is weighted too heavily in the direction of loans and as such does not reflect the development needs and current investment and operational readiness of social enterprises working in the health sector.

⁹² http://www.hm-treasury.gov.uk/about_index.htm

⁹³ <http://www.communities.gov.uk/communities/neighbourhoodrenewal/legi/>

⁹⁴ <http://www.dh.gov.uk/en/Aboutus/index.htm>

⁹⁵ www.partnershipsuk.org.uk



DH has also established the “Right to Request” process that enables primary and community care staff to set up social enterprises. “This will give staff the opportunity to innovate and redesign services in flexible new ways, through independent organisations, with the aim of improving outcomes and delivering services that are responsive to the needs of the communities and people they serve”⁹⁶. In theory Right to Request empowers National Health Service (NHS) workers to request to externalise the service they manage by transferring that service to newly established social enterprises. Some criticisms have been made of Right to Request as the framework requires particular legal structures to be used when incorporating “spin-off” social enterprises thus potentially restricting the operating potential of these new organisations.

Current activities

The first investments by the SEIF were made in 2009 and no progress report on these is available yet. Similarly no information on take up and success of the Right to Request framework is available yet.

Further information

www.dh.gov.uk

Information on the SEIF - <http://www.dh.gov.uk/en/Managingyourorganisation/Socialenterprise/SocialEnterpriseInvestmentFund/index.htm>

Guide to the right to request -

http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_090460

d. Department of Communities and Local Government (DCLG)

Description

DCLG works to create “safe, prosperous and healthy communit[ies]. To achieve this we are:

- Building more and better homes - and reducing homelessness
- Improving local public services
- Regenerating areas to create more jobs
- Working to produce a sustainable environment, and
- Tackling anti-social behaviour and extremism.

Communities and Local Government sets policy on local government, housing, urban regeneration, planning and fire and rescue. We have responsibility for all race equality and community cohesion related issues in

⁹⁶ http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/@dh/@en/documents/digitalasset/dh_090526.pdf

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England and for building regulations, fire safety and some housing issues in England and Wales”⁹⁷.

Current activities

DCLG runs a Third Sector Partnership Board⁹⁸, to further its commitment to strengthening its relationship with the sector. A number of senior people within the social enterprise support sector sit on this board.

In April 2007 DCLG published their third sector strategy⁹⁹. This document acknowledges social enterprise as a key part of the sector and governs the way the DCLG’s new third sector team engages across the whole third sector.

DCLG has established The Empowerment Fund¹⁰⁰, a £9.25 million three year fund to support “organisations with charitable, philanthropic or benevolent purposes working across the country, to assist local communities to take forward the proposals in the Communities in Control: real people, real power White Paper”¹⁰¹. Social enterprise is one of seven themes within the fund.

DCLG is the originating department for Communitybuilders, the £70 million investment fund detailed above.

Further information

<http://www.communities.gov.uk/communities/thirdsector/>

e. Department of Work and Pensions (DWP)

Description

“The Department for Work and Pensions leads the Government’s response to some of the biggest issues facing the country - welfare and pension reform - and is a key player in tackling child poverty. It is the biggest public service delivery department in the UK and serves over 20 million customers”¹⁰².

Current activities

The Future Jobs Fund¹⁰³ was announced in the 2009 budget as a £1 billion two-year fund aiming to create 170,000 jobs, primarily for young people. The fund is run by DWP in partnership with the DCLG. Large numbers of social

⁹⁷ <http://www.communities.gov.uk/corporate/about/>

⁹⁸ <http://www.communities.gov.uk/communities/thirdsector/partnershipboard/>

⁹⁹ <http://www.communities.gov.uk/publications/communities/thirdsectorstrategy>

¹⁰⁰ <http://www.communities.gov.uk/communities/thirdsector/theempowermentfund/>

¹⁰¹ <http://www.communities.gov.uk/communities/thirdsector/theempowermentfund/>

¹⁰² <http://www.dwp.gov.uk/about-dwp/>

¹⁰³ <http://campaigns.dwp.gov.uk/campaigns/futurejobsfund/index.asp>

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enterprises as well as social enterprise support organisations have secured funding from the Fund.

Further information

<http://www.dwp.gov.uk/>

<http://campaigns.dwp.gov.uk/campaigns/futurejobsfund/index.asp>

f. Department for Business, Innovation and Skills (DBIS)

Description

Created from a merger of the Department for Business, Enterprise and Regulatory Reform (BERR) and the Department for Innovation, Universities and Skills (DIUS), DBIS' mission is to build "a dynamic and competitive UK economy by: creating the conditions for business success; promoting innovation, enterprise and science; and giving everyone the skills and opportunities to succeed. To achieve this we will foster world-class universities and promote an open global economy"¹⁰⁴. "We will do this by creating the conditions for business success; by promoting innovation, enterprise and science; and by giving everyone the skills and opportunities to succeed"¹⁰⁵.

Current activities

DBIS is still very much in start-up mode so it is unclear what remit the department will have with regards to social enterprise. The website acknowledges social enterprise and states the department will work with the Office of the Third Sector to ensure appropriate business support is available¹⁰⁶.

DIUS were in the process of developing a social enterprise strategy for universities, with the objective of stimulating more graduates starting social enterprises but at this point it is unclear if this work will be carried forward in the new department.

Funded and accountable to DIUS, HEFCE (the Higher Education Funding Council for England), announced a new awards programme in partnership with UnLtd¹⁰⁷, the foundation for social entrepreneurs, towards the end of 2009. The programme titled the "Higher Education Social Entrepreneurship Awards"¹⁰⁸ are for staff or students within a Higher Education Institutions supported by HEFCE to develop entrepreneurial solutions to social problems that demonstrate a connection to the Higher Education sector. Around 200

¹⁰⁴ <http://www.bis.gov.uk/about>

¹⁰⁵ <http://www.bis.gov.uk/about/mission>

¹⁰⁶ <http://www.berr.gov.uk/whatwedo/enterprise/benefits/social/page37820.htm>

!

¹⁰⁷ www.unltd.org.uk

¹⁰⁸ http://culturegroup.co.uk/Hefce_Website/



awards of up to £5,000 (for development) or £15,000 (for scaling an existing project) are available.

Further information

<http://www.bis.gov.uk/>

<http://www.berr.gov.uk/>

<http://www.dius.gov.uk/>

g. Department of Environment, Food and Rural Affairs, (DEFRA)

Description

DEFRA's purpose is "To secure a healthy environment in which we and future generations can prosper"¹⁰⁹. The department handles issues relating to environment, sustainability, climate change, food and rural issues.

Historically DEFRA has provided extensive support to the community waste sector, a sub-set of and pioneer within the social economy. DEFRA has committed to "make greater use of third sector expertise in waste management and to capitalise on the multiple benefits – social, economic and environmental – it can bring to communities. These wider benefits typically involve training and employment opportunities to disadvantaged members of society and the provision of low cost furniture and other household items to those in need"¹¹⁰.

Current activities

Most recently this has resulted in a £4 million, three-year grant to a new coordination and support body for the community waste sector, Realliance¹¹¹ through the government funded organisation, WRAP¹¹².

DEFRA also have a third sector strategy and have recently published a "one year on" review¹¹³ and convene a third sector advisory board to advise them on partnering with and supporting the sector. A number of awareness raising and research activities have arisen as a direct result of these documents.

Further information

<http://www.defra.gov.uk/environment/waste/thirdsector/index.htm>

h. Ministry of Justice

¹⁰⁹ <http://www.defra.gov.uk/corporate/about/what/objectives08.htm>

¹¹⁰ <http://www.defra.gov.uk/environment/waste/thirdsector/index.htm>

¹¹¹ <http://www.realliance.org.uk/>

¹¹² www.wrap.org.uk

¹¹³



Description

“The Ministry of Justice works to protect the public and reduce reoffending, and to provide a more effective, transparent and responsive criminal justice system for victims and the public. We also provide fair and simple routes to civil and family justice”¹¹⁴.

Current activities

Published in January 2010 “Reducing Re-offending Through Social Enterprise”¹¹⁵ the report identifies ways in which the National Offender Management Service and the sector can develop further productive partnerships, both locally and nationally, with social enterprise.

The report shows that social enterprises are involved in a substantial amount of work in providing education, training and employment support to help reduce reoffending. It goes on to make a series of recommendations regarding developing social enterprise across the prisons and probation service and could be seen as a precursor to a departmental strategy.

Further information

www.justice.gov.uk

<http://www.justice.gov.uk/about/docs/social-enterprise-prison-probation.pdf>

¹¹⁴ <http://www.justice.gov.uk/about.htm>

¹¹⁵ <http://www.justice.gov.uk/about/docs/social-enterprise-prison-probation.pdf>

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Appendix 3: Scotland, Wales and Northern Ireland: The Devolved Administrations

Following referendums in Scotland and Wales in 1997, and in both parts of Ireland in 1998, the UK Parliament transferred a range of powers to national parliaments or assemblies... [giving] certain powers to devolved governments, so that they can make decisions for their own areas"¹¹⁶. As part of these same constitutional changes more powers were also devolved to the English Regions.

Across the board these changes have led to regional government engaging more with the social economy, if only as their budgets and economic and community development remits have increased so too has their activity in these spaces. As these changes have been incremental and over the same time period as the rise of the social enterprise sector it is difficult to make a judgment about the relative importance of regional and central government in growing the social economy. One thing is certain though: interest follows the money and as the regions have increased budget so the social enterprise movement has shifted its focus more regionally.

Scotland

Description

"The devolved government for Scotland is responsible for most of the issues of day-to-day concern to the people of Scotland, including health, education, justice, rural affairs, and transport. The Scottish Government was known as the Scottish Executive when it was established in 1999 following the first elections to the Scottish Parliament. The current administration was formed after elections in May 2007"¹¹⁷.

The Scottish Government launched "Better business - a strategy and action plan for social enterprise in Scotland"¹¹⁸ in 2007. It highlights the potential that social enterprise holds in contributing to economic growth and business development while at the same time meeting social objectives. Communities Minister Rhona Brankin announced £1.5 million in resources for an action plan to promote the four strategic objectives:

1. Raising the profile and demonstrating the value of social enterprise
2. Opening up markets to social enterprise
3. Increasing the range of finance available to social enterprises, and

¹¹⁶ http://www.direct.gov.uk/en/Governmentcitizensandrights/UKgovernment/Devolvedgovernment/DG_073306

¹¹⁷ <http://www.scotland.gov.uk/About/>

¹¹⁸ <http://www.scotland.gov.uk/News/Releases/2007/03/30151647>



4. Developing the trading capacity of social enterprises through better business support

Current activities

“The support of £1.5 million over the next year for social enterprises will include:

Guides and events demonstrating best practice in public procurement and good practice in tendering

Support for efforts to increase the range of finance available to social enterprises, including £75,000 to provide financial management training for managers and board members

Providing £400,000 in 2007/08 for business support. Mature social enterprises already receive this from local enterprise companies but this support will fill a gap for some and help them realise their potential. Bursaries will also be made available for people to study at the Social Enterprise Academy and provide other learning opportunities, and

Support work to help social enterprises raise their profile, including over £170,000 to develop a marketing strategy and to raise the profile with the next generation of entrepreneurs through enterprise education in schools”¹¹⁹.

Further information

<http://www.scotland.gov.uk/News/Releases/2007/03/30151647>

Wales

Description

“The creation of the National Assembly for Wales in 1999 sparked a new era for Wales. For the first time, Welsh Ministers, based in Wales, could make policies and regulations, tailor-made for Wales and often distinct from those implemented elsewhere in the UK. Since devolution, the Welsh Assembly Government has seen increases in its powers through legislation such as the Government of Wales Act 2006, which allows Welsh Ministers to make Welsh Laws (Assembly Measures)”¹²⁰.

The Welsh Assembly Government has committed itself to a “dynamic and sustainable social enterprise [sector] strengthening an inclusive and growing economy” and state their role is to “ensure that they are provided with the right support with which to develop, grow and flourish... at all stages in their development”¹²¹.

¹¹⁹ <http://www.scotland.gov.uk/News/Releases/2007/03/30151647>

¹²⁰ <http://wales.gov.uk/about/history/?lang=en>

¹²¹ <http://wales.gov.uk/topics/housingandcommunity/regeneration/socialenterprise/?lang=en>



Current activities

The Wales Co-operative Centre¹²² was successful in a bid for to the European Union for Convergence funding to provide social enterprise development support for five years. Match funded by the Welsh Assembly, at a 50% intervention rate, the £7.1 million programme will provide social enterprise support: raising awareness of the contribution social enterprises make to social and economic regeneration and providing advice and support for pre-start social enterprises, a mentoring service, training and signposting to other support agencies.

The Welsh Assembly convenes a social enterprise ministerial advisory group¹²³ to advise the deputy minister for regeneration in Wales on the sectors development.

Further information

<http://wales.gov.uk/topics/housingandcommunity/regeneration/socialenterprise/?lang=en>

Northern Ireland

Description

“The Northern Ireland Assembly is the devolved government of Northern Ireland. It is responsible for making and enacting laws on transferred matters in Northern Ireland”¹²⁴.

The Northern Ireland Department for Enterprise, Trade and Investment’s (DETI) website states “The Social Economy sector is an integral part of the NI economy and DETI is leading a more integrated approach to its development as a priority area within the 2008-2011 Building a Better Future Draft Programme for Government”¹²⁵.

Current activities

DETI recently closed a consultation (October 2009) on the future Social Economy and Enterprise Strategy. No further details on the strategy’s development are currently available.

Further information

¹²² <http://www.walescoop.com/>

¹²³ <http://wales.gov.uk/topics/housingandcommunity/regeneration/socialenterprise/advisorygroup/?lang=en>

¹²⁴ http://www.niassembly.gov.uk/the_work.htm

¹²⁵ <http://www.detini.gov.uk/deti-social-eco-index/deti-social-eco-newpage.htm>



<http://www.detini.gov.uk/deti-social-eco-index.htm>

The English Regional Development Agencies

Description

“England’s Regional Development Agencies (RDAs) were first launched in 1999, with the London Development Agency following in 2000. Their mission is to spread economic prosperity and opportunity to everyone in the nine regions of England. The RDAs do this through providing strategic direction for economic development, ensuring the needs and opportunities for every region are taken into account. They work to make lasting improvements in the economic performance of all regions and to reduce the gap in growth rates between the regions”¹²⁶.

Under the Regional Development Agencies Act 1998, each Agency has five statutory purposes, which are:

To further economic development and regeneration

To promote business efficiency, investment and competitiveness

To promote employment

To enhance development and application of skills relevant to employment, and

To contribute to sustainable development.

Current activities

“All regions except the North West (In the North West each sub-region has a social enterprise action plan and the RDA is involved in supporting these) have some form of regional social enterprise plan which links to other strategic plans such as the RDA’s Corporate Plan and the OTS Business Support for Social Enterprises Regional Economic Strategy (RES). Most of the regional action plans have been developed by regional social enterprise partnerships with the support of the RDA. Within these strategies and plans social enterprise tends to fall within the ‘enterprise’ sections of RDAs as opposed to regeneration or social inclusion”.

“All of the RDAs make reference to supporting social enterprises in their Corporate Plans and in the Regional Economic Strategies. Some have also developed more specific targets around increasing the number of start-up social enterprises, and increasing the number tendering social public sector contracts.”¹²⁷.

The OTS Social Enterprise Action Plan also sets out what RDAs will do by

¹²⁶ http://www.englishsrdas.com/who_we_are/

¹²⁷ http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/mapping_regional_summary.pdf

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2008 to ensure that they can report increased satisfaction with business support in their regions. This includes:

- Implementation of good practice across RDAs.
- Implement, market and monitor the supply of appropriate business support accessible to social enterprises.
- Ensure that Business Link is aware of specialist business support available for social enterprise in their region.
- Supporting skills development by including social enterprises in regional skills development networks.

Further information

<http://www.englishrdas.com/>

http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/mapping_regional_summary.pdf



Appendix 4: Categorising the main actors in the UK social economy support sector

Below is a basic table that attempts to categorise the main actors in the UK social economy support sector across a number of themes:

Category	Description
Social > commercial (1-5)	Support organisation delivers assistance wholly to socially/environmentally focussed (1) through to predominantly commercially focussed (5).
New start > mature (1-5)	Support organisation focussed on new start ups (1) through to mature initiatives / organisations (5).
Individual > organisation (i or o or both)	Support organisation focuses on individuals / social entrepreneurs (i) or social enterprises (o) or both.
Sector focus > generic (s or g)	Support organisation is focused on a particular sector (s) or provides generic assistance (g).
Lobbying (strength 1-5)	Support organisation undertakes a lobbying function (1 = weak > 5 = strong).
Business support (strength 1-5)	Support organisation undertakes a business support function (1 = weak > 5 = strong).
Geographies (regions)	Location and coverage of support organisation.

Using this structure actors can then be compared to each other, either on a single continuum or by co-joining two to produce an X-Y axis. In this way basic gap analyses can be undertaken, either of the UK social economy support sector or, by substituting Czech Republic actors. A further level of analysis, outside the remit of this report, could be undertaken if one was to overlay any available needs analyses onto such X-Y axes to compare supply with demand.

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Summary table rating the main actors in the UK social economy support sector foci

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Name	Social > commercial (1-5)	New start > mature (1-5)	Individual > organisation (i or o or both)	Sector focus > generic (s or g)	Lobbying (strength 1-5)	Business support (strength 1-5)	Geographies (regions)	Link
Business development agencies - Social Enterprise specific support organisations								
Social Enterprise London	2-4	3-5	o	g	4	2	London	www.sel.org.uk
NCVO's Sustainable Funding Project	2-4	1-3	o	g	0	2	UK	http://www.ncvo-vol.org.uk/sfp
Social Enterprise Coalition	2-4	3-5	o	g	5	1	UK	http://www.socialenterprise.org.uk
Social Enterprise support organisations in the regions	2-4	1-5	o	g	3	2	1 per region	Multiple – see entry below
Co-operatives UK	3-5	3-5	o	g	4	1	UK	http://www.cooperatives-uk.coop
Social Enterprise Magazine	1-5	1-5	both	g	0	0	UK	www.socialenterprisemag.co.uk
Business development agencies - Social Entrepreneur specific support organisations								
Ashoka	1-5	4-5	i	g	1	5	UK / Global	http://www.ashoka.org/unitedkingdom
UnLtd	1-5	1-3	i	g	3	3	UK	www.unltd.org.uk
Business development agencies - Sector specific support organisations								
Social Firms UK	3-5	2-4	o	s	3	2	UK	http://socialfirmsuk.co.uk/
The DTA	3-4	1-5	o	s	3	3	UK	www.dta.org.uk
Name	Social > commercial (1-5)	New start > mature (1-5)	Individual > organisation	Sector focus > generic	Lobbying (strength 1-5)	Business support (strength	Geographies (regions)	Link

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			ion (l or o or both)	(s or g)		1-5)		
Realliance and the Community Waste sector support organisations	1-4	1-3	o	s	3	3	UK	http://www.realliance.org.uk/
Changemakers	1-2	1-3	both	s	3	2	UK	www.changemakers.org.uk
Prime	4-5	1-3	i	s	0	3	UK	http://www.primeinitiative.co.uk/
Prowess	4-5	1-3	i	s	0	3	UK	www.prowess.org.uk
The Community Transport Association	2-4	3-5	o	s	1	2	UK	www.ctauk.org.uk
The Federation of City Farms and Community Gardens	1-3	1-3	o	s	1	0	UK	www.farmgarden.org.uk
The Plunkett Foundation	3-4	3-5	o	g	1	4	UK / Global	www.plunkett.co.uk
Supporters Direct	2-4	1-5	o	s	2	2	UK	http://www.supporters-direct.org/
Business Development								
Business development consultancies	1-5	1-5	both	g	0	3	UK	Multiple – see entry below
Pro bono	1-5	1-5	both	g	0	2	UK	Multiple – see entry below
Education - Higher education								
The Skoll Centre	1-5	1-3	i	g	0	2	UK / Global	http://www.sbs.ox.ac.uk/centres/skoll/Pages/default.aspx
Name	Social > commercial (1-5)	New start > mature (1-5)	Individual > organisat	Sector focus > generic	Lobbying (strength 1-5)	Business support (strength	Geograp hies (regions)	Link

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			ion (l or o or both)	(s or g)		1-5)		
University of East London	1-4	1-4	i	g	0	2	UK	https://www.uel.ac.uk/programmes/hss/undergraduate/summary/socialenterprise-ba.htm
Southbank University	1-5	1-4	i	g	0	2	London	http://bit.ly/d0WNQp
Herriot-Watt University	1-3	1-5	both	g	0	1	Scotland	http://www.sml.hw.ac.uk/socialenterprise/
Education - Training								
The School for Social Entrepreneurs	1-5	1-3	i	g	4	3	UK	www.sse.org.uk
The Hub	1-4	1-3	both	g	0	1	London	www.the-hub.net
Financing - grants								
Venture Philanthropy Foundations	2-4	2-4	o	g	0	3	UK	Multiple – see entry below
Foundations	1-4	1-5	both	g	1	1	UK	Multiple – see entry below
Financing – loans								
Venturesome	2-5	2-4	o	g	3	3	UK	http://www.cafonline.org/default.aspx?page=6903
Big Issue Invest	3-5	3-4	o	g	2	2	UK	http://www.bigissueinvest.com/
Name	Social > commercial (1-5)	New start > mature (1-5)	Individual > organisation (l or o or both)	Sector focus > generic (s or g)	Lobbying (strength 1-5)	Business support (strength 1-5)	Geographies (regions)	Link
The Social Investment	3-5	3-4	o	g	3	2	UK	http://www.socialinvestment

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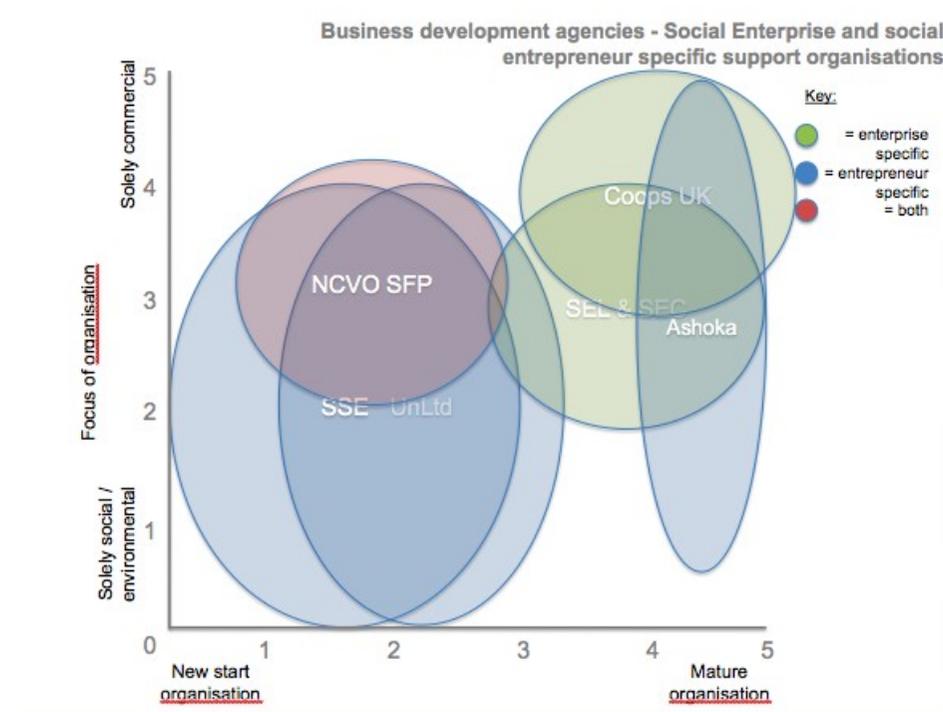
Business								business.org/
Social Finance	3-5	3-4	o	g	4	1	UK	http://socialfinance.org.uk/
Communication								
Communication overview	N/A						Limited – see below	
Measurement of social impact / social return on investment								
New Economics Foundation	1-5	1-5	o	s	3	1	UK	http://neweconomics.org/
The SROI Network	2-4	2-4	o	s	0	1	UK	http://www.thesroinetwork.org/
New Philanthropy Capital	1-4	2-4	o	g	0	1	UK	http://www.philanthropycapital.org/
The Social Audit Network	1-3	2-4	o	s	0	1	UK	http://www.socialauditnetwork.org.uk/
Pro Bono Economics	Too early in organisations development to ascertain						UK	http://probonoeconomics.com/

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Diagram one

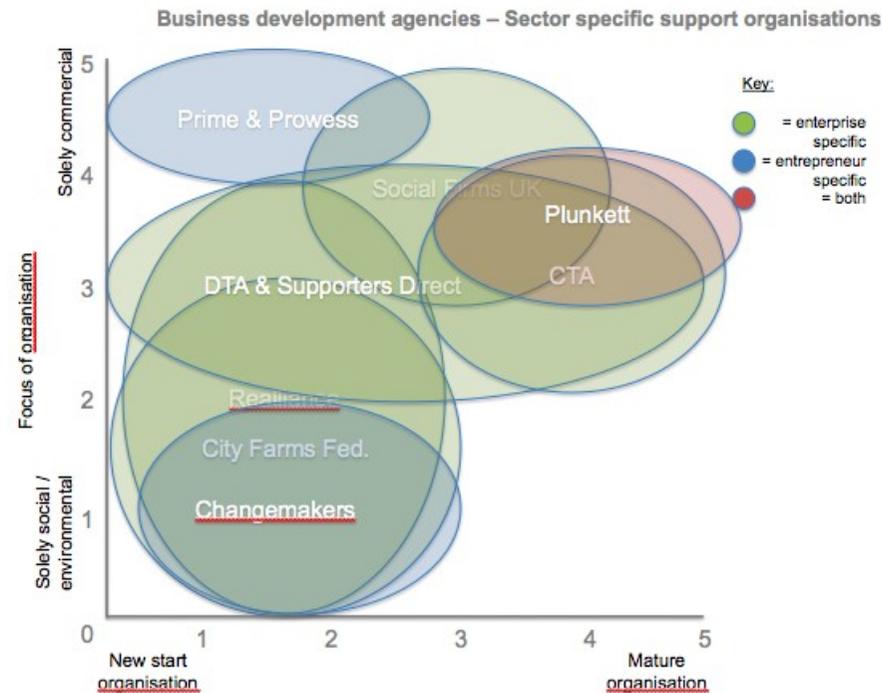
Diagram one compares key social enterprise and social entrepreneurship support organisations in terms of their focus on new start through to mature organisations and social / environmental through to commercial return. The size and scope of each organisation on the diagram indicates the scope of their coverage. Predictably little coverage is available for large organisations providing solely social return (large charities). These generally internalise or purchase support services. Similarly, no social economy specific support exists for small-scale commercially focused organisations that can generally be classed as small businesses rather than social enterprise. Significant concentration of support is evident for earlier stage individuals aspiring to deliver social or environmental objectives while support for organisations is concentrated towards more mature social enterprises.



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Diagram two

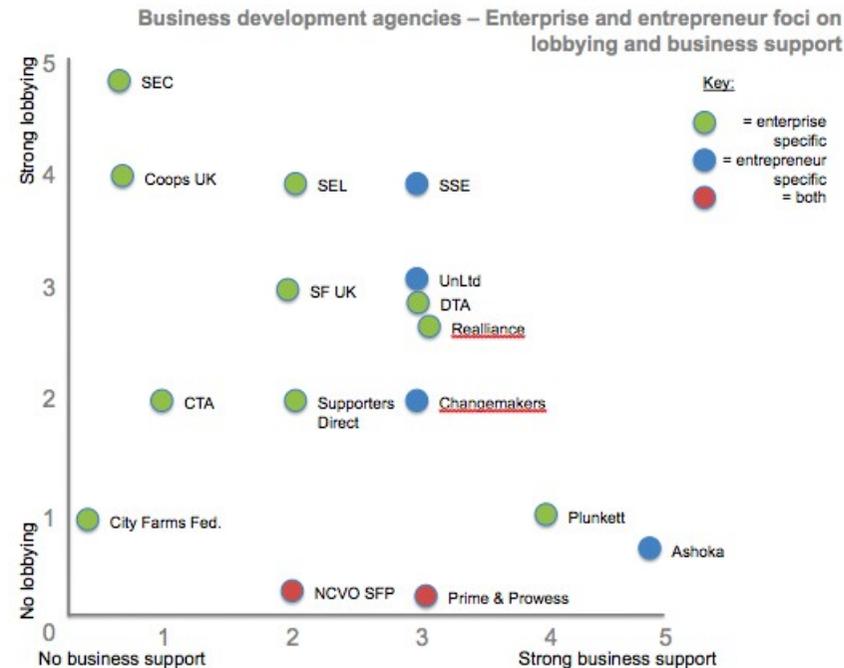
Diagram two continues the comparison in diagram one but focuses on sector specific support organisations. A similar pattern can be observed with no support provided for larger / more mature actors not focusing on working commercially. A notable difference is the presence of support organisations that have adapted their small business remits to include social entrepreneurs and consequently bring a more commercial focus to the support they provide. Again, significant concentrations of support can be found for younger and more socially focussed social enterprises and social entrepreneurs.



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Diagram three

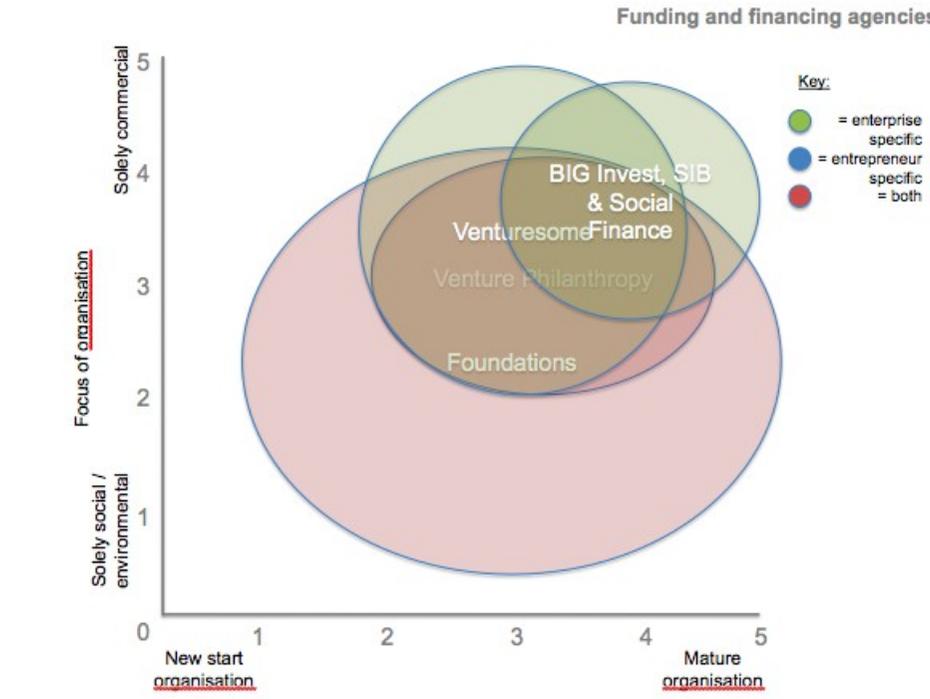
Diagram three compares organisations based upon their combined focus on business support and lobbying. The majority of organisations are clustered in the centre of the diagram. Further analysis may be warranted to investigate whether the conflation of lobbying and business support are naturally suited and create synergies or whether one detracts from the other and consequently the general configuration of support organisations in the UK is flawed.



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Diagram four

Diagram four places the finance providers detailed in the report on the same axes as diagram one and two. Significant overlap across social finance providers exists. Little finance (as opposed to grant funding) is available for smaller organisations due to transaction costs and perceived risk.



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Appendix 5: Business development agencies - Social Enterprise specific support organisations

a. Social Enterprise London

Description

“The first agency in the UK - Social Enterprise London (SEL) - was established in 1998 after collaboration between co-operative businesses (Poptel, Computercraft Ltd, Calverts Press, Artzone), a number of co-operative development agencies (CDAs), and infrastructure bodies supporting co-operative enterprise development (Co-operative Training London, Co-operative Party, London ICOM, Co-operatives UK). SEL's first chief executive, Jonathan Bland, brought experience from Valencia where a business support infrastructure for co-operative enterprise was established using learning from the Mondragon region of Spain. SEL did more than provide support to emerging businesses. It created a community of interest by working with the London Development Agency (LDA) to establish both an undergraduate degree in social enterprise at the University of East London (led by Jon Griffith) and a Social Enterprise Journal (now managed by Liverpool John Moores University and published by Emerald Publishing).

SEL is listed as separate from the other regional support agencies due to its pioneering role in establishing the social economy support infrastructure in the UK.

Further information

<http://sel.org.uk/>

b. National Council for Voluntary Organisation’s Sustainable Funding Project

Description

As part of The National Council for Voluntary Organisation’s (NCVO) vision “of a society in which people are inspired to make a positive difference to their communities”¹²⁸ it established the Sustainable Funding Project in 2000. Using funds from FutureBuilders, Centrica and Charity Bank, “[The] Sustainable Funding Project provides tools, resources and expertise to enable voluntary and community organisations to develop and implement a sustainable income strategy, including good financial management. As well as the information provided online we also deliver training courses, events, consultancy and a range of publications aimed at bringing together the best that NCVO and the sector can offer in a practical, accessible way”¹²⁹.

¹²⁸ <http://www.ncvo-vol.org.uk/about-us>

¹²⁹ <http://www.ncvo-vol.org.uk/sfp>



Further information

<http://www.ncvo-vol.org.uk/>

<http://www.ncvo-vol.org.uk/sfp>

c. Social Enterprise Coalition

Description

The Social Enterprise Coalition (SEC) is the UK's national body for social enterprise. "The Social Enterprise Coalition represents a wide range of social enterprises, regional and national support networks and other related organisations. We believe that social enterprise is the right way to do business and we work with our members to:

Promote the benefits of social enterprise through the media, campaigning and events.

- Promote best practice amongst social enterprises through networks and publications. A key part of the Coalition's work is to enable social enterprises to share know how, network and do business. We publish a range of case studies, 'how to' guides and training materials.
- Inform the policy agenda working with key decision makers. Our aim is to improve the operating environment for social enterprise by advising government, informing consultations and hosting policy events.
- We influence politicians across the political spectrum, generating support for social enterprise. Political engagement has been the bed rock of the Coalition's work in promoting social enterprise and in pushing the issue up the policy agenda.
- Undertake research to expand the social enterprise evidence base.
- We are currently gathering up-to-date information from a national membership survey to inform government policy"¹³⁰.

Further information

<http://www.socialenterprise.org.uk>

d. Social Enterprise support organisations in the regions

Description

Following the establishment of SEL and then SEC social enterprise and social economy support organisations begun to appear in the other regions around the UK. Often instigated or at least funded by the Regional Development Agencies (RDA's), as part of their economic development strategies, these

¹³⁰ <http://www.socialenterprise.org.uk/pages/who-we-are.html>

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new organisations became the focal points for regional lobbying and representation as well as support and capacity building.

Further information

Social Enterprise East of England - <http://www.seee.co.uk/>

North East Social Enterprise Partnership - <http://www.nesep.co.uk/>

Social Enterprise North West - <http://www.senw.org.uk/>

Social Enterprise Yorkshire and Humber - <http://www.seyh.org.uk/>

Social Enterprise East Midlands - <http://www.seem.uk.net/>

Social Enterprise West Midlands - <http://www.socialenterprisewm.org.uk/>

Regional Infrastructure for Social Enterprise (for the South West) (RISE) - <http://www.rise-sw.co.uk/>

South East Area Social Enterprise Partnership - <http://www.se2partnership.co.uk/>

Social Enterprise London - <http://sel.org.uk/>

Wales Cooperative Centre - <http://www.walescoop.com/>

Scottish Social Enterprise Coalition - <http://www.ssec.org.uk/>

Social Economy Network for Northern Ireland - <http://www.socialeconomynetwork.org/>

e. Co-operatives UK

Description

“Co - operatives UK... [was] launched in January 2003 when the Co - operative Union, the Industrial and Common Ownership Movement (ICOM), and the United Kingdom Co - operative Council (UKCC) were brought together in a single organisation. Co - operativesUK is an independent and autonomous co - operative organisation, owned and democratically controlled by its members, but the work that we do benefits all co - operative enterprises in the United Kingdom.

We work towards the creation of an increasingly successful and sustainable co - operative economy by promoting the interests of co - operatives, increasing awareness and understanding of co - operative values and principles, and supporting the growth and development of new and existing co - operatives”¹³¹.

¹³¹ <http://www.cooperatives-uk.coop/Home/about/co-operativesUk>

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Further information

<http://www.cooperatives-uk.coop>

f. Social Enterprise Magazine

Description

Social Enterprise Magazine is the UK's monthly magazine devoted to providing accessible, comprehensive news and practical help for everyone interested in social enterprise.

Further information

www.socialenterprisemag.co.uk

Social Entrepreneur specific support organisations

g. Ashoka

Description

Established in 1981, Ashoka finds and supports leading social entrepreneurs with paradigm changing new ideas able to scale at least nationally and with significant, game changing, public benefit impacts. It is present in 70 countries.

“In 2003, Ashoka made a strategic commitment to launch in Western Europe. The UK serves as the hub to all activity, based on Ashoka's long history of mobilising a strong group of supporters in the UK”¹³². Seven UK based individuals have been elected as Ashoka Fellows in the UK.

In the late 1990's, when Ashoka was only present in the UK in a fundraising capacity, it was instrumental in the establishment of UnLtd, the foundation for social entrepreneurs. The first consortium meetings that led to the awarding of the UnLtd £100 million endowment were convened and chaired by Ashoka trustees.

Further information

<http://www.ashoka.org/unitedkingdom>

h. UnLtd

Description

“UnLtd - the Foundation for Social Entrepreneurs - is a charitable organisation set up by seven leading organisations that promote social entrepreneurship. UnLtd wants to support and develop the role of social entrepreneurs as a force for positive change in the United Kingdom. In the short to medium term UnLtd will achieve this by providing:

¹³² <http://www.ashoka.org/unitedkingdom>



- Awards to social entrepreneurs [level one, up to £5,000. Level two, up to £15,000)
- A UK wide Fellowship of people who have received awards
- Research into the impact of social entrepreneurs on society
- UnLtd Ventures [capacity building and investment readiness support]¹³³.

Further information

<http://www.unltd.org.uk/>

Sector specific support organisations

i. Social Firms Network

Description

Social Firms are one type of social enterprise. “A 'Social Firm' is a market-led enterprise set up specifically to create good quality jobs for people disadvantaged in the labour market. An 'emerging Social Firm' is an enterprise that is working towards becoming a Social Firm, usually in the early stages of trading and not yet in a position to employ numbers of people, but working to a business plan which illustrates how they're going to achieve their goal. The 'Social Firm sector' is the collective term used for emerging Social Firms and Social Firms”¹³⁴.

“Social Firms UK is the national support organisation for the development of the Social Firm sector in the UK. We carry out lobbying and awareness-raising activities, research and practical initiatives to increase the number and ensure the quality of Social Firms in the UK. We have approximately 300 members. Social Firms UK’s strategic priorities are:

- To promote the values and increase the level of understanding around the Social Firm model;
- To facilitate the start up, development and growth of new Social Firm businesses and strengthen those already in existence;
- To serve and grow the membership effectively and efficiently, determining and meeting their needs;
- To lead on R&D initiatives to drive development, production and promotion of new and existing resources”¹³⁵.

Further information

¹³³ <http://www.unltd.org.uk/template.php?ID=17&PageName=introduction>

¹³⁴ <http://socialfirmsuk.co.uk/about-social-firms/what-social-firm>

¹³⁵ <http://socialfirmsuk.co.uk/about-us>

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<http://socialfirmsuk.co.uk/>

j. The Development Trusts Association

Description

The Development Trusts Association (DTA) is a membership based support network of dedicated to helping people set up development trusts and helping existing development trusts learn from each other and work effectively.

Development trusts describe organisations that are community owned and led, deriving social and environmental benefit through ownership of buildings and land. Members of the Development Trusts Association (DTA) represent approximately 50% of asset based social economy organisations and as such are the best benchmark of current and aspirational activity in this growing field. Combined DTA members hold £489 million of assets and generate £263 million income of which £106 is earned. They employ 4,500 staff and engage with 17,000 volunteers and provide services to 10,000 community groups and 9,000 small businesses¹³⁶.

Outside of the DTA's membership another key growth potential area is that of managed workspace and incubation. Three important organisations in this space are The Community Action Network, Ethical Property Company (EPC) and The Hub. To illustrate the potential of this area you only have to look at the Ethical Property Company who, in the space of seven years have built an asset base of £20 million across 14 buildings having raised funds via low return share issues. Their average return to investors is 4% and their ROI including equity uplift totals 9%.

Senior people at both the DTA and EPC do not see a meaningful limit to the market they serve and outlined potential for ten-fold increases in activity over a five-year period, provided appropriate capital can be accessed

Further information

<http://www.dta.org.uk/>

<http://www.can-online.org.uk>

<http://www.ethicalproperty.co.uk/site/en/index.php>

<http://the-hub.net/>

k. Realliance and the Community Waste sector support organisations

Description

Realliance is a joint venture between the four main community resource and recycling networks in England – Community Composting Network, Community

¹³⁶ <http://www.dta.org.uk/aboutourmembers/developmenttrustsin2008.htm>

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Recycling Network UK, London Community Recycling Network and Furniture Reuse Network. These four organisations have, for over 15 years, been supporting and lobbying on behalf of the community waste sector across the UK.

Funded by a £4 million, three-year, grant from Defra that is acknowledgement of the community waste sector in itself “Realliance’s principal activities are to:

- Provide development support, guidance and information for Third Sector Waste Management Organisations, and
- Represent community sustainable resource management groups”¹³⁷

The aim of support provided is to enable organisations to sustain and develop the waste management activities they provide to their local communities.

Further information

<http://www.realliance.org.uk/>

I. Changemakers

Description

“Changemakers was founded in 1994 by a coalition of educationalists and NGOs and was an early champion of young people leading their own social action and change. Over the past sixteen years more than 50,000 young people have become Changemakers and hundreds of organisations have adopted our youth led philosophy and approach.

Changemakers has offices in London (our head office), Newcastle and Birmingham. [The organisation] works with young people in every part of England, although we have yet to expand our remit to the other nations of the UK. However, we work in many other parts of the world including, over the past few years, Australia, Bangladesh, Columbia, Lithuania and Romania”¹³⁸.

Further information

<http://www.changemakers.org.uk/>

m. Prime

Description

The Prime Initiative provides free information, events and training to help older people get back into work by starting their own business - also known as “becoming self-employed”. While not exclusively focussed on the social economy it is worthy of note due to the nature of the target group and the fact that Prime deals with social enterprise as part of its remit. “The organisation

¹³⁷ <http://www.realliance.org.uk/About>

¹³⁸ <http://www.changemakers.org.uk/about-us/>



helps people over the age of fifty set up in business for themselves. Prime was founded by HRH The Prince of Wales in response to letters he was receiving from people desperate to work but unable to find anyone to employ them - because of their age. Prime offers free information, workshops and business networking events. It can refer people to accredited advisers for free business advice, and in some parts of the country can also offer free mentoring and other services. Prime also campaigns at local, regional, UK and EU levels to ensure there is proper support for people over fifty considering the self-employment route into work.”¹³⁹.

Further information

<http://www.primeinitiative.co.uk/>

n. Prowess

Description

“Prowess is the UK association of organisations and individuals who support the growth of women’s business ownership. Our work encompasses raising awareness, sharing of best practice, advocacy and information. Prowess has over 300 members who support 100,000 women each year to start 10,000 new businesses which contribute an additional £1.5 billion to the economy”¹⁴⁰.

Prowess is part social enterprise focussed as “According to research women are much more likely than men to want to start a business with a social objective. Surveys show that nearly 50% of women want to use their ‘big’ idea to help people less fortunate than themselves, compared to less than a third of men. Use the information below to find out more about starting and growing your own social enterprise and read about the experiences of inspirational women who have already started up”¹⁴¹.

Further information

<http://www.prowess.org.uk/>

o. Community Transport Association

Description

“The CTA exists to support its members and to act as the lead UK body for voluntary and community transport. Our members are organisations embedded in the communities they serve...

The CTA's vision is of a society free of social exclusion and injustice, where everyone has mobility and access to the services they require. The CTA's mission is to deliver social change through leadership, learning and

¹³⁹ <http://www.primeinitiative.co.uk/about/>

¹⁴⁰ <http://www.prowess.org.uk/>

¹⁴¹ <http://www.prowess.org.uk/start/socialenterprise.html>



enterprise. The CTA will achieve this by:

- Providing effective leadership, learning and enterprise support to our members
- Being the voice of voluntary and community transport in the UK and representing the views of our members to government, and
- Supporting and influencing the wider network of organisations involved in voluntary and community transport and in mainstream transport services, in order to deliver accessible, inclusive and dynamic transport solutions to achieve social justice and social change.

Further information

<http://www.ctauk.org/>

p. The Federation of City Farms and Community Gardens.

Description

The Federation of City Farms and Community Gardens is “a registered charity which supports, represents and promotes community-managed farms, gardens, allotments and other green spaces, creating opportunities for local communities to grow.

We work with these community groups to help empower local people of all ages, backgrounds and abilities to build better communities, often in deprived areas, and to make a positive impact on their surrounding environment. We also provide the national face of the community farm and garden movement, promoting its work and raise its profile with decision-makers, funders, the public and the media”¹⁴².

Further information

<http://www.farmgarden.org.uk/>

q. The Plunkett Foundation

Description

“The Plunkett Foundation was established in 1919 by Sir Horace Plunkett, the pioneer of agricultural co-operation in Ireland... Founded to take forward the principles outlined in Sir Horace’s ‘Three Betters’ – Better Farming, Better Business, Better Living, The Plunkett Foundation promotes and supports co-operatives and social enterprises in rural communities [in the UK and worldwide]. We provide support, networks and knowledge to help rural communities to be aware of, understand and implement practical solutions to the challenges that they are facing.

¹⁴² <http://www.farmgarden.org.uk/about-us>



We work with a range of organisations who share our values to develop support programmes for rural co-operative and social enterprises through their development. We are also a centre of information and ideas relating to rural co-operatives and social enterprise worldwide with over 20,000 items in the Plunkett Foundation Information Centre, which have been collected since we were founded. We also influence government and others to build support and provide an enabling environment for the development of rural co-operative and social enterprises”¹⁴³.

Further information

<http://www.plunkett.co.uk/>

r. Supporters Direct

Description

In 1999, the Football Task Force recommended a number of measures to enable supporters to become more involved in the running and future of their clubs. In response, the Government launched Supporters Direct, one of whose functions is to “promote and support the concept of democratic supporter ownership and representation through mutual, not-for-profit structures”. The preferred structure is the Community Benefit Society registered under the Industrial and Provident Societies Act 1965. There are now over 140 Supporters Trusts, 78 of which hold equity in their clubs. Of those 78, 12 hold more than half of the equity and thus describe their clubs as “supporter owned”, and one controls the club with the support of the shareholders.

Further information

<http://www.supporters-direct.org/>

Business development

s. Business development consultancies

Description

A number of social enterprise business development consultancies have sprung up in recent years. They are generally borne out of collaborations between social enterprise and co-operative practitioners and support agency practitioners and maintain a small staff base, buying in additional consultants as needed. Web links to a range of such agencies are provided below.

Government funded investment funds (for instance Community Builders and the Department of Health social enterprise investment fund) generally include financing for capacity building and investment readiness support to social enterprises that are investees and recipients of grants. These support

¹⁴³ <http://www.plunkett.co.uk/aboutus/index.cfm>

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services are either tendered for competitively or provided by the fund manager. Support for health fund applicants from within the NHS is provided by Partnerships UK¹⁴⁴. Applicants from the social enterprise sector are supported by The Social Investment Business¹⁴⁵ (the fund manager). Support to Communitybuilders applicants is provided by Coin Street Community Builders¹⁴⁶. It is theoretically possible to calculate the overall value of government assistance provided in this way however the level of research required places this out of the scope of this study.

Further information

Co-operative Assistance Network - <http://www.can.coop/>

Mutual Advantage - <http://www.mutual-advantage.co.uk/>

Eastside Consulting - <http://www.eastsideconsulting.co.uk/>

Striding Out - <http://www.stridingout.co.uk/>

The Guild - <http://www.the-guild.co.uk/>

t. Pro bono

Description

Pro bono is a term derived from Latin meaning “for the public good”. Within the business world pro bono activities describe professional services provided voluntarily and at no cost to the beneficiary organisation. These beneficiaries predominantly come from the voluntary and community sectors and are engaged in delivering goods and services for public benefit.

Pro bono services are provided by companies across a range of corporate sectors. The legal sector has a long and honourable tradition on providing such services and, in recent years, a number of law firms and networks have begun to focus specifically on provision of pro bono services into the social economy. While the term “pro bono” is generally restricted to use within the legal profession a range of corporations and companies in other sectors engage in what might also be termed pro bono activities.

Pro bono should not be confused with what is better described as corporate volunteering where professionals work for short periods of time to assist the work of NGO’s. Volunteering is distinct from pro bono activity in that with volunteering the skills and experience of the individual are not harnessed for the benefit of the beneficiary NGO. An example might be a group of bankers volunteering with a children’s charity to perhaps read to children in their lunchtimes or paint an after-school club over a weekend. Pro bono activity describes activity that directly harnesses the skills of the volunteer for the

¹⁴⁴ <http://www.partnershipsuk.org.uk/>

¹⁴⁵ <http://www.socialinvestmentbusiness.org/>

¹⁴⁶ <http://www.coinstreet.org/>



benefit of the beneficiary charity. An example might be a lawyer working with a charity supporting asylum seekers in fighting deportation or a public relations professional supporting a small social enterprise to develop a marketing plan.

The term *pro bono* is not used to describe any work provided at no cost to beneficiaries but whose costs are funded by government or foundations.

The legal profession in the UK, and indeed across the world, has a long tradition of providing *pro bono* assistance to individuals and organisations in need (and often in the third sector). In the UK Lovells, a leading law firm, is focussing all its *pro bono* on social enterprises while a number of other large law firms and international legal networks are delivering substantive volumes of assistance into the social economy.

Further information

Lovells social enterprise programme (the most social enterprise focussed *pro bono* law firm and best example of a firm engaged in the social economy)- <http://www.lovells.com/Lovells/Publications/Brochures/Social+Enterprise+Pro+Bono.htm>

The Lex Mundi *pro bono* Foundation - <http://www.lexmundiprobono.org/lexmundiprobono/Default.asp>

The International Senior Lawyers Project - <http://www.islp.org/>

WhatIf?! Social innovation programme - http://www.whatifinnovation.com/Social_Innovation_Info

WhatIf?! Are a branding and social innovation agency that runs a *pro bono* department delivering year long packages of in-depth support to a small number of social entrepreneurs annually.

Higher education

u. The Skoll Centre

Description

Funded by Jeff Skoll, one of the founders of Ebay, The Skoll Centre works for the advancement of social entrepreneurship worldwide. It works to develop innovative social transformation through education, research, and collaboration:

- Developing Talent: through a social enterprise focussed Masters in Business Administration
- Advancing Research: by undertaking research that develops the theory of social entrepreneurship and its practical applications as well as supporting social economy specific academic networks, and

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- Creating a Collaborative Hub: connecting social entrepreneurs with thought leaders and key players in business, government, and philanthropy.

Further information

<http://www.sbs.ox.ac.uk/centres/skoll/Pages/default.aspx>

v. University of East London (UEL)

Description

UEL has recently established a social enterprise undergraduate degree which has a diploma in Higher Education built in as a mid-way qualification. The course is run in partnership with a small number of local east end social enterprises that provide speakers and study opportunities. It would appear there is a good uptake of the course.

Further information

<https://www.uel.ac.uk/programmes/hss/undergraduate/summary/socialenterprise-ba.htm>

w. Southbank University

Description

Southbank University runs a series of courses in charity and community enterprise management. Over time these have attracted students interested in the field of social enterprise, in part due to the flexible structures the University provides thus allowing individuals to fit their study around employment or family commitments. Southbank also run an annual Social Enterprise Research Conference. The event is for practitioners and academic researchers who are actively exploring the topic. "Interdisciplinary in approach, the Conference supports the growing number of social enterprise specialist researchers and creates a forum for knowledge to be shared with a large network of stakeholders"¹⁴⁷.

Further information

<http://www.lsbu.ac.uk/>

<http://bit.ly/d0WNQp>

x. Herriot Watt University

Description

Herriot-Watt University has established a Social Enterprise Institute located at its Edinburgh Campus. The institute provides research, training, business

¹⁴⁷ <http://bit.ly/d0WNQp>



planning, education and consultancy services for social economy actors.

As part of the School of Management and Languages, the SEI is concerned with the dissemination of best practice relating to these "not for profit" businesses and their leadership. In order to achieve this, the SEI organises an annual programme of conferences and seminars.

No formalised undergraduate courses in social enterprise are run at Herriot Watt. Focus is on contributing teaching to existing course, research and their programme of conferences and seminars.

Further information

<http://www.sml.hw.ac.uk/socialenterprise/>

y. The Judge Business School at Cambridge

Description

The Judge Institute website states that the final cohort from the Master of Studies in Community Enterprise finished their studies in January 2007. The programme has now transformed into the MSt in Social Enterprise and Community Development, which is administered by the Institute of Continuing Education. It goes on to say that applications for the 2008 programme are now open but no further information is available. It would appear the course is no longer in existence and the School has not updated their website.

Further information

http://www.jbs.cam.ac.uk/programmes/mst_community/index.html

Training

z. School for Social Entrepreneurs

Description

"The School for Social Entrepreneurs exists to provide training and opportunities to enable people to use their creative and entrepreneurial abilities more fully for social benefit... The SSE runs practical learning programmes aimed at helping develop the individual entrepreneur and their organisation simultaneously: our approach, and belief, is that social change is people-powered, and that the most valuable assets and resources we have are human ones.

The school was founded in 1997 by Michael Young (Lord Young of Dartington), a social innovator who'd previously launched the Consumers' Association, the Open University and around 40 other organisations.

Following successful Millennium Awards programmes around the UK, the SSE expanded outside its base in Bethnal Green, London, and the network of SSEs around the UK continues to grow [currently with 11 franchises in the UK

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and presence in China, and Australia]. Over 400 SSE Fellows have completed programmes around the country”¹⁴⁸.

Further information

<http://www.sse.org.uk/>

aa. The Hub

Description

The Hub is a managed workspace for social enterprises, social entrepreneurs and ethical businesses. Its approach is to charge on an hourly rate for workspace, rather than on a square footage basis, thus reducing entry level costs to individuals and organisations with new and early stage initiatives. It places emphasis on networking and peer learning to improve the skills and therefore success rates of people using the Hub. In this respect it is a novel approach to the provision of training and business support within the social economy. The Hub currently has two venues open in London and has franchised to a number of other locations internationally. Other organisations, for instance The Melting Pot¹⁴⁹, are utilising the same approach and achieving similar results.

Further information

<http://the-hub.net/>

Secondary school education

Description

Relatively little activity focussed on social enterprise or social entrepreneurship exists within the UK secondary school system. A number of government interventions, of varying success, have been undertaken since the early 2000's. Between 2001 and 2004, government piloted the active citizenship curriculum, which was a direct result of the report *The Teaching of Citizenship and Democracy in Schools*¹⁵⁰ (2001), published by the Advisory Group on Citizenship and was chaired by Professor Bernard Crick. Elements of this pilot then went on to inform the Citizenship Curriculum, which is now mandatory across all secondary schools in the UK. Citizenship is defined as equipping “pupils with the knowledge and skills needed for effective and democratic participation”¹⁵¹. This very broad area of study overlaps with the social economy only marginally but, due to the paucity of taught material, is worthy of inclusion. Depending on the way the subject is taught in individual schools, this may include subject matter about charities and the wider NGO sector, volunteering and activities considered to be part of the social

¹⁴⁸ <http://www.sse.org.uk/about.php?sub=INTRODUCTION>

¹⁴⁹ <http://www.themeltingpotedinburgh.org.uk/>

¹⁵⁰ www.qcda.gov.uk/libraryAssets/media/6123_crick_report_1998.pdf

¹⁵¹ <http://www.qcda.gov.uk/14681.aspx>

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economy.

In 2002 "Enterprise and the Economy in Education" was published. It comprised a review conducted by Howard Davies, the then chairman of the Financial Services Authority, into enterprise education and found that, although links between schools and industry are good in areas, fewer than 30 per cent of young people gain any experience of enterprise. The review recommended the study of enterprise be included in the UK national curriculum. This has now been enacted and details can be found on the government's national curriculum website¹⁵².

This inclusion in the national curriculum influenced the writing of the UK social enterprise action plan¹⁵³ in 2006. This led to the issuing of new guidance to secondary schools focused on including social enterprise in the curriculum and across accredited qualifications. It also appears to have influenced a £9 million commitment made in the 10-year science and innovation growth strategy published by government¹⁵⁴. This commitment was later reneged upon by government but indirectly led to a partnership of social economy support organisations securing £5 million from the National Lottery to build on earlier work to stimulate social entrepreneurship, the Big Boost Programme¹⁵⁵, outside of the education system.

A number of social economy support organisations work within the education system and are listed below. Most notable of these is Changemakers which is also detailed elsewhere in this report.

Further information

Changemakers

Changemakers was an early champion of young people leading their own social action and change. Over the past sixteen years it has supported more than 50,000 young people to become Changemakers.

www.changemakers.org.uk

Make your Mark

Make Your Mark with a Tenner "gives students the opportunity to take part in a well supported, real life, exciting enterprise activity which both compliments and enhances the existing enterprise curriculum"¹⁵⁶. It lends school children £10 each and supports them in realising entrepreneurial initiatives thus reinforcing the enterprise curriculum and runs a competition to celebrate,

¹⁵² <http://curriculum.qcda.gov.uk/key-stages-3-and-4/cross-curriculum-dimensions/enterprise/index.aspx>

¹⁵³ http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/action_plan.aspx

¹⁵⁴ http://www.hm-treasury.gov.uk/press_68_05.htm

¹⁵⁵ <http://www.unltd.org.uk/template.php?ID=75&PageName=biglotteryyoung>

¹⁵⁶ http://www.enterpriseuk.org/make_your_mark/tenner/why

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promote and reward the best idea. Make your mark is run as part of national enterprise week¹⁵⁷, a government funded initiative.

<http://www.enterpriseuk.org/>

The Big Boost and soon to be announced Young UnLtd.

In 2005 UnLtd launched a £10 million awards fund for young social entrepreneurs called the Big Boost¹⁵⁸, mirroring its level one and level two schemes for 11 to 25 year olds. At the time of writing UnLtd, along with Changemakers, are currently in later stage negotiations with the Big Lottery for a £5 million fund to restart this programme under the working title Young UnLtd.

<http://www.unltd.org.uk/>

Financing

Grants

bb.Venture Philanthropy (VP)

Description

“Venture philanthropy is an approach to charitable giving that involves the provision of advice and other capacity-building support in addition to financing. Many ‘new philanthropists’ are attracted to venture philanthropy in part because the approach resonates with their own experience as business entrepreneurs or investment professionals. It is a form of highly engaged philanthropy that takes a formal, structured approach which purposely incorporates the core principles of venture capital investment to its grant-making. Key characteristics include multi-year support, ‘investing’ in core costs and capacity-building, providing non-financial support such as marketing advice and networking, and performance measurement”¹⁵⁹.

The Impetus Trust, The Venture Partnership Foundation and The Community Action Network’s Breakthrough fund are all examples of engaged venture philanthropy funds. A more exhaustive list is available in either the EVPA’s members directory or by obtaining a copy of the Good Deals conference Social Finance Almanac¹⁶⁰

Further information

The Impetus Trust - <http://www.impetus.org.uk/>

¹⁵⁷ <http://www.enterpriseuk.org/>

¹⁵⁸ <http://www.unltd.org.uk/template.php?ID=35&PageName=news>

¹⁵⁹ <http://www.philanthropyuk.org/Resources/Forgrant-seekers/Whatisventurephilanthropy>

¹⁶⁰ <http://www.socialenterpriselive.com/supplements/good-deals-2009-the-social-investment-almanack>

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The Community Action Networks's Breakthrough Fund - <http://www.breakthroughfund.org.uk/>

The Venture Partnership Foundation - <http://www.vpf.org.uk/>

Foundations

Description

Foundations play an important part of the financing of social enterprises and social entrepreneurs.

UnLtd, detailed elsewhere in this report, finances small grants to social entrepreneurs from the income derived from its £100 million National Lottery financed endowment.

Historically schemes such as the Landfill Tax Credit Scheme¹⁶¹ and fund managers such as RSWT¹⁶² (who managed National Lottery funded CRED, SEED and the current Food Fund programmes) provided significant inflows of grant funding to the emerging social economy.

Further information

<http://www.unltd.org.uk/>

<http://www.wildlifetrusts.org/>

The Directory of Social Change manages comprehensive grant funding databases (on a subscription basis) - <http://www.dsc.org.uk/Home>

Loans

The social finance sector in the UK is, a term being used to describe the provision of finance for social and environmental benefit distinct from philanthropy, is diverse and burgeoning. It uses approaches found in the mainstream financial community but may make investments on less than commercial terms. In many ways the UK is the field leader globally with a plethora of organisations and offers emerging.

cc.Venturesome

Description

“Venturesome is a social investment fund - a Charities Aid Foundation initiative launched in 2002. We provide capital investment to charities and other social purpose organisations [recognising] that capital investment is necessary - for growth, covering cash flow difficulties or weathering difficult periods - but difficult to access. Such financial needs may fall outside the

¹⁶¹ <http://www.charity-commission.gov.uk/supportingcharities/ogs/g055a001.asp>

¹⁶² <http://www.wildlifetrusts.org/>



criteria of a grant maker, but be too risky for a bank loan”¹⁶³.

Venturesome fills this funding gap, providing capital investment (in the form of underwriting, loans and equity-like investment) tailored to suit the needs of individual organisations. Venturesome learns from its practical work with charities and captures that learning, sharing it with the emerging social market through the publication of studies and presentations at conferences in order to encourage greater access to capital investment throughout both the supply and demand sides of the social capital markets.

Further information

<http://www.cafonline.org/default.aspx?page=6903>

dd. Big Issue Invest

Description

“Big Issue Invest is a specialised provider of finance to social enterprises or trading arms of charities that are finding business solutions that create social and environmental transformation. Part of The Big Issue group of companies, it is led by social entrepreneurs with any dividends paid to The Big Issue. [It] provides Loan Finance to social enterprises at competitive rates of interest based on future cash flow projections or supported by assets. The average size of Big Issue Invest's loans are around £200,000. The minimum loan size is £50,000”¹⁶⁴.

Further information

<http://www.bigissueinvest.com/>

ee. The Social Investment Business

Description

Borne out of the Adventure Capital Fund (ACF), an early form of social investor backed by government, “The Social Investment Business is the largest social investor in the UK. We bring finance, knowledge and expertise to help third sector organisations thrive – improving their infrastructure, increasing their capacity, helping them bid for, and win, public service contracts”¹⁶⁵. The ACF family currently manage Futurebuilders, Community Builders, the Department of Health Social Enterprise Investment Fund and the Modernisation Fund. Treated collectively funds under management total over £400 million.

Further information

<http://www.socialinvestmentbusiness.org/>

¹⁶³ <http://www.cafonline.org/default.aspx?page=6903>

¹⁶⁴ <http://www.bigissueinvest.com/>

¹⁶⁵ <http://www.socialinvestmentbusiness.org/about/>



ff. Social Finance

Description

Social Finance, the aptly named social finance boutique, was set up by Sir Ronald Cohen, and initially established to bid for the Social Investment Bank.

“Social Finance’s ambition is to transform the ability of the third sector to respond to society’s changing needs by enabling greater access to a variety of investment instruments. We are building a pioneering organisation to develop financial products that marry the needs of investors and the sector, support organisations in their efforts to deploy and raise capital, and research social investment markets and opportunities”¹⁶⁶.

Further information

<http://socialfinance.org.uk/>

Communication

Marketing and PR

Very limited marketing and PR support exists specifically for the social economy. What capacity there is generally resides within the larger support agencies such as UnLtd or within small business development consultancies, examples of which are provided above. Limited *pro bono* is provided by a small number of private sector organisations. Examples include WhatIf!?¹⁶⁷ Who currently incubate a very small number of social entrepreneurs in their offices for up to a year and Hill & Knowlton¹⁶⁸ who provide limited PR and marketing support to UK based Ashoka Fellows.

The marketing and PR needs of social enterprise is not an area that has been studied to any great extent. However the author is aware of a Masters student at the University of London whose thesis is on exactly this topic and a request has been made that he share this with Nova Ekonomika once it is complete.

One notable organisation in the social enterprise media space is Society Media¹⁶⁹. They publish Social Enterprise Magazine¹⁷⁰ and provide publishing and media services throughout the social economy space. They also provide consultancy on a contracted basis to a number of the UK’s larger social enterprises and to events such as the Skoll World Forum. Society Media content generally circulates intra-sector and does not transfer across to the mainstream media.

¹⁶⁶ http://socialfinance.org.uk/about/index.php?page_ID=1

¹⁶⁷ <http://www.whatifinnovation.com/>

¹⁶⁸ <http://www.hillandknowlton.com/>

¹⁶⁹ <http://www.societymedia.co.uk/>

¹⁷⁰ <http://www.socialenterpriselive.com/>



The Guardian Newspaper¹⁷¹, one of the main UK national newspapers, has for a number of years worked with UnLtd to publicise various of UnLtd's awards programmes. The partnership has contributed to an increased awareness of social enterprise in the general public.

Lobbying

Lobbying on behalf of the social economy has, to date, been undertaken by social economy support organisations listed in the above section and by a selection of the larger social enterprises in the UK. These included Greenwich Leisure¹⁷², the now defunct ECT Recycling¹⁷³ and Fareshare¹⁷⁴. Practitioner organisations oftentimes lobby on issues relating to the sectors they are engaged with as well as on issues of generic interest to the social economy.

Measurement of social impact / social return on investment

Social Return on Investment (SROI) is an attempt to measure the social and financial value created by a social enterprises and organisations within the third sector. It is of increasing interest to organisations across the social economy as a way to account for investment on a triple bottom line basis. This is of particular interest and relevance in the field of social finance as investors often look for quantification of social impact in return for reduced financial returns.

gg.New Economics Foundation

Description

“The New Economics Foundation (NEF) is an independent think-and-do tank that inspires and demonstrates real economic well-being. We aim to improve quality of life by promoting innovative solutions that challenge mainstream thinking on economic, environment and social issues. We work in partnership and put people and the planet first. We are unique in combining rigorous analysis and policy debate with practical solutions on the ground, often run and designed with the help of local people”¹⁷⁵.

NEF has pioneered impact measurement since its inception in 1986. The current manifestation of this work, the Valuing What Matters programme¹⁷⁶ runs a range of SROI and impact measurement projects.

Further information

<http://neweconomics.org/>

¹⁷¹ <http://www.guardian.co.uk/>

¹⁷² <http://www.gll.org/>

¹⁷³ <http://www.ectrecycling.co.uk/>

¹⁷⁴ <http://www.fareshare.org.uk/>

¹⁷⁵ <http://neweconomics.org/about>

¹⁷⁶ <http://neweconomics.org/programmes/valuing-what-matters>

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<http://neweconomics.org/programmes/valuing-what-matters>

hh.SROI Network

Description

“The SROI Network is a membership organisation and a company limited by guarantee. [Its] objectives are:

- To ensure the principles and standards of SROI are adhered to
- To develop the methodology
- To disseminate information on indicators and proxies for use in SROI analyses, and
- To train SROI practitioners and provide peer support”¹⁷⁷.

To realise the above The SROI Network primarily facilitates a network for, and provides training and accreditation to, SROI practitioners.

Further information

<http://www.thesroinetwork.org/>

ii. New Philanthropy Capital

Description

“New Philanthropy Capital (NPC) is a consultancy and think tank dedicated to helping funders and charities achieve a greater impact. We offer advice based on in-depth research of social issues and on our own unique method of analysing charities. We build knowledge and tools to support charities and funders and encourage debate about what makes a charity effective and how to measure impact. Our mission is to put effectiveness at the heart of how all charities work and how all funders give”¹⁷⁸.

Established by a group of ex-Goldman Sachs Partners, NPC brings an investment analysis approach to the assessment of charities and NGO’s on behalf of funders. It also undertakes research into particular fields to provide philanthropic investment frameworks and strategies.

Further information

<http://www.philanthropycapital.org/>

jj. Social Audit Network

Description

¹⁷⁷ <http://www.sroi-uk.org/content/view/47/102/>

¹⁷⁸ <http://www.philanthropycapital.org/>



The Social Audit Network (SAN) promotes the use of Social Accounting and Audit as a tool to prove the value of activities carried out by organisations in the social economy. It does this by:

- “Promoting, facilitating and encouraging the use of social accounting and audit through the sharing of information and experience
- Lobbying and influencing other bodies and institutions on behalf of the Social Audit Network by...
- Establishing and administering a process to approve persons who are deemed competent to act as social auditors by...
- Identifying and arranging appropriate training and continuing personal development for social auditors and social accounting trainers/facilitators by...
- Undertaking research and consultation to develop agreed common standards”¹⁷⁹.

Further information

<http://www.socialauditnetwork.org.uk/>

kk. Pro Bono Economics

Description

A new arrival worthy of inclusion is Pro Bono Economics (PBE), a charity whose aim is to broker economists into the charitable sector, typically to address questions around measurement, results and impact.

“PBE seeks:

- To improve the effectiveness of the charitable sector, in particular when evaluating the wider impact of its activities and when presenting these results effectively to an external audience; and
- To provide a mechanism by which the economics profession can contribute to a well-functioning charitable sector of society, both as an end in itself and as part of professional development for economists”¹⁸⁰.

Two demonstration pilot projects are currently being established. Pilot one is looking at the benefits from preventing sexual exploitation of teenage girls, involving Barnados. Pilot two is exploring the value of non-cognitive skills (such as self-esteem) in addition to cognitive skills (such as the three Rs), in particular among children and young adults, in increasing life chances and social mobility, involving three small charities (Chance UK, The Place2Be and

¹⁷⁹ http://www.socialauditnetwork.org.uk/index.php?option=com_content&view=article&id=68&Itemid=83

¹⁸⁰ <http://probonoeconomics.com/>



the Brandon Centre).

Further information

<http://probonoeconomics.com/>

II. Other measurement frameworks

A range of social impact measurement frameworks exist and are used to a greater or lesser degree across the third sector. A good summary of these can be found on the following NCVO web page - <http://www.ncvo-vol.org.uk/strategy-impact/learn/tools-and-techniques/tools-for-demonstrating-impact>

Important commentary on support to the social economy from Rocket Science

Across the UK a complex, fragmented infrastructure has emerged with support delivered by a broad collection of organisations, often ill coordinated.

The situation is well summed up in the government commissioned Rocket Science report¹⁸¹ mapping social economy support in the UK. “Many [support organisations] serve particular geographic or client groups and offer a diverse range of services;

- Sector and organisational specialist organisations;
- Mainstream business support;
- Colleges, further/higher education bodies and training organisations;
- Public sector bodies;
- Commercial support e.g. solicitors, accountants and consultants.

The fragmented nature of the support infrastructure has led to issues of inconsistency of coverage and quality, lack of sustainability and, in some cases, inadequate business expertise”.

The report goes on to identify “the issues highlighted by the evidence that need to be addressed in reconciling specialist and mainstream provision and developing the role of the mainstream infrastructure in relation to social enterprise include:

- The need to understand (particularly on the part of Business Link) how to segment the sector (for example distinguishing between new social enterprises, trading voluntary organisations, public sector conversions etc.) and thereby offer appropriate types and levels of support.

¹⁸¹ http://www.cabinetoffice.gov.uk/third_sector/news/news_stories/080328_social_enterprise.aspx

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- The need for support providers to be able to work with groups and not just sole entrepreneurs.
- The need for greater understanding from Business Link of the market a social enterprise is seeking to operate in (seen as important in avoiding the view from social enterprises that Business Links do not understand them and therefore cannot help)".

The report continues "Based on the practice outlined previous and the wider body of evidence from across the UK, a number of lessons about how business support for social enterprises can be improved and mainstream and specialist provision linked are beginning to emerge:

- A coherent infrastructure of business support that is effective for, and accessible to, social enterprises
- Mainstream business support that is sensitive to social enterprise context and motivation
- Proactive, specialist support for pre-start social enterprises
- Segmentation of social enterprise [from mainstream business], and
- Finance for social enterprises.



Appendix 6: Definitions of terminology used across the social economy in the UK

The following briefly defines a number of key terms used across the social economy in the UK, for the sake of clarification throughout the rest of this report. It also touches on the history of their development in case any lessons can be ascertained from this for the Czech Republic.

Social Enterprise

The Organisation for Economic Cooperation and Development (OECD) defines social enterprise as “any private activity conducted in the public interest, organised with an entrepreneurial strategy but whose main purpose is not the maximisation of profit but the attainment of certain economic and social goals, and which has a capacity of bringing innovative solutions to the problems of social exclusion and unemployment”¹⁸².

The UK Office of the Third Sector in the Cabinet Office defines social enterprise as “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”¹⁸³.

Wikipedia defines social enterprise as “social mission driven organizations which trade in goods or services for a social purpose. Their aim to accomplish targets that are social and environmental as well as financial is often referred to as having a triple bottom line. Social enterprises are profit-making businesses set up to tackle a social or environmental need. They often use blended value business models that combine a revenue-generating business with a social-value-generating structure or component. Many commercial businesses would consider themselves to have social objectives, but social enterprises are distinctive because their social or environmental purpose is central to what they do”¹⁸⁴.

Three definitions are given here to illustrate the, albeit nuanced, different understandings that individuals and organisations have of the term social enterprise.

Social Entrepreneur / Social Entrepreneurship

All definitions relating to these terms agree that social entrepreneurship is the work of a social entrepreneur. There is however some disagreement as to what constitutes a social entrepreneur. There is general agreement across the entrepreneurial characteristics individual social entrepreneurs have but where differences of opinion spring up is around the approaches adopted.

¹⁸² OECD, 1999, p.10.

¹⁸³ http://www.cabinetoffice.gov.uk/media/cabinetoffice/third_sector/assets/se_strategy_2002.pdf

¹⁸⁴ http://en.wikipedia.org/wiki/Social_enterprise



Some organisations, for instance Ashoka¹⁸⁵, adopt a stance that the activity of the individual must be of a not-for-profit distributing nature (in that any profit generated must be redeployed for social or environmental benefit). Other organisations, such as the Skoll Foundation¹⁸⁶, take a neutral stance on whether activity can be profit distributing. Still other organisations, such as the Social Enterprise Alliance¹⁸⁷ in the USA, accept for profit distributing models of activity as socially entrepreneurial.

Social Economy

The European Research Network defines the social economy thus: “In today’s terms, the social economy gathers enterprises of the co-operative movements, mutual benefit and insurance societies, foundations and all other types of non-profit organizations which all share some principles making them correspond to the “third sector” of modern economies. Indeed, social economy organisations differ from the private for-profit sector as their primary goal is to serve members’ needs or a broader public interest instead of maximizing and distributing profits to shareholders or members”¹⁸⁸.

Wikipedia states “there is no single right or wrong definition of the social economy. Many commentators and reports have consciously avoided trying to introduce a tight definition for fear of causing more problems than they solve”¹⁸⁹.

Social Finance

Social finance is an approach to managing money that delivers a social dividend and an economic return¹⁹⁰ and is a term being increasingly used across the social economy as more and more organisations turn to finance other than grant funding to extend the scale and impact of their work. Social finance can take many forms:

- Commercial investment, either debt or equity.
- Patient investment, either debt or equity, where terms are less than commercial, either in duration, terms of ownership or rate of return charged.
- Quasi equity, a financial instrument that aims to reflect some of the characteristics of shares... the use of share capital is simply not possible because of the way many such enterprises are legally structured¹⁹¹.

¹⁸⁵ http://www.ashoka.org/social_entrepreneur

¹⁸⁶ <http://www.skollfoundation.org/aboutsocialentrepreneurship/whatis.asp>

¹⁸⁷ http://www.se-alliance.org/about_movement.cfm

¹⁸⁸ <http://www.emes.net/index.php?id=234>

¹⁸⁹ http://en.wikipedia.org/wiki/Social_economy

¹⁹⁰ http://en.wikipedia.org/wiki/Social_finance

¹⁹¹ <http://www.cafonline.org/pdf/Venturesome%20-%20Quasi%20Equity%20-%20March%202008.pdf>



Social finance along with the term impact investing¹⁹², which for all intents and purposes are interchangeable, are both worth including in this section on definitions due to the increased interest in this area of activity and the likelihood of non grant funding forms of finance being used as the social economy in the Czech Republic develops.

¹⁹² <http://www.globalimpactinvestingnetwork.org/cgi-bin/iowa/investing/index.html>

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