

## Summary view

The Venture Society challenges us all to go beyond what we do now to make social entrepreneurship mainstream, and to be just as innovative and determined in our mission as are the social entrepreneurs we support. There are tough times ahead for the UK and we need to make it easier for people to do good, with seed investment and proportionate regulation.

Right now we are in the position where it is easier for a teenager to start a youth gang than a youth club – we must turn that round, and this report gives us radical new ideas to help us do so.

UnLtd commends this report to the incoming Government and to agencies supporting community and social entrepreneurs across the UK. It is a landmark in challenging the social venture sector to take its work to the next level, and truly fulfil the promise of a Venture Society.

We will be talking with social entrepreneurs to see which of the new ideas on support structures look most valuable to them. We will then work with colleague support agencies to pilot and test out the most promising.

We invite all community and social entrepreneurs, and agencies involved in helping them, to work in the common cause of making sure that their talent and commitment can fulfil its potential.

Cliff Prior, ceo, UnLtd

## Background to the report

UnLtd wanted to look at how social entrepreneurship could be developed post election. We wanted to examine how it meshed in with the policy priorities of the main parties. We also wanted to look further into the future to see how support to start up social entrepreneurs could be scaled up to be a better match to the 238,000 people shown in the GEM survey to be trying to start a social venture. In this work, we wanted to base all policy and lobbying on the lived experience of the people we support.

UnLtd therefore commissioned Respublica to produce an independent report on the potential of social and community entrepreneurs, and how best to scale up support for the largest and most relevant impact. This is one part of a larger project (SocialFuture) and other collaborative work which is detailed below.

UnLtd's work on SocialFuture and with The Venture Society is non party political. All the main parties have highlighted the importance of enhancing the contribution that people can make to improving our society. They use different language (Big Society, active communities, etc) but the underlying concepts are similar. The differences where they exist are more about the mechanisms for boosting the contribution social entrepreneurs can make. UnLtd has been concerned to draw lessons from the reality of social entrepreneurs and their work – their motivations, aims, impact, and the experiences they have with what helps and what hinders their progress. We believe this is a powerful contribution to assist the incoming Government in its work, as well as helping ourselves and other support agencies.

### **Main argument of the report**

Social and community entrepreneurs are plentiful and diverse. Their impact is substantial – from skills development and social capital building to social and economic impact and innovation. The need for them is ever greater in times of constrained public spending and the likely resulting social tensions

Many excellent models of support have been developed, from UnLtd Awards to SSE training, and from incubators to social investment agencies.

But all these put together scarcely reach 1 in a 100 of the people trying to start up a social venture. We must radically rethink the support infrastructure to address the scale of opportunity.

Given the public spending position, it is very unlikely this extra help can all come from government. But if we develop support mechanisms at local (and maybe also specialist) level, there is much more chance that local people, local businesses, and others will want to contribute time and money to boost the support available. A sense of community ownership and mutualism is key to engaging this support.

The role of Government is not to over specify and have endless targeted grant programmes, but to provide start up finance for the infrastructure and to create an enabling environment for both infrastructure bodies and the social entrepreneurs themselves.

### **The key recommendations: Creating the Venture Society in Seven Stages**

(i) Create the **community “lablets” programme** within the cabinet office and partners, offering local or specialist hubs for venture funding, incubation and support, local dragons dens, awards and citations, and to place grass roots entrepreneurship in local civil society alongside CVS's, libraries, CDFIs and more. NB the term community lablets is not intended as a public brand, simply as the concept which is borrowed from Intel and silicon vally – the agencies would be locally named and would often be developments by existing bodies

**UnLtd perspective:** we agree that support for social entrepreneurs must be radically scaled up. Between our own work and that of other social entrepreneur support agencies, we now know that this is a valuable approach with high impact and substantial leverage. It is no longer acceptable to reach only 1% of the people trying to start a venture. And given the economic situation, we cannot realistically expect Government to cover all the cost. Engaging communities and businesses at local level is more likely to bring in support in cash, skills and kind. Creating a sense of ownership and common purpose is key. And there are many community agencies that are already developing this role.

UnLtd believes that a mix of local, specialist and national support is most likely to work, to allow for communities of interest as well as locality based support.

Social entrepreneurs have talked to us about their desire for local hubs – shared workspaces, with back office support and services to reduce the barriers to starting up. UnLtd is keen to pilot this idea in partnership with colleague support agencies.

Community lablets are an excellent concept, but need a stronger and more publicly accessible brand name.

(ii) Invite large foundations such as UnLtd to become **social labs**: innovation hubs and seed funders for community lablets with a specific mandate to produce innovations that help the grass roots to scale, disseminate best practice, broker supply chains and bulk deals and direct private and blended funding to promising projects. In order to aid with this, we propose more convenient **social impact measurements and platforms to allow transparency and visibility of impact**, which do not place huge reporting burdens on social entrepreneurs and produce information on the amount of reduced state demand in several service areas offered by each project. This can also be used to pay for social entrepreneurship within the envelope of existing departmental service budgets.

**UnLtd perspective:** This idea of diverse local delivery with national expertise, brand and logistics scale, is a strong concept which reflects developments in many areas of the economy. UnLtd supports the idea and again, is keen to develop models for piloting the approach.

UnLtd is both a foundation and a fundraising organisation. On the foundation side, we act as trustee of the Millennium Awards Trust. This Trust is dedicated to helping individuals engaging in social entrepreneurship, with awards and development support. The Millennium Awards Trust will continue as a national programme of Awards as set out in the Trust Deed. Already many local agencies refer candidates in to the scheme, and this could be a way in which the Trust's work can relate to the community lablets.

(iii) Cut application bureaucracy through this local funding, but also by giving social

labs a quasi regulatory power to approve a new flexible **venture-lite structure** for social start ups funded by community venture societies and venture leadership foundations. Set up a **bureaucracy task force** that reviews the burden of regulation on early stage social entrepreneurs

***UnLtd perspective:** The “venture-lite” structure emerged strongly from our socialfuture seminars. Social entrepreneurs argued that the current legal system forces them to make a long term choice of constitutional structure before they really know how their venture will develop. They wanted to see a short term start up structure from which they could migrate to a long term choice at a later stage. We are hopeful that legal and regulatory experts can come up with a mechanism to make this work.*

(iv) Engage social labs to provide pilots for **virtual advisory boards** and work with providers to create more virtual equity and peer to peer lending platforms to diversify investment sources.

***UnLtd perspective:** more and more leaders from professions, businesses, public and voluntary sectors are offering their time and skills to mentor and advise social entrepreneurs. The virtual advisory board is another step in this direction.*

*Virtual and peer to peer lending and investment platforms are an exciting area of development, and UnLtd has been involved for some time in this through UnLtdWorld.com. So far no platform has achieved scale in social lending or investment, but we believe this is only a matter of time and experimentation.*

(v) Work with social labs to create fund management plan gold standards for community lablets, that allow for mutual and co-operative local ownership and foundation models, as well as locally decided venture priorities. They should allow for fund management committees to generate scale and asset accrual through taking on community assets and gaining access to the market for communities: a **community asset career**. Engage wit OTS strategic partners, BASSAC, the DTA and others to create best practice kits.

***UnLtd perspective:** it is clear that local community support organisations will often be of a size where they will need support on methods, toolkits, and investment approaches, so this is an important recommendation. Advising on investment often falls into the scope of regulated activities, so this will need careful development involving regulators and government as well as social investment agencies.*

(vi) In a time of reduced funding, start up costs for the support infrastructure **should be limited to being within the envelope of existing programme commitments**. We see a role here for Capacitybuilders network and the Community Development Foundation, both owned and paid for by government, the former to 2014 but capable

of being wound up at any time by the Cabinet Office, to take on a distinctive, needed role supporting social entrepreneurship. This would free up the funds for pilots in around 30 areas, subject to finding the right fund management plans, with scope for community asset development and IRR generation built in.

***UnLtd perspective:** it is clear that Government funds will not be able to cover all the costs, and it is probably undesirable that they should given the need for independence and local ownership. However UnLtd believes that Government departments may well judge that social ventures in their area of work are so important that extra funds could be devoted.*

*UnLtd would be delighted to collaborate with CapacityBuilders and CDF to develop ideas for how capacity building can be enhanced for community and social entrepreneurs.*

(vii) In the longer term, as the finances allow, we should look to prime pump the social marketplace and these platforms, through a capitalised social investment bank, targeted **tax breaks for new blended value investment vehicles** and a community reinvestment act, both subjects of future ResPublica research. We must also tweak the Whitehall schema and get Treasury buy-in to formalise the process by which **demand reduction is paid for on a programme basis across service delivering Whitehall departments.**

***UnLtd perspective:** social investment is vital to the long term success of the social venture sector. UnLtd's experience suggests that early stage risk capital ("angel" finance) and investment readiness support, are the two most pressing gaps. We therefore believe that Government backed funds should be focused in these areas, as the market begins to contribute more to the later stage investment funds.*

*The idea of payment for demand reduction in public services is highly interesting. So many social entrepreneurs reduce the call on public services, rather than actually providing public services – yet this work, often more cost effective, is not counted nor funded. In areas like healthcare, the value of prevention is well understood – as with vaccination programmes, health promotion, and secondary prevention of complications in long term conditions such as diabetes. To achieve more benefit with constrained public funds, we need to find ways to count this activity so that it can be appropriately rewarded, and reduce the need for public services.*

### **SocialFuture: UnLtd's work to envision the future of the support sector**

Social and community entrepreneurship in the UK is vibrant and growing. Nearly a quarter of a million people are trying to start a social venture and 1 in every 30 adults already lead one. There are strong models for supporting them to get started and scale up – yet only 1% of people wanting to start a social venture currently receive formal support.

Social entrepreneurs are not a creation of any government or political group: they are motivated by their own passions to improve the world in which they live. But politicians can make their work much easier or much harder. So at a critical point in UK politics, it is vital that our elected leaders understand the scale and nature of social entrepreneurs and how best to support them.

UnLtd has been operating for 8 years now and has supported thousands of people to start up new social ventures of all kinds, and has helped hundreds to scale up to achieve major impact. We believe this is now an approach of proven value, with the people we support creating social capital, innovation, social and economic impact, as well as learning skills and building their own confidence to act as social leaders.

At a time of great economic and social pressures in the UK, we need social entrepreneurs more than ever. So how can an incoming Government best enable and support them? How can we best design the support services from start up through to social investment stages? And how can we engage communities, business and other agencies in supporting the people who want to improve the world in which they live?

**SocialFuture** is the programme UnLtd has developed to help answer these questions. It is a unique project driven by social entrepreneurs, support agencies and Government advisors.

The programme has involved:

- A major survey of the social entrepreneurs UnLtd has supported, combining this with our other data to produce a summary report: **Social Entrepreneurs: The Facts**
- Collaboration with colleagues in the Social Entrepreneurship Policy Group to produce a joint manifesto: **Leading Social Change**
- Two seminars involving social entrepreneurs and supporters with politicians and policy advisers, one with each of Labour and Conservative parties. Reports of these **SocialFuture** seminars are available online
- This new policy report by Respublica: **The Venture Society**, setting out the evidence for social entrepreneurship and seven radical ideas for scaling up the support available and engaging local backing. This is an independent report, commissioned by UnLtd. Respublica will be continuing these theme of work with a look at how to make it easier for social entrepreneurs to demonstrate the value and impact of their ventures.

These reports are all available on our website at [www.unltd.org.uk](http://www.unltd.org.uk). The debate on issues raised by SocialFuture can be followed on Twitter at #socialfuture.

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