

Social Firms UK's policy positions for Social Enterprise Summit briefing

The Social Firm Sector

The Social Enterprise sector is very broad. Social Firms are a particular type of social enterprise, whose social mission is to use enterprise to create real, sustainable jobs specifically for people facing greatest, and often multiple, labour market disadvantage. For example, someone may have been out of work for long periods of time because they have a learning disability, mental health problem, a prison record, or may be homeless or may experience a range of these disadvantages.

The Social Firm sector itself is very diverse. It ranges from micro-businesses to those with annual turnovers exceeding £1m. Regardless of the size of the business, any profits are reinvested in order to create more jobs.

Social Firms fighting the recession

a) In order to maximise their potential to fight the recession, Social Firms themselves need to be on a secure footing. We support the points made by SEC in their policy papers and in particular **we want to see**:

- Removal of the requirement for directors of Social Firms to provide personal guarantees for loans and/or overdrafts, to ease cashflow problem arising from late payment by debtors/contractors;
- Length of current public authority contracts extended by 50%, to enable longer term planning and potential security.
- Greater use of social enterprise, including Social Firms, by public sector procurers
- Business rates relief for all Social Firms including CICs, so that rates relief is no longer at local discretion which leads to a postcode lottery.

b) Social Firms currently provide over 1500 jobs and 800 weekly training places for people who have not been able to secure them elsewhere. However they have the potential to do much more. **We want to see**:

- A contribution of at least £3,500 per person to the costs for supporting our people from target group in additional permanent or temporary employment. This sum would be over and above any contributions for skills training.
- A transparent road map to show Social Firms and other social enterprises how to access and combine the range of work-related public contracts/funding available. Too much time and effort is wasted trying to negotiate the current maze of initiatives, when it could be better spent getting people into work.

Social enterprise informing a re-balanced economy

We believe there is considerable scope and mutual benefit to be gained from closer working between **all** three main sectors. **We want to see**

- More private sector contracting goods and services from social enterprise;
- Greater exchange of experience between the three sectors through secondment, mentoring and buddying.

Supporting new blood in social enterprise

Social Firms have most frequently been developed by highly committed social entrepreneurs. It is also usually the case that developing a Social Firm takes at least 3 – 5 years and so short term investment is unlikely to result in sustainable enterprises. **We want to see**

- Greater general awareness, and understanding, of social enterprise generally and the Social Firm model in particular.
- A “smarter” start-up fund whereby support is dependent upon the preparation of a viable business plan that indicates a good social return on investment, and ongoing specialist business mentoring provided.

Scaling up the sector

Bigger may not always be better and while Social Firms operate in a commercial environment they offer specialist support to their workforce according to the needs of the individual. We see “scaling up” in terms of increasing the number of Social Firms and the size of the Social Firm sector overall, rather than necessarily increasing the size of individual Social Firms. **We want to see**

- Greater use of replication and franchising as growth strategies;
- Further research on how existing businesses can be acquired and operated as Social Firms;
- Removal of barriers that prevent potential Social Firms externalising from the public sector.