

# opportunity or threat?

Changes in the business support environment in England are generating mixed responses from the social enterprise sector.

The main change will see the responsibility of overseeing business support delivery being shifted from the Small Business Service - which has a dedicated Social Enterprise Unit - to regional development agencies (RDAs). Business support will continue to be delivered by Business Link operators, however as from April 2007 they will deliver them through a nationally agreed Information, Diagnostic and Brokerage (IDB) model which involves:

- Informing - operating as a non-competitive channel to market for all information that is relevant to SMEs from the public and private sectors
- Diagnosing - examining customer needs to broker those services that can have the greatest impact
- Brokering - establishing and managing customer/supplier relationships.

The aim of this approach is to ensure that any business that requires support is referred to the most appropriate source of support and that the brokerage process is independent from the providers. However, it is currently unclear as to how and whether the specialist business support needs of social enterprises will be identified within the process or if social enterprise business support will be publicly funded.

Kate Anison, a senior policy adviser at South East England Development Agency, has been appointed as an 'Enterprise Lead Role' by the government to look at the new IDB system and identify how it is or isn't appropriate for social enterprises. Based on the findings, key recommendations about providing business support for social enterprises will be made to all RDAs. However Anison stated that this is an ongoing process and there is no set date by which the first recommendations will

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be made. Also, it's very unlikely that each RDA will respond to the recommendations in the same way, as Anison says: "Some regions may choose to bring in specialist social enterprise support, and some won't ... we all respond differently, and we recognise that every region is different but we do believe that a lot of business support can be mainstream."

A similar opinion was expressed by Alun Michael, the Minister for Industry and the Regions, at Voice 06 - a national conference held by the Social Enterprise Coalition in January 2006. In response to a delegate expressing concern about Business Link's ability to deal with the specialist business needs of social enterprises, he said: "Each RDA will ensure social enterprises are well served by publicly funded business support - mainstream support from our business support flagship."

Unfortunately, not everybody shares this confidence and there are sector specialists and networks that believe that Business Link has neither the capability or capacity to meet the needs of the social enterprise sector. A recent study by Co-operatives UK prepared for

the Small Business Service reveals that:

- Existing mainstream business support services do not generally meet the needs of social enterprises
- Social enterprises are not Business Link operators' highest priority, especially at a time of major change
- Business Link operators do not have embedded expertise - it is often only within a few members of staff
- A variety of diagnostic approaches are being introduced in which the diagnostic tools don't necessarily identify the social enterprise options
- Current monitoring doesn't identify whether or not social enterprises get lost within the system;
- There is a need to link social enterprise development into the Business Link mainstream economic development initiatives, eg high growth cluster development.

While acknowledging that funding for business support to the sector remains a fundamental problem, agencies supporting social enterprise in Birmingham and Solihull in the West Midlands - grouped together in a practitioner-led network, Birmingham & Solihull Social Economy Consortium (BSSEC) - have taken an innovative approach. "We have received financial assistance through the ChangeUP programme," says Steve Walker, the Consortium's co-chair, "and are using this to examine both the demand and supply sides of business support provision. We recognise that support needs - and perhaps even preferences for how support should be delivered - may have changed and so we are currently researching this with a view to recommending investment priorities as part of ChangeUP."

But BSSEC is concerned that instead of seeing business support for the sector gearing up to deliver more complex and challenging phases of support - to promote significant growth, for example, or to help enterprises scale up for public service



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past the business support that has been available to the social enterprise sector has been very patchy and varied from region to region, and now public funding issues and the plans for RDAs to take over the direct management of Business Links are causing turmoil in the sector. However, we see the RDA and Business Links situation as both a threat and an opportunity.

"The threat is that good organisations offering business support to social enterprises may be lost in the process and although we do want social enterprises to access mainstream support, we also know that they have specialist needs in areas such as governance and structure, etc. There needs to be provision for this and the specialist support may need to be financially subsidised, which is something that RDAs need to consider.

"The opportunity, or possibly challenge, is for us to ensure that RDAs properly cater for social enterprises. The Social Enterprise Coalition will be feeding into research commissioned by the DTI into how RDAs can do this."

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delivery - the capacity to deliver the necessary services is being eroded.

"It has to be said," says Walker, "that the continuing failure of Business Links and RDAs - and, where they have an interest, local authorities too - to resolve their contracting arrangements has definitely made the current situation worse. At the moment we have the worst of both worlds, with neither Business Links nor specialist agencies able to deliver properly because of a lack of funds."

RISE (Regional Infrastructure for Social Enterprise), the voice for South West social enterprise, has also highlighted the need for funding. It recently commissioned and funded a report, entitled *Assessing the demand and supply of social enterprise business support in South West England*, that states that there is a need to secure funding to meet an increasing demand for business support in the social

enterprise sector. However RISE has put a positive spin on the findings. Lucy Findlay, RISE chief executive says "This report forms the first part of a project that will develop and explore the need for and shape of a regional social enterprise support service over the next year ... It comes at a time of change; with the move of Business Link functions to the Regional Development Agencies. This presents us with a real opportunity to pursue and develop a consistent approach to the provision of business support services for social enterprises right across the region." RISE is supported by the South West Regional Development Agency.

The Social Enterprise Coalition has also taken a position on the situation, and will be working towards encouraging RDAs to ensure that there is necessary support for social enterprises. The coalition's chief executive Jonathan Bland, said: "In the