

SBSM Funding and finance – KA2



UNITED KINGDOM

FUNDING AND FINANCE IN UK

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1. What are the different support for funding and financing SB in your country by PUBLIC INSTITUTIONS?

National UK government does not provide funding specifically for social businesses, however they do provide some funding through government departments and public institutions. The Third Sector provides social services outside the traditional provision of local authorities. This can include Primary Care Trusts, regional Police authorities, Arts Council, Big Lottery Fund, BBC Children In Need. All of these provide funds through a process of competitive bidding rounds.

Some context. In 2013, there were 70,000 social businesses (social enterprises) operating in the UK that employ 1,000,000 people which make a contribution to the UK economy of £18.5 Billion, although the UK Cabinet office suggested that the contribution is closer to £55 Billion. This is now a significant sector of employment within the UK. Over 80% of businesses in Greater Manchester are micro-businesses with less than 9 employees.

2. Is there a specific law for funding and financing of Social Businesses? Or the SB are ruled under the general law for businesses

There is no specific legal framework as such. Social businesses function as businesses within the same legal environment. The key differences between traditional businesses and social business is how they are corporated. Social businesses can be in the form of Community Interest Companies (with their assets locked so they must remain within the community they serve); Companies Limited by Guarantee where directors are not shareholders which also has the effect of keeping any surplus to be used by the beneficiary community. Social business may also be in the form of charities, co-operatives or even as sole traders with a specific social purpose, the latter described by the GMCVO as BTR (Below the Radar). Any of these should provide a business plan with strategic aims and objectives you would expect from any company or public organization.

3. What are the different support for funding and financing SB in your country by PRIVATE INSTITUTIONS?

There are many private institutions that provide funding to social businesses, these include banks (Santander, Lloyds); charities such as Sport England and Comic Relief; Community foundations such as CAN, Esmée Fairburn Foundation and Garfield Winton Foundation are examples. SBSPs such as GMCVO, Grants Online, Funding Central, Funding information, ClearlySo and SSE (School for Social Entrepreneurs) provide information on funding opportunities and related support from business planning to seeking investment.

In 2014, Manchester set up the Social Accelerator Scheme that provided £1,500,000 to help social business start-up and 36 start-up ventures were supported. In Sheffield, the Social Incubator Fund fulfilled a similar function. Some universities, Northampton and Cumbria, have provided start-up funding for students wishing to start up a social business.

4. Is there any support by private institutions to SB? Please describe (private support to SB)

Social businesses have to operate within a FUNDING SPECTRUM and may seek a range of funding options that include social investment (Big Potential, Big Issue Investments; Bridge ventures, CAN Invest, Social investment Business and many others. Social investment may include different options such as Incubator Loans, working capital or growth finance, bridging loans, funds for buying assets and/ or scaling up. As well as grants and social investment, social business may seek income through fund raising (especially the use of Crowd funding) and commercial activities.

5. Provide information about free resources for funding and financing SB. You can include links to websites or to pdf documents. EXAMPLES FROM YOUR COUNTRY

www.bigsocietycapital.com/otherfunding-sources
www.bigpotential.org.uk/resource/social-investment-guide
www.clearlyso.com

6. Provide information about free resources for funding and financing SB (OTHER COUNTRIES) You can include links to websites or to pdf documents. EXAMPLES FROM OTHER COUNTRIES

Many of these organisations have been previously identified but support for the Social business sector comes in a range of forms from a range of private and government institutions including the HMG Cabinet Office which may advise on Cost benefit analysis, contracts and contract law. New Economy can advise on EU funding and opportunities available via the LEPs (e.g. GMLEP). Information for start-ups is available from Start Up Britain, Unlimited via Knowhow NonProfit and NCVO. The following links will help you to hook up to this wide range of organisations.

7. Links and references

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