

Black Economic Empowerment Conference Fairfield Halls, Croydon, 30th May 2003

Some little time ago, a group of us in the Christian Socialist Movement went on a prayer walk through Canning Town in the borough of Newham, the other side of the borough from the one I represent in the House of Commons. We started at Rathbone Market in Canning Town and the organiser told how many churches had been in the vicinity 60 years ago. Most had been bombed and nobody had ever bothered to rebuild them. Others had been sold and bulldozed after their congregations dwindled. Further along we knew there was a large Baptist chapel which had been converted in the 1940s into a warehouse with a shop on the front selling tea towels and pillow cases. It looked like a depressing picture of decline and for many years it was.

But as we walked along we saw that something new was happening. It was the shop names which showed it first - we came to the *Amazing Grace Mini Mart*, *Faith Electronics* and *Redeem Travels*. Just round the corner was *Signs and Wonders Hairstylists*.

Then we came to that disused Baptist chapel - and we saw that now the tea towel shop had closed down and after over 50 years it has been converted back into a church again. It is the Glory House Bible Church and it is bursting at the seams every Sunday. 200 yards away is another Baptist church - apparently one of the fastest growing in Europe.

And what's happened? Because of the new of immigration into the area, there is a new wave of faith and of worship. Where once there was for many years decline and fading away there is now growth and new life. There is a very powerful impact on that community. Glory House has a range of activities around health and employment focusing on the local community, which is a very disadvantaged community. And there is a powerful impact as well on the economy, with many being empowered through their walk of faith to set up and make a success of a business.

And increasingly, the Government understands just how important a role the churches can play in creating the culture of enterprise we want to see in every part of the country. What we want is that - even in parts of the country where people used to think that you could never get a job - even in those areas, people will in the future increasingly be confident about setting up a business and making a success of it - for the benefit of themselves, of their families and of the wider community too.

And what we are recognising today - and the breadth of that recognition is reflected in the breadth of the representation at this conference from national and local Government organisations - we are recognising today that the churches have a key part to play. That for many in our communities and especially in our most hard-pressed communities around the country, the churches have a central role and influence which no other institution can match. People trust the churches. When other institutions pull out of an area, the churches are still there - the people are still there. The churches are where people meet other people in whom they have confidence. Faith has not a declining role in community life in modern Britain, but an increasing role. And that is why for so many of us this conference is such an important event in working to bring about the transformation in Britain which we are working for and this culture of enterprise which is our goal.

Strong society - strong economy

Our aim is to build a strong society alongside our strong economy. We see those two things as going hand in hand.. We want businesses in Britain to be successful, because the stronger our economy is, the stronger our society is.

Enterprise creates jobs, opportunities and prosperity for families and for communities. It provides the wealth which allows us to invest in schools, hospitals and public services.

In Britain today we have the lowest inflation for 30 years, the lowest interest rates in 40 years and for the first time in 50 years our rate of unemployment is lower than in the rest of Europe, the USA and Japan. We have more people in work in Britain than ever before in our history.

But the economy cannot stand still. The world is undergoing profound economic change. Ten new countries are joining the European Union next year. China has joined the World Trade Organisations. India is producing a quarter of a million science and information technology graduates every year. The Prime Minister is focusing on ways to promote much needed economic development and investment into Africa. Technological change is continuing at an extraordinary pace and consumers are constantly becoming more demanding.

Our response to faster change and greater competition worldwide has to be innovation - new ideas, new businesses, new ways of doing things. And our role at the DTI is to promote enterprise, innovation and creativity. We champion UK businesses at home and abroad. We invest heavily in world class technology. We safeguard the interests of working people and consumers. And we press for fair and open markets in the UK and around the world.

Social enterprise

I want to focus what I have to say this morning on the promotion of profit making businesses, but before I do that let me just say a little about social enterprises. Social enterprises are those which are not established primarily in order to make a profit, but which use the energy and creativity which characterise our entrepreneurial private sector at its best and apply them to social goals - helping unemployed young people into work, for example, or providing services which improve the local environment.

Last summer, Patricia Hewitt, the Secretary of State for Trade and Industry, and I launched our department's strategy for social enterprise, because we attach such a high priority to social enterprise as one of the ways to bring about the changes we need - this new culture of enterprise. And it is the case that some of the best ideas for social enterprise - and some of the best people with the abilities and the motivation to create social enterprises - are to be found in the churches.

Last autumn I travelled across England and Wales on a seven-day tour of social enterprises - 25 different enterprises from Cornwall and the Rhondda Valley to Newcastle and Hull, turning over between them £75 million and employing over 2000 people. Since then I have been with social enterprises in Belfast and will be visiting projects in Aberdeen in a couple of weeks time. I have enjoyed that programme immensely and it has been an object lesson for me in the potential of this sector.

One of the businesses I visited was PJ's Community Services, here in Croydon, a church-based enterprise turning over about two million pounds per year and providing home care and home shopping services for people referred by Social Services departments. They provide a home for some other businesses and ministries as well. Tariq Shabbeer of Croydon Council introduced me to PJ's and to its proprietors Pat and Claudine Reid of the International Pentecostal Church, and they are all taking part in this conference here today as well.

And another wonderful example from the tour was the Aberfan and Merthyr Vale Youth and Community Project. Aberfan had a terrible problem of youth unemployment - the only jobs available anywhere near were in Bridgend and the M4 corridor, but they were 50 miles away. There have been examples of the Government's New Deal programme providing unemployed young people with mopeds, but even with a moped a 50 mile journey is a formidable barrier. So the project hit upon the idea of renting out used Fiestas for £15 a week - just for the first three months of a new job, to give the chance for people to qualify for a loan to buy a car for themselves. And what has happened is that large numbers of people who previously just could not hope to get into work have found themselves able to get a job. And incidentally the project also trains up young people excluded from school and ex offenders to maintain the fleet of old Fiestas.

Unemployment in that area has fallen from 27% to 7% - and it really is largely because that very simple idea has made it possible for the people to get to the jobs. I think you can see from that example why we in Government are so enthusiastic about the potential for social enterprise to help build the culture of enterprise which is our goal. And we see the churches as key partners.

At the end of March we launched a consultation, as a key part of our social enterprise strategy, on the new company form, the Community Interest Company, to make it easier to bring together the idealism of the voluntary sector with the commercial acumen of the private sector. The Community Interest Company will be an ordinary company in terms of company law, but with a lock on the assets to ensure that they will always be used for community benefit. The details can be found on the current consultations section of the DTI website, and the consultation is continuing until 18 June.

And before I leave social enterprise let me just refer to the Community Investment Tax Credit which we introduced earlier this year, to encourage corporate investment in disadvantaged areas of the UK, because we believe that kind of investment - starting up new businesses, providing new services, creating new jobs on a wholly commercial basis - is the best way to help people living in those areas. A qualifying investment will attract tax credits worth 25% over five years. So, for example, if an investor invests £100,000 in an investment in a disadvantaged part of the UK, then he can reduce his tax bill from other activities by £5000 per year over five years - £25,000 in total. I believe this tax credit is going to be very effective in just tipping the scales in favour of commercial viability for responsible investments, which would not quite have passed the threshold of commercial viability without the help of the tax credit.

Malcolm Hayday from Charity Bank was telling me before we started that the tax credit is going well. In March, we announced the first eleven community development finance intermediaries which have been accredited for the purpose of the community investment tax credit. This will enable them to raise an additional £35 million worth of capital over the next three years to on-lend to those, including social enterprises, unable to raise the finance they need from other sources. These CDFIs also include:

- PRIME (the Prince's Initiative for Mature Entrepreneurs), helping those aged over 50 start new businesses
- The London Rebuilding Society, providing finance to social enterprises and community projects here in London
- The Aston Reinvestment Trust, a long established CDFI in inner city parts of Birmingham.

Helping businesses succeed

We have many of the best businesses in the world here in Britain. But we want to raise more to the standard of the best.

If British firms matched US levels of productivity, we'd create a further £5000 per person per year. If companies in the North East were to match the productivity in the south east, Gross Domestic Product in the North-East would double. If women started businesses at the same rate as men, there would be a further 100,000 start ups per year.

We would like to see the rates of entrepreneurship among the African Caribbean community - at present only about 7% of the community is in self employment - much closer to the rate among the Indian community where self employments stands at over 20%. Because for many people the best way out of disadvantage is to set up and succeed in a business for themselves. The culture of enterprise we are aiming for needs to make that much more widespread.

Over the last year we have:

- Helped 250,000 companies through our Business Link organisations
- Extended the Small Firms Loan Guarantee Scheme so that it is also available in the retail, catering, motor vehicles repair and service sectors
- Doubled support to the Regional Development Agencies and given them more flexibility about how they spend their resources
- Leveraged in £330 million extra capital to small firms through the Regional Venture Capital Funds.

And one of the Department's priorities looking ahead is to promote and support enterprise by under-represented groups, including in particular among the ethnic minorities.

Ethnic minority businesses

The truth is that many ethnic minority business people are among the most entrepreneurial in our society. We need many more like them. But many others face barriers to entrepreneurship which we want to see removed.

Of the 3.7m businesses in the UK, about 7 per cent are owned by ethnic minorities, which equates to around 250,000 businesses.

The Small Business Service has made the support of ethnic minority owned businesses one of its priorities, through the network of 45 local Business Link organizations around the country through which it delivers business support. On the most recent data, 14 per cent of their clients were from businesses majority-owned by ethnic minority groups. It is aiming to do more to ensure that its work is tailored to meet the needs of people from ethnic minorities and others who have faced particular barriers to entrepreneurship in the past. It is committed to

tackling social inclusion issues and assisting in reaching the untapped entrepreneurial potential within our society. There is work in hand to help identify the good practice that already exists among local Business Link organizations and disseminate it to other organisations which still have more to do.

Some of the best practice which has already been identified includes:

- Business Link London which has a Knowledge Centre on Black and Ethnic minority businesses, headed by Vernon Barrett who is leading one of the seminars;
- Business Link Birmingham, which has forged strategic alliances with 3b (Black Businesses in Birmingham) and the Institute of Asian Businesses to better meet the needs of ethnic minority businesses;
- Business Link Leicestershire and the Caribbean unit of British Trade International which have collaborated with the Leicester African-Caribbean Business Association to help its members become more aware of business opportunities in the Caribbean;
- Business Link Hertfordshire, which is forging partnerships to support the Hertfordshire ethnic minority business network.

We want every Business Link organization around the country to be learning from those examples and taking comparable steps themselves to improve the support for ethnic minority businesses, so that they are receiving the high level of good quality support which we want every business to be receiving.

Father and son team, Peter and Patrick Julu, originate from Zimbabwe where Peter first developed a machine that was able to read the brain's messages to the heart. The design became known as a 'NeuroScope', and was market prototyped in 1994 and patented by the University of Glasgow in 1999. But Peter and Patrick still needed advice on how to start up the business. So Patrick contacted Business Link London.

The Business Adviser Charles Payne suggested that, apart from the medical uses for the NeuroScope, there were potential uses in the field of Sports and Leisure. He encouraged Patrick to adapt his father's technology for those additional opportunities and assisted with a business plan. The adviser also helped Patrick to distinguish between the two separate arms of the business. Medifit Instruments Ltd is a research arm to develop products. Medifit Diagnostics is the commercial arm to market and sell the NeuroScope and its secondary products.

Patrick Julu says that: *"Business Link has helped the company navigate the minefield of EC directives regarding medical devices, find business support and to help seed the products for evaluation. [It] is still playing an important role, pointing us in the right direction to find investors, in order to take the product development one stage further each time."*

That is how we want to see Business Link serving the needs of businesses like the one established by Patrick and Peter Julu.

In addition, the Small Business Service Phoenix Development Fund, which promotes innovative ways of supporting enterprise in deprived areas of England, is supporting 21 projects to promote ethnic minority businesses. One of the projects it has supported has been the ABI Associates Faith in Business project in North West London which has worked with 11 churches and hundreds of individuals to help in setting up and successfully running a business. There is a

great deal of very useful information about that and other initiatives on the website of the Small Business Service.

Let me just tell you also about the Ethnic Minority Business Forum which we established in 2000 and which works with us to help us make sure that we have the right help and advice for ethnic minority businesses to secure their growth and success. It has 20 members from a broad spread of ethnic minority backgrounds and regions and is chaired by Yvonne Thompson, the managing director of ASAP Communications Ltd and Chair of the African Caribbean Westminster Initiative. It is a sounding board at the heart of Government to advise DTI and the Small Business Service on the needs of ethnic minority businesses. It produced its second annual report in March and that is available on its website, <http://www.ethnicbusiness.org>. Its meetings are open and the next one is in Birmingham on 12 June.

Creativity and Diversity

Last night I went to two ethnic minority business events in the East End:

- The launch of Spitalfields Small Business Online Project, encouraging small businesses to take advantage of the new e-business opportunities;
- The Asian Dreams Fashion Show on Brick Lane, supported by Newham College, showcasing some superb new fashion ideas being developed now in London.

Those two events were powerful reminders for me of the *diversity* and *creativity* we can celebrate in Britain today, and which provide a great springboard for us and for our economy in the future.

Not long ago, Toyota announced that it was setting up its worldwide design centre for new cars here in the UK, and to explain its decision it pointed to those two qualities which characterise Britain today: diversity and creativity - because those are three qualities they need to design great cars that are going to sell well around the world.

To listen to some people you would get the impression that Britain's diversity is a problem. It isn't. It is a huge economic strength. And it's going to be more and more of a strength with the globalisation of the world economy that's going on around us.

We need to make the most of our diversity and creativity. And that means making sure that the barriers which have held back too many people in the past are not there in the future - that everybody has the chance they deserve and there is in every area this culture of enterprise which supports people in moving forwards.

That way we can make the most of our diversity and all of us will be better off.

Black empowerment

And that is why I am so pleased to be taking part in this event today, with so rich a diversity of partners working together alongside committed churches, mosques and other faith communities to remove those barriers:

- The key Government bodies - Business link, Jobcentre Plus, the Neighbourhood Renewal Unit

- The key national voluntary organisations - Community Action Network, UnLtd, Charity Bank, African Caribbean Evangelical Alliance.

I have been reading Shola Lana's report of her work since the first of these conferences a year ago. It's a very impressive account of commitment on the part of churches right around the country:

- The Windrush Employment and Training Consortium, Wolverhampton
- The West Yorkshire African Caribbean Council of Churches, Leeds
- New Testament Church of God in Cardiff
- Bristol Black Churches Council
- African Caribbean Churches Development Agency in Leicester.

I know there are many more. On my way here on the train I met some of my constituents engaged in Christian work among asylum seekers from Afghanistan. All of them deeply committed to serving, to proclaiming the faith, to bearing witness in their communities - and committed therefore also to empowerment in their communities, to helping provide economic opportunity in communities where, for far too many people, it has not been accessible in the past.

In the past, Governments did not recognise how important the contribution of churches, mosques and faith communities can be. We are getting to understand that now - we have further to go, but you can see from the participation today that Government is getting the message, and local government is getting it too.

I pay tribute to the depth of your commitment and to the contributions you are making. Let's work together in the months ahead to make the most of the opportunities that we share.

The prophet Micah wrote this:

"He has showed you, O man, what is good. And what does the Lord require of you? To act justly and to love mercy and to walk humbly with your God."

Thank you.