

**Response by the Social Enterprise Coalition to the Audit  
Commission Comprehensive Area Assessment: Joint  
Inspectorate Proposals for Consultation**

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**The Social Enterprise Coalition's Response to the Audit Commission Comprehensive Area Assessment: Joint Inspectorate Proposals for consultation**

1. The Social Enterprise Coalition (the 'Coalition') welcomes the opportunity to respond to the Audit Commission Comprehensive Area Assessment: Joint Inspectorate Proposals for consultation.
2. The Coalition was established in 2002 as the national voice of social enterprise. Social enterprises are businesses with primarily social or environmental objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. The Coalition represents a wide range of social enterprises, umbrella bodies and networks, with a combined membership reaching over 10,500 social enterprises. These include cooperatives and mutuals, Development Trusts and community enterprises, housing associations, leisure and football supporter's trusts and Social Firms. Social enterprises in the UK generate more than £27billion in turnover, and contribute more than £8 billion to GDP per year. In preparing this response the Coalition consulted widely with its members.
3. Social enterprises are both sustainable businesses and also provide innovative delivery of programmes tackling some of the most intractable of social problems. They do this through tackling multiple issues such as delivering skills improvement in employment, alongside support over behavioural, or drug and alcohol problems. By tackling these multiple problems through single activities social enterprises often contribute to the priorities of different agencies.
4. Social enterprises achieve improvement across the range of agencies commissioning services in local areas. As a result any assessment that is to be a fair representation of their 'added value' must capture the contribution made to the efforts of each of these agencies.

**Q1. Do you broadly agree with our proposals for the overall CAA framework?**

5. The Coalition recognises the need to ensure thorough and informative evaluations of the performance of local areas. The simpler approach of an area assessment and an organisational assessment in the CAA is welcomed as a means to capture information and evaluate the delivery of services and priorities in local areas.
6. The involvement of multiple assessments of organisations that feed into the area assessment of performance will allow the cross agency issues and priorities to be assessed holistically, rather than simply from each organisations perspective. This will compliment greater level of partnership that has been developed under the Local Area Agreement and Local Strategic Partnerships.
7. More importantly this cross agency assessment will also aid in capturing the 'added value' of social enterprises. This can only be done by taking note of improvements of individuals and communities across multiple of social and environmental indicators. Otherwise there is not a fair representation of

social enterprise. The general approach of the CAA to combine multiple organisation assessments to evaluate is a good basis to capture the work of social enterprises.

**Q2. Are the area assessment and the organisational Assessment as the two key elements of the framework, clearly explained?**

8. The organisational assessments and its equivalents cover the main statutory partner agencies, allowing a relationship between each organisation and an areas improvements to be identified so any remedial action or positive promotion can be targeted. Unfortunately it is not clear to what extent the organisational assessment would be extended to partners such as social enterprises, who are not statutory but deliver against local priorities. Would they be within the particular statutory organisational assessment? If not would they have their own organisational assessment? This needs to be made clear so that there can be a thorough assessment of the new framework and its implications.

**Q3. Is the link between these two assessments clear?**

9. The Coalition recognises that every detail of the assessment process is difficult to describe, and would lead to the proposals being unwieldy. The relationship between the area assessment and organisational assessment seems a little unclear with respect to the role of assessments of non-statutory organisations in the area assessment conclusions. Social enterprises deliver against area priorities and seek improvement against some of these key indicators. This needs to be captured in the area assessment but also reflected in the organisational assessment of local statutory organisation services.

**Q4. Do you agree that the three questions and supporting issues (see Appendix1) proposed for the area assessment are the right ones? If not, please suggest alternative questions and or issues.**

10. The Coalition agrees with the three questions as a broad basis for the area assessments allowing contact with the community, an assessment of delivery and ensuring that delivery is appropriate and sustainable.
11. Under question 2, in considering 'how well the outcomes and improvements are being delivered' the assessment must ensure that it does not just consider these issues in isolation. How well improvement in the health of an area is impacting on the well being of children and young people, or vice versa must be considered. The cross cutting solutions to social problems to be addressed.
12. Under question 3 concerning future improvement, the supporting issues must also look at other partners in the third and private sector, including social enterprises, to see what their contribution to

the improvement is and how that can be sustained. This is particularly important for social enterprises and for capturing sustainable, innovative solutions to the most intractable issues.

**Q5. Do you agree that we should use the green and red flag approach for reporting the area assessment? If not, please suggest an alternative approach.**

13. The Coalition has no comment other than that pointing out the contribution of non-statutory partners in this matter.

**Q6. Do you agree that we should have one overall effectiveness judgement, drawn from integrating the managing the performance theme and use of resources theme?**

14. The Coalition believes that to give constructive evaluation of any service or event requires an assessment of context. The management of performance and use of resources can be affected differently by different conditions and this needs to be part of the assessment to give a fair and equitable judgement, and to constructively develop solutions for organisations. This will particularly reflect on the successes of social enterprises working with specific and separate department, which have often longer term solutions delivering in the most difficult of communities. This needs to be reflected in any reporting.

**Q7. Do you agree with our proposals for the key questions and focus for managing performance theme of the organisational assessment for:**

- a) **Councils**
- b) **fire and rescue services?**

15. For both Councils and fire and rescue services the Coalition agrees with the proposals with the above issues taken into account concerning the representation of the particular dynamics of social enterprises.

**Q8. Which of the three options for scoring against the operational assessment should we adopt? If you disagree with all the options, please propose an alternative approach to scoring.**

16. The Coalition believes that the evaluation needs to take account of context and that this gives a more constructive set of solutions for development. Given that this is best done through a transparent presentation of information, option 3 will allow the four theme scores to be used to make a judgement on the organisational assessment.

**Q9. Do the proposals provide for an appropriate focus to be given to people in vulnerable circumstances?**

17. The assessment themes and supporting issues of the CAA consider the needs of vulnerable people as cross cutting focus. As a result the Coalition believes the needs of vulnerable people are given appropriate focus.

**Q10. Do you agree the CAA should evolve over time?**

18. It is essential that the CAA evolves over time. Due to the continuing development of new solutions to improving communities in the UK, and the different relationships that develop with statutory agencies, it is very important that new and more relevant data can be built in to the assessment.

**Q11. Do you broadly agree with the way we are proposing to use the National Indicator Set within the CAA Framework.**

19. Although the Coalition agrees that the use of the National Indicator Set is contextually sound, the Coalition has major concerns with the indicators that relate to local authority support for social enterprises. Reporting would be focused on NI6 and NI7. NI6 is about volunteering and not representative of social enterprises, and NI7 gives very little detail of how social enterprises deliver through empowerment.
20. NI7 deals with the third sector as a whole. Given the difference in relationships with local authorities between social enterprises and traditional voluntary and community organisations (e.g. between delivering services under contract and applying for grants) it is imperative that these differences be understood. This is especially so because LA actions will have different impacts on SE and the VCS.
21. Lastly, the means of developing the sampling frame for the National Survey of Third Sector Organisations makes it likely that registered charities will be over-represented in comparison to social enterprises, which should be borne in mind when making assessments with different effects within the wider third sector.

**Q12. Do you support our proposals to report the assessments as set out in our prototype CAA reporting Tool? If not? Please suggest alternative proposals for reporting.**

22. The Coalition has no comment.

**Q13. Do you agree with our proposals for peer involvement? If you have other suggestions about this, please outline your ideas.**

23. The Coalition has no comment.

**Q.14. Do you agree with our approach to self-evaluation?**

24. The Coalition has no comment.

**Q15. Do you agree with our approach to gather relevant information from sources such as the Citizens Advice Bureaux and Regional Business Forums? Are there any other sources we should consider?**

25. The Coalition recognises and supports the need for the CAA tool to gather information from alternative and partner forums. This is essential to get context and the fullest understanding of working in the conditions of that local authority. To ensure fair representation of the issues facing social enterprises it is necessary to include regional social enterprise networks, and potentially national social enterprise umbrella organisations, to understand the specific issues facing these organisations and their clients, these being often the most the most vulnerable in the community.

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