

**Response by the Social Enterprise Coalition to the Department
for Business, Enterprise and Regulatory Reform of Limited
Partnerships Law: A Legislative Reform Order to repeal and
replace the Limited Partnerships ACT 1907: A consultation
document**

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The Social Enterprise Coalition's Response to the Department for Business , Enterprise and Regulatory Reform of Limited Partnerships Law: A Legislative Reform Order to repeal and replace the Limited Partnerships ACT 1907: A consultation Document

1. The Social Enterprise Coalition (the 'Coalition') welcomes the opportunity to respond to the Department for Business , Enterprise and Regulatory Reform of Limited Partnerships Law: A Legislative Reform Order to repeal and replace the Limited Partnerships ACT 1907: A consultation Document.
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 £27 billion in turnover, and contribute more than £8 billion to GDP per year. In preparing this response the Coalition consulted widely with its members.
3. The Coalition believes that the Reform of Limited Partnerships will have minor implications for social enterprises using this structure. We agree with the proposals to reduce administrative burdens and increase the competitiveness of LP structure so will submit this headline note covering a few points.
4. The limited partnership structure is used to a small degree by social enterprises, but is not a very prominent. These changes will not increase or decrease the additional burdens of requiring Memorandums of Understanding and Partnership Agreements stating social purpose for social enterprises.
5. The proposal for LP's to keep an update of partnerships at their registered office, and provide an annual return would not maintain parity of administrative burden with limited liability partnerships, that have to submit partner changes within 28 days. This reduces the attractiveness of LLP's.
6. The Coalition wish to ensure that the LP structure, when used by social enterprises, is not used inappropriately by investors (through limited partners) but is flexible enough to attract investment. The Coalition recognises that the current position is an excessive burden on limited partners but do not want liability of limited partners limited too much. Therefore the second option for a longer period of liability rather than the proposed change of 1 year is recommended.
7. The LP will not gain a legal personality and therefore cannot in itself do certain things, such as own property for example. This is limitation for the structure to be used for social enterprise activities. This would require primary legislation as therefore is outside the scope of this consultation. In line with the Law Commission the Coalition believe this issue needs addressed.

Policy Team
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November 2008