

**Response by the Social Enterprise Coalition to the Department
of Communities and Local Government Empowerment Fund:
Consultation on proposals for funding and third sector
organisations to empower communities across England.**

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The Social Enterprise Coalition's Response to the Department for Communities and Local Government Empowerment Fund: Consultation on proposals for funding and third sector organisations to empower communities across England

1. The Social Enterprise Coalition (the 'Coalition') welcomes the opportunity to respond to the Department for Communities and Local Government Empowerment Fund: Consultation on proposals for funding third sector organisations to empower communities across England
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, housing associations, leisure and football supporter's trusts, community enterprises, development 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 empowerment agenda is an important method by which democratic involvement and the delivery of services will be developed in the UK. Third sector organisations and particularly social enterprises will have a central role in delivering the means to empower communities.
4. It is essential that there are resources available to support the third sector in delivering this new infrastructure and empowerment agenda. The Coalition welcomes the Empowerment Fund as a mechanism provide funding support for third sector organisations to empower communities across England.
5. The Empowerment Fund will provide assistance to organisations that are meeting the aims of the empowerment white paper. As such it is providing stable funding for those organisations whose current plans already deliver this activity. As such there is limited information on the additional objectives or developments the Empowerment Fund would seek to achieve. A government outline of indicators by which to measure success would enable a more meaningful assessment of the funds efficacy.
6. The proposals state that power for the fund is derived from Section 70 of the Charities Act 2006 which identifies eligible third sector organisations as 'charitable, benevolent, and philanthropic institutions'. The Office of the Third Sector defines the third sector as follows.

'non-governmental organisations that are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals' (Third Sector Review 2007)

There is concern that the definition of third sector organisation in the proposals is not the same as the Office for the Third Sectors definition and may preclude social enterprises. The inclusion of a theme to support social enterprises indicates that social enterprises are intended to be included but clarity around the definition to be used is necessary.

This issue is further compounded in that the eligibility criteria state that the fund cannot be given to an 'organisation for private gain'. This is a legitimate criteria but lacks the clarity necessary as employee or community owned cooperatives could be argued to operate for private gain of the members. Therefore this would make major parts of the social enterprise movement, that are included in the OTS definition of the third sector, ineligible. The definition of eligible organisations needs to be clarified and made consistent with the third sector definition across government.

7. The ineligibility criteria identifies that organisations that already receive central government funding for activities relating to the themes for eligibility would not be eligible for funding. Given the specialisation of some of the themes (*Social Enterprise, Community and Social Media*), it is concern that there are very few organisations with the appropriate knowledge; the national scope and the appropriate level of income who are not already in receipt of some central government funding. These organisations would be found to be ineligible yet in many cases there would not be alternative organisations to fill that gap. This could lead to certain themes not being delivered to the extent anticipated.

a) Are the proposed set levels of funding appropriate?

8. The Empowerment Fund totals £7.5 million over from 2008 to 2011. It aims to assist third sector organisations with scope across England to support local community organisations fulfil the aim of the empowerment agenda.
9. The scope of the fund, in delivering support to national organisations to subsequently support local community organisations, does appear to be considerable given the scale of the resources available. The empowerment agenda, although considerably more beneficial to communities suffering exclusion, needs to be embedded across England making support for every community a potential outcome. As such the Coalition is concerned that the fund is not large enough to support the proposed objectives.
10. The proposals involve the fund being split into two levels of funding dependent on the income of the organisations. This excludes smaller organisations with income below £400000 regardless of their geographic scope. We believe this will restrict potential success by limiting the available resources from the Empowerment Fund for many community based national organisations that have a low income.

b) Do the Empowerment themes set out in section 3 of the draft prospectus merit support from the Empowerment Fund given the Fund's objectives?

11. The Coalition welcomes the specific theme of *Social Enterprise* contained in the proposals for the Empowerment Fund. This fits in neatly with the central role social enterprise will play in facilitating community ownership of services to promote empowerment within communities.
12. The Coalition believes it would be helpful if the proposals contained the anticipated distribution of resources between themes the DCLG expects. The priorities among these themes of the DCLG and the White Paper are unclear and some, such as *Community Development*, *Community Leadership* and *Community involvement in planning*, are cross cutting themes. If applicants are expected to meet the objectives of one theme, or various themes, some information on the priorities of the department would help the fund meet its objectives.

c) Should any of the themes in the draft Prospectus be omitted or others included if the Empowerment Fund is to achieve its objectives?

13. Most of the themes set out in section 3 do relate to the issues identified in the empowerment agenda. The theme on '*improving communication between councillors and citizens*' does not seem relevant for the empowerment agenda. The responsibility for communicating to citizens sits with councillors, and the Duty to Promote Democracy in the White Paper acknowledges this. For central government to support third sector organisations in communities to ensure that this happens seems to divert from their most appropriate use and shift responsibility from local authorities whose remit it is to commit resources to developing these forums.

d) Are different arrangements required for community involvement in planning?

14. *Community Involvement in Planning* as a theme is a significantly important area to focus activity. This theme is important for the fulfilling the empowerment agenda in all communities and therefore will require significant resources. This might be difficult to attain as 1 theme among 8 other competing themes.
15. Similarly there is an issue of who will apply for funding under this theme. Whereas other themes may very well be less important for empowering and involving communities in decision making than developing the planning system, there could very well be a significantly higher number of applicants working in, for example, *Community Development*. Therefore stimulating appropriate work on community planning may be difficult under the empowerment fund. It could be more beneficial to use a mechanism of including *Community involvement in planning* as a factor under other themes' development of community engagement mechanisms. This would also meet the cross cutting nature of planning issues as a specific subject matter in general community engagement strategies.

e) Do you have any comments on the design of the application form?

16. The simplicity of the application form is welcome. However the level of detail required by the form is limited considering the complicated and extensive nature of the delivery of the empowerment agenda under any of the themes. This is compounded by the possibility of delivering against multiple themes as well as just single themes. As the application process evidences that there will be only the single submission that will be considered through all three stages. The Coalition would advise that a greater level of detail is required on how the organisation would meet the objectives of the Empowerment Fund.