

**Response by the Social Enterprise Coalition to the consultation on  
Refreshing the Compact: A framework for partnership working**

**Contact:** Olof Jonsdottir

**Telephone:** 020 7793 2321

**Email:** [olof.jonsdottir@socialenterprise.org.uk](mailto:olof.jonsdottir@socialenterprise.org.uk)

## Introduction

The Social Enterprise Coalition (the Coalition) welcomes the opportunity to respond to the Commission for the Compact's consultation on Refreshing the Compact: A framework for partnership working.

The Coalition was established in 2002 as the national voice of social enterprise. We represent a wide range of social enterprises, umbrella bodies and networks, with a combined membership reaching over 10,500 social enterprises. These include co-operatives and mutuals, development trusts, housing associations, leisure and football supporters' trusts and Social Firms. This response was informed by consultation with members of the Coalition.

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 recognises the government's ongoing commitment to improving relations with the third sector and we welcome this review of the Compact to take into consideration developments in the third sector and better reflect the current situation.

### **Question: Is the Compact relevant and applicable to the wide range of organisations that make up the third sector? If not, who is excluded and what would need to change in the refreshed Compact to secure their engagement?**

1. Prior to this review, the original Compact only related to a narrow section of government relationships with the third sector, and commissioning and procurement relationships were only covered as an add-on to the document. Because of this it was widely considered by social enterprises not to be relevant to many of their relationships with government.
2. The Coalition therefore welcomes the full inclusion of commissioning and contractual relationships between government and the third sector within the main body of the refreshed Compact document.
3. The Coalition further recognises its role in alerting social enterprises to the refreshed document in order to raise awareness of its inclusion of these contractual relationships.
4. However, whilst the Coalition welcomes the inclusion of commissioning and contractual relationships between government and the third sector as an improvement to the Compact, there remain limits to the scope of this section of the document.
5. Firstly, the commissioning and contractual relationships covered in this document relate only to the delivery of public services. Whilst there are many social enterprises to which this is highly relevant, it nonetheless represents a limitation which excludes the relationships between other social enterprises and public bodies.
6. For example, there are a wide range of social enterprises delivering supplies such as catering, stationery, or providing services such as cleaning, which are not covered by the

Compact. However, value-led considerations to procuring these services and supplies should also be embedded within government spending decisions.

7. Secondly, the commissioning and contractual relationships covered in the document do not apply to government spin-outs.
8. Spin-outs, which are already an important issue on the health agenda, are of growing importance in a wide range of policy fields. In order to ensure the relevance of the refreshed Compact for the current situation and to prevent the need for an additional review of the Compact's scope in the near future, the Coalition recommends that spin-outs be included in the refreshed document.
9. Thirdly, there is an issue relating to the language concerning costs for third sector organisations in the section on commissioning and contractual relationships.
10. Point 9.1 of the 'understanding costs' section states that grant programmes should "allow organisations to appropriately allocate and recover relevant and reasonable overhead costs".
11. Whilst in other areas of this section there is a recognition of the need for consistency in the treatment of organisations in all sectors, the language used in 9.1 regarding 'allowing' third sector organisations to recover costs is not language which would ever be considered appropriate in relation to the private sector. Recovering costs should not be viewed as normal practice for the private sector but as an 'allowance' where the third sector is concerned, and this inconsistency needs to be addressed in order to enable a fair and level playing field for organisations from all sectors.
12. Finally, the Coalition recognises that the aims of the Compact in terms of improving relations between government and the third sector are very worthwhile, and the refreshed Compact represents a clear improvement on the previous document.
13. Nevertheless, the Coalition believes that whilst the Compact has potential as a vehicle for improving relations, what is fundamentally missing is an approach which embeds social and environmental values within the commissioning system, and which places social and environmental outcomes at the heart of all government spending decisions.