

**Response by the Social Enterprise Coalition to the Department  
for Education and Skills Third Sector Strategy and Action Plan**

## **Introduction**

1. The Social Enterprise Coalition ("the Coalition") welcomes the opportunity to respond to the Department for Education and Skills Third Sector Strategy and Action Plan. We have responded to the main headings.
2. The Coalition was established in 2002 as the national voice of social enterprise. 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 co-operatives and mutuals, development trusts, housing associations, leisure and football supporters' trusts and Social Firms. 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. This response was informed by consultation with members of the Coalition practicing in education and children and young people's services.
3. The Coalition is supportive of the strategy and action plan. We particularly welcome the commitment to identify and promote suitable start up opportunities for new social enterprises (with the proviso that appropriate and high quality support is made available through publicly funded channels) and to promote social enterprise within the education system.
4. We believe that social enterprises can make a real and sustained contribution to children and young people's services applying innovative and efficient approaches to addressing the complex and diverse needs of children and young people. Further embedding social enterprise within the education system can contribute to a generation of young people who are aware that financial success and social and environmental benefits do not have to be mutually exclusive.

## **Key recommendations**

5. The Coalition recommends a comprehensive programme both to implement the recommendations identified in this framework and fully engage social enterprises in service delivery. This should include:
  - re-defining value-for-money, ensuring commissioners are aware of the wider social, environmental and economic impacts of their decisions;
  - increasing commissioners understanding of social enterprises and the role they can play in delivering children and young people's services.

This will require a significant culture change at a local authority level.

## **Voice and Campaigning – enabling individuals' and groups' voices to be heard**

6. The Coalition welcomes the emphasis on increasing the involvement of users in the delivery of local services. The Coalition believes that this is an area where social enterprises could play an integral role. Particularly given that a key characteristic of social enterprises is often a close understanding of and commitment to their client groups often including the involvement of these clients in the organisational structure.

7. Additionally involving users in the delivery of services will require strong relationships to be developed requires relationship building that traditionally has not occurred in any great scale to date in children and young peoples services. The Coalition would like to know what measures will be put in place to ensure that the decisions made by commissioners *fully* represent the needs of the children and young people they represent and to ensure they have the capacity to reach these individuals. Further the Coalition would like to know how this will be monitored in practice.

### **Transforming Public Services**

8. The Coalition is supportive of the identified role of the third sector in transforming public services, particularly the analysis of the diverse markets in which the third sector and social enterprise specifically operates.
9. We are particularly supportive of the recognition that third sector providers operate across a number of services rather than in a single delivery line. The ability to meet multiple public service agendas is a key characteristic of social enterprises and we would therefore urge the DFES to encourage support of such activity.
10. The Coalition would therefore like to see the development of more unified commissioning and programme budgets including: children and young people's services; social care; housing; healthcare and benefits. The aims of the Every Child Matters agenda cannot be achieved until such commissioning becomes the norm. At present there are few examples of holistic approaches to commissioning, including more strategic needs assessments with different commissioners having different budgets, timelines inhibiting third sector organisations from adopting joined up approaches to children and young people's services.
11. Commissioners should be incentivised for meeting multiple objectives and joining up different types of service for efficiency gains. Work carried out by the new economics foundation on local multipliers has demonstrated that by spending locally, procurement expenditure can play a role in stimulating local economies<sup>1</sup>. Commissioners consequently need to reassess what constitutes value for money to take into consideration wider social, environmental and economic gains. Commissioners should also be incentivised to commission preventative solutions to some of the problems facing children and young people's services.
12. The Coalition supports the introduction of Individual Budgets for disabled young people as a way to empower individuals to have more power to take control of their care. This allows a greater degree of flexibility of services tailored to each individual's specific needs. We believe that this could also assist in the transition from child to adult services. We are informed by our members that there are large inconsistencies at present in the quality by which such transitional services are managed and delivered.
13. Our consultation has highlighted a disparate understanding by commissioners of what constitutes a social enterprise, their potential role in delivering children and young people's services and the added social benefits they bring. To address this we recommend an intensive and extensive capacity building programme to bring about the required cultural change including increasing commissioners understanding of social enterprises, ensuring they are aware of the wider social, environmental and economic impacts of their decisions and are empowered to take advantage of the innovation that social enterprises can offer.

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<sup>1</sup> [http://www.neweconomics.org/gen/newways\\_socialreturn.aspx](http://www.neweconomics.org/gen/newways_socialreturn.aspx)

14. Commissioners are often reluctant to contract to social enterprises given the perceived risk involved and that often they are not on the 'approved provider list'. This, combined with the scale of competing demands facing commissioners as set out in this framework, may result in increased commissioning to larger providers, perceived by commissioners to be lower risk, at the likely disadvantage of social enterprises, particularly those that are smaller scale or with specialist areas of expertise. The Coalition believes measures need to be in place to support and incentivise commissioners to shift investment into new models of service.

### **Social Enterprises**

15. The Coalition is delighted that DFES has recognised the unique role that social enterprises can play in delivering joint objectives. The Coalition looks forward to continuing to work with the now Department of Children, Schools and Families, to ensure that social enterprises is recognised within the education curriculum and as a key service provider in delivering children and young people's services.
16. We welcome the acknowledgement that certain markets remain underdeveloped and that start up social enterprises could play a role in particular with regard to children in care. We would urge the DFES to acknowledge that this is one of a number of underserved and underdeveloped markets.
17. Additionally, we are pleased to see social enterprise included in the recently published draft GCSE subject criteria. However, we believe that the QCA guidelines do not adequately address the unique nature of social enterprise both as a business model with different motivations to traditional business and with regard to the social and environmental outcomes social enterprise offers. We have responded independently to the QCA on this matter suggesting that the guidelines be amended to consider how business models can be used to bring about social and environmental change and deliver social and environmental outcomes.

### **Supporting the environment for a healthy third sector**

18. The Coalition welcomes the recognition that supporting an environment whereby the third sector can operate is essential part in enabling the third sector to contribute to children and young people's services. As recognised in this strategy, commissioning is about more than just procurement, and a greater standardisation and clarity on the use of the term is often required at a local level.
19. We concur that in order for the collaboration suggested within this strategy to be achieved sufficient time and resources will need to be allocated to allow genuine partnerships to emerge. Social enterprises and other third sector organisations often play a number of roles, including identifying need, designing solutions and delivering services, all of these require recognition if services are to be genuinely transformed. Consequently we are highly supportive of a number of the proposals here, particularly the review of loss leader arrangements to assist in breaking into new markets and to facilitate the piloting of new service delivery models.
20. While we support full cost recovery, we are concerned that a focus on promoting the Gershon principles could result in smaller providers with niche areas of expertise being excluded from the market as local authorities aggregate contracts.
21. The Coalition is supportive of standard contracts if they are able to reduce the administrative burden and associated costs facing smaller organisations and if they facilitate increased focus

on the actual services rather than the legal framework within which they are delivered. Their standardisation could also serve as a monitoring tool to make comparisons between service providers and their impact.

22. The Coalition would welcome the opportunity to discuss these comments further with the Department for Children, Schools and Families.
23. Should you wish to discuss this matter further please contact Ceri Jones on [Ceri.jones@socialenterprise.org.uk](mailto:Ceri.jones@socialenterprise.org.uk) or 020 7793 2320

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