

**Response by the Social Enterprise Coalition to the Ministry of
Justice Third Sector Strategy consultation**

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The Social Enterprise Coalition's Response to the Ministry of Justice Third Sector Strategy consultation

1. The Social Enterprise Coalition (the 'Coalition') welcomes the opportunity to respond to the Ministry of Justice Third Sector Strategy 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 of over 10,500 social enterprises. These include co-operatives and mutuals, housing associations, leisure and football supporters' trusts and Social Firms. Social enterprises in the UK generate more than £27 billion in turnover, and contribute more £8 billion to GDP per year. In preparing this response the Coalition consulted widely with its members.
3. The Coalition is supportive of the need for a Ministry of Justice (MoJ) third sector strategy. We believe that social enterprises can make a real and sustained contribution to the department's objectives specifically with regard to supporting
 - a vigorous democracy in which everyone can influence decisions which affect their lives;
 - efficient and effective delivery of justice;
 - helping to protect the public and reduce offending;
 - creating a culture of rights and responsibilities so both can be delivered effectively;
 - Help to avoid and resolve civil and family disputes;
4. The third sector is an incredibly diverse sector with organisations in a variety of formats, services, and need. Social Enterprises are one part of this as profit making businesses which are set up to tackle a social or environmental need. They can include Charities, companies limited by guarantee or shares, cooperative and mutual societies, Development Trusts and Community Interest Companies. There are a large number of social enterprises in the third sector, but social enterprises also include companies in the private sector that primarily provide solutions to social and environmental issues, rather than achieving profit for owners or shareholders.
5. Social enterprises in the criminal justice system will not be exclusively captured under the third sector strategy, and this should be considered in the development of all MoJ strategies, priorities, commissioning, and procurement.

Q1. Do you agree with the overall approach, and in particular setting an overarching Ministry of Justice Third Sector Strategy as the basis for more business specific planning?

6. The Coalition welcomes the establishment of a strategy which would support and guide the MoJ in furthering its engagement with the third sector.
7. We believe it is necessary for the strategy to recognise the cross sector nature of social enterprises involving both this sector organisations and private sectors

organisations achieving social goals. This diversity places social enterprises in a particularly innovative and sustainable position, and needs to be considered in the development of any strategy for the MoJ

8. The Coalition recommends instituting a specific Social Enterprise Unit in the MoJ to develop the strategic position with partners that recognises the particular conditions on social enterprises. It would identify and aid in removing specific barriers and encouraging more social enterprise involvement in the delivery of services.

Q2. Voice and campaigning: Do you agree that our priorities for further work will support our ambitions?

9. The Coalition welcomes MoJ's commitment to ensuring that third sector organisations have a role in shaping policies and services. Social enterprises often have expert knowledge of their local communities and environments, and this knowledge is invaluable in informing policy and service design at national and local levels.
10. In particular, social enterprises are extremely successful in engaging with hard to reach groups and as such they are well placed to provide insights into how best to meet the needs of marginalised sections of society.
11. Due to their expertise with hard to reach groups, social enterprises are experienced and knowledgeable to support the MoJ in fulfilling their aims to design services that meet their own diversity and equality commitments.
12. In order to ensure that social enterprises are able to use their expertise to influence policy and service delivery, the Coalition supports MoJ's commitment to empowering the voice of the third sector. We would welcome further information on how MoJ might meet this objective.
13. The Coalition believes that MoJ's assurance to improve communication between policy leads, commissioners and the third sector is vital in terms of enhancing the contribution of the sector to MoJ's work. This communication is essential to promoting an understanding of third sector organisations amongst policy makers and commissioners, without which understanding policy and service design cannot support a greater role for the third sector.
14. Evidence from social enterprise activity relating to local government contracts linked to other government departments supports this view, and there is widespread agreement that there is a lack of understanding about social enterprise amongst local government commissioners. It is imperative that this is addressed at central government through policies such as the MoJ's third sector strategy.
15. There remains a significant gap between policy intentions and the reality of commissioning, procurement and the delivery of services, among the agencies of the MoJ. Specifically a lack of joined up development of policy across the whole of government and the MoJ has led to social enterprises being excluded from delivery. Specific examples of this would be the 3% cashable efficiency savings required of all public sector agencies, which excludes recognition of the long term, cross agency and PSA achievements so prevalent among delivery by social enterprises. Similarly social enterprises delivering employment schemes in prisons are significantly limited

in terms of profitability and sustainability through restrictions on prisons engaging in commercial activity. The MoJ should use develop holistic policy approaches in conjunction with other departments to ensure consistency, flexibility and the involvement of social enterprise partners to understand the experiences of organisations on the ground.

Q3. Strengthening communities: Do you agree that our priorities for further work will support our ambitions?

16. The Coalition welcomes the MoJ's recognition of the role of the third sector for strengthening local communities. The improvement of engagement with local groups, possibly through anchor organisations, bases support services in the communities the agencies serve. It also develops opportunities for feedback and improved responses to local community needs but should not be seen as a single route to encouraging more community involvement. The Coalition will be interested to see a strategy that uses anchor organisations as one option among many.
17. Social enterprises provide innovative and holistic solutions to some of the most pressing needs of people who become involved in the Criminal Justice System (CJS). The Coalition believes it is essential that the MOJ supports solutions to the multiple needs of service users of the CJS through multiple work streams of education, employment, health, social exclusion, as well as direct services.
18. Addressing the issues which lead to people entering the CJS require acknowledgement of local knowledge and local solutions, rather than a one size fits all. The overarching priority of the MoJ to use organisations working locally, allows the most appropriate activities to solve the problems facing the client groups.
19. To ensure consistency of achievement across England and Wales the Coalition recognizes the need for central Government priorities, but the innovation that characterises the benefits of third sector, particularly social enterprises, must be given the opportunity to create local solutions for local needs. As such any Ministerial priorities must help empower social enterprises and not determine the direct the delivery of services locally.
20. Although the need for the MoJ to help support excluded young people and families and tackle social exclusion is necessary. The third sector, and particularly social enterprises, succeeds in addressing the causes and issues through flexible and diverse solutions. Therefore its expertise in tackling exclusion must be allowed to provide alternative routes and types of social inclusion.
21. The Coalition supports the use of volunteering and mentoring in the public service delivery as it can provide the flexible skills and motivated staff required. But in line with Compact principles all statutory agency services delivered in this way must ensure full and fair reimbursement of volunteer expenses and time to engender confidence and maintain commitment in the staffing of services.
22. Social Clauses could offer a positive method to embed community needs into the commissioning and procurement of service delivery, but there is very little information on their success or experiences of their use in improving access of social enterprises. The Coalition would like to see this developed only with a robust and comprehensive evidence base of the success of social clauses, and with a

comprehensive and joined up policy defining not only how and when, but for what intention social clauses should be used.

Q4. Transforming services: Do you agree that our priorities for further work will support our ambitions?

23. The inclusion of third sector in service design and shaping market is welcomed by the Coalition as a means to achieve the best local solutions. One danger is that the scope of sector involvement can be too narrow leading to reduced opportunities for other providers, or innovative solutions not being recognised. To avoid this MoJ and statutory agencies must ensure that the markets are not only shaped but also stimulated to involve the widest possible sector involvement, specifically social enterprises.
24. The Coalition encourages the reduction of barriers for other organisations to deliver public services. Further third and private sector involvement must also be encouraged through a parallel proactive promotion of these opportunities to ensure fair access to the market.
25. The recognition of statutory agency responsibility to aid the capacity building of the third sector is welcomed by the Coalition. The need to develop organisations to demonstrate concrete outcomes must also work alongside recognising benefit of social enterprises to deliver value for money through achieving financial and social outcomes and sustainability.
26. The Coalition believes that it is essential that social enterprises are recognised as delivering multiple outcomes. Developing Commissioner training to achieve this recognition, and identify the opportunities for joint commissioning, will encourage greater involvement social enterprises and the third sector.
27. The use of compact principles in contracting and working with the third sector is useful in setting some standards of relations with some voluntary and community organisations. But the Compact does not recognise the needs and the conditions upon the wider third sector, such as social enterprises, and does not provide effective indicators for measuring the success of social enterprise delivery. The Coalition will be interested to get more information on how the MoJ intends to develop an effective indicator for work with social enterprises.
28. Partnerships across sectors are an important element in delivering public service effectively and efficiently. MoJ needs to recognise that social enterprises by their very nature cut across sectors, trading to achieve a social purpose and gaining the advantages of third sector innovation with private sector sustainability. As a result social enterprises are perfectly placed to deliver this priority.
29. The Coalition supports streamlining reporting arrangements and service improvement assessments to ensure a level playing field for all potential third and private sector involvement. In doing so the priority to recognise necessary work across multiple work streams and agencies must be built into any new arrangements to ensure fair recognition of the entirety of the social benefits of social enterprise delivery of service.

Q5. Social Enterprise: Do you agree that our priorities for further work will support our ambitions?

30. It is important, as mentioned under question 4, to remove barriers and shape markets to improve access to social enterprises. The Coalition also believes that the stimulation of markets must be developed through a flexibility in how contracts for commissioning are designed at a national and local level; taking into account the size of the contract to be delivered; involving multiple organizations in delivery; and offering supportive terms, such as recognising the difficulty of taking on the cost of insurance in the CJS sector for smaller or new organisations. The MoJ must provide leadership supporting local agencies to solve these problems with the local providers in their areas and across regions.
31. To increase the involvement of social enterprises in delivery, and solve any difficulties in gaining access to CJS markets, the MoJ must consult as widely as possible. Using social enterprise ambassadors are one source of useful experience, but the MoJ must develop a strategy of encouraging local consultation and relationship building with regional networks of social enterprises. It should also recruit strategic partners representing these networks to communicate changes, developments, and experiences of the sector on a national level.
32. The MoJ should work to raise awareness among commissioners of the opportunities offered by social enterprises to deliver innovative and successful solutions. Although risk sharing issues are important considerations for commissioners, the risks for social enterprises, such as investing in preparation for an unsuccessful bid, must be recognised as potential barriers to access. MoJ should ensure this recognition of the position, experience, and risks for social enterprises are part of commissioner development.

RECOMMENDATIONS

33. A Social Enterprise Unit should be instituted within the MoJ to develop policy to ensure an environment conducive to the involvement of social enterprises in service delivery in the CJS. This should involve strategic partners who can advise on the experiences and conditions of social enterprises in the context of the third sector and beyond.
34. The MoJ should make representations to other departments regarding the limiting impact of cross cutting policy requirements on using social enterprises and the third sector to deliver services. Policy should be developed in a joined approach, with strategic partners, to ensure no unforeseen impacts area detriment to the sustainable benefits of the social enterprises.
35. The MoJ should encourage and facilitate communication mechanisms between policy leads, commissioners, and the third sector- particularly social enterprises - at a local level.
36. MoJ to encourage local social enterprises involvement in the design of local delivery to ensure services are both appropriate to the needs, and aids the stimulation of markets for greater growth in the sector.
37. The MoJ should simplify the commissioning processes within the CJS agencies, including training commissioners to increase awareness, recognition, and procurement of social enterprise services.

Social Enterprise Coalition
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