

The Social Enterprise Coalition's response to the Green Paper, 'A Stronger Society - Voluntary Action in the 21st Century'

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The Social Enterprise Coalition welcomes the support of the Conservative party for social enterprise. We believe that the Green Paper contains a number of commitments that could significantly improve the operating environment of social enterprises and therefore their ability to make tangible social and environmental impacts.

Many of the commitments for social enterprise focus on a number of the policy recommendations made within the Social Enterprise Zones report released in 2007. While the Coalition welcomes the recognition and understanding of factors that could improve the operating environment for social enterprises such as investment, planning and tax relief we remain concerned at the geographic limitations of these zones. We understand and promote the role of social enterprise in regenerating deprived communities, however, many of the largest social and environmental challenges facing the UK are not constrained geographically, and limiting support to these zones could prevent social enterprises from offering sustainable solutions to such challenges. We believe that the investment, planning and tax relief packages proposed should be available across the UK and that the Conservative party should apply caution in how they define areas of greatest need.

We are pleased to see commitments to the Social Investment Bank. This is an area that the Coalition has worked hard to influence and we are pleased to see its recognition in the Green Paper. We will continue to support and work with the Commission on Unclaimed Assets and Social Finance in establishing a social investment bank. We are supportive of the premise that the social investment bank be an independent institution that is able to respond to the diverse investment needs of social enterprises and provide long term support.

The Green Paper's commitments to reforming the commissioning and procurement of public services to ensure a more level playing field for social enterprise are most welcome. The Coalition has long argued for a simplification and streamlining of the commissioning process, including: the need for outcomes-based rather than process-based commissioning; the move from risk avoidance to risk management; simplified procurement processes and the disaggregation of contracts where appropriate. We are particularly pleased to see a commitment made to contracts being allocated on the basis of price rather than full cost

recovery and the acknowledgement of this as a principal barrier to the growth of social enterprises working in the public service markets.

The Coalition commends the commitments made to co-operatives as a key form of social enterprise. The traditional co-operative values underpin the ethos of social enterprise. We are highly supportive of community owned organisations and the role they can play in transforming public services, owning and running community assets and in regenerating communities. There are already many successful social enterprises with co-operative or mutual structures delivering public services and we believe that this is an area with great potential growth.

However, we are concerned that the paper implies that only organisations modelled on a co-operative structure should be helped to own and run community assets. There are a number of other social enterprise models, using various legal structures that offer a similar form of community and employee involvement and ownership, such as community interest companies that we believe should also be supported in their growth. Furthermore, there are for example nearly 500 development trusts successfully owning and managing community assets, not least the Sunlight Development Trust where the Green Paper was launched. We would like to see support for greater community asset ownership apply to all forms of community-based social enterprise, with the key requirement in terms of legal form not that they must be a co-operative but rather that they must have an 'asset lock', in order to safeguard the public benefit in perpetuity.

The Coalition also has some concerns regarding a confusion that is demonstrated throughout the paper on what constitutes a social enterprise. Social enterprises are first and foremost businesses, they are not voluntary organisations. The Coalition recognises that overlaps exist between social enterprises and the voluntary sector with regard to being organisations with social or environmental objectives. However, social enterprises are about creating paid employment at market rates and building skills, we are concerned that by grouping these organisations in this way, the '*business*' needs of social enterprises will fail to be addressed and it is here that the needs of social enterprise are often distinct from those of the voluntary sector. The Green Paper at present fails to recognise many of social enterprises' unique business needs and their role in boosting productivity, increasing competition and creating employment, skills and prosperity.

We feel this is confirmed in the 20 top policy pledges in the Green Paper which are disproportionately supportive of voluntary organisations rather than social enterprises and their needs as businesses.

We look forward to continuing to work with the Conservative Party to shape this paper. Should you have any comments please address them to Ceri Jones at ceri.jones@socialenterprise.org.uk

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