

**Response by the Social Enterprise Coalition to the Department for
Communities and Local Government Cohesion Guidance for
Funders consultation**

Contact: Ewan Kennedy

Telephone: 020 7793 2325

Email: ewan.kennedy@socialenterprise.org.uk

The Social Enterprise Coalition's Response to the Department for Communities and Local Government Cohesion guidance for Funders consultation

1. The Social Enterprise Coalition (the 'Coalition') welcomes the opportunity to respond to the Department for Communities and Local Government Cohesion Guidance for Funders.
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 Department of Communities and Local Government (DCLG) providing guidance for Local Authority funders to advise on how the issue of 'single group funding' should be addressed.
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 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. The Commission for Integration and Cohesion *Our Shared Futures* report identified in Annex D certain problems that can stem from the provision of 'single group funding'. The Coalition recognises that although this referred to funding given to Voluntary and Community organisations of Black, Asian and Minority Ethnic Communities (BAME) that the issue cannot be seen as only reflective of the activities of these organisations and must be a considered of all organisations that receive funding to deliver services.
6. Social Enterprises' success is shaped by addressing needs within and across communities, and relying on a mix of funding streams including trading, grant aid and contracts from Local Authority and Statutory providers. They are successful by addressing unmet needs, often specific to a 'single group'. As a result the consequences of limiting 'single group funding' can have a disproportionate effect on the third sector, particularly social enterprises fulfilling specific needs of certain communities.

Q1. Are these principles the right basis for this guidance?

7. The Coalition welcomes the development of guidance to help funders use their resources to promote community cohesion.
8. On publication of the Commission for Integration and Cohesion *Our Shared Futures* report Annex D emphasised that there should be a presumption against funding the activities of 'single groups'. Other than a reference to the Cattle report stating '*Funding bodies should presume against separate funding of distinct communities, and require collaborative working.*' there is no definition of what constitutes a 'single group' for the purposes of funding. The Coalition recognises that in as diverse as society as the UK, with many different identities and communities based on, but not exclusive to ethnicity, nationality, age, gender, sexuality, faith, disability, residence, employment and culture it can be exclusionary to give too exacting a definition. But it is a requirement for consistent and quality delivery of funding decisions to support funders in defining what a single group is.

9. Although the Coalition recommends a more applicable definition of the term 'single group' it welcomes that the guidance includes the principle that specific needs of 'single groups' will exist. This was a fundamental plank of criticism levelled at the Commission for Integration and Cohesion report. The recognition that there will be specific evidenced needs, and that in these cases these groups need support in delivering of specific services to 'distinct communities', will allow both groups and communities to interact from a basis of equal life chances. This is an essential element of fostering cohesion.
10. **In the move of local authorities away from 'single group' funding there is a danger that the responsibility to evidence multiple community involvement will be focused on specific BAME community activities, rather than more mainstream provision, or majority community groups. The Coalition welcomes the principle funding for groups should be considered through how they can promote cohesion and integration, and meet the diverse need of the community. It would be encouraging and ensure equality of decision making to strengthen this principle, and ensure its application to all organisations that will receive funding or support.**
11. The Coalition agrees that evidence shows that building relationships between people promotes community cohesion. But reflecting on the essential role of equal life chances, this must not be encouraged without addressing issues of equality prior to or during the service provision. Finding the right balance between linking, bridging and bonding activities, and support of single groups should be locally driven. The DCLG should support local authorities and LSPs to develop the skills to understand the local context, and to involve partners from the third sector including social enterprise, to ensure the local context is fully understood and decisions are built upon the most appropriate expertise to decide that right balance.

Q2. Are these the right questions for funders to consider to help them promote cohesion through the funding decisions they make?

12. Under the Race Relations Act 1976, support which only targets certain groups and does not promote integration is non-compliant with the law. This should be a consideration for all funding decision and be built into the impact assessment process of all statutory agency funding decisions under the Race Relations (Amendment) Act 2000. The guidance should reference this need for impact assessment for all funding applications and commissioning.
13. The development of a specific communication plan because of the client group of any project is counter to achieving fair and equitable access to support and the delivery of services. Firstly this can marginalise groups seeking to attain equal life chances. Secondly it can undermine the level playing field of funding criteria by making a higher level of publicity need and cost on social enterprises working with certain groups compared to organisations delivering the same variety of services to majority communities. This will discourage social enterprise and third sector organisations from seeking funding or bidding for commissioned services. Any communication plans must be the same for all organisations receiving support or payment for delivery of services. The Coalition recommends linking the Community Cohesion Strategy for the area and a standard communications plan for all groups as part of this strategy. This will ensure equal marketing costs and administrative burdens for all.

Q3. How could the process of organisations setting out, in their project plans for future interaction across groups, be developed, refined or extended? How should it be implemented to ensure it is proportionate and does not present barriers?

14. The call for a 'evidence' of specific needs, particularly for specialised services that social enterprises often deliver, places an additional burden of cost for organisations seeking support. Often social enterprises identify specific markets and needs through informal channels using very small resources. To avoid disproportionately impacting on smaller organisations funding organisations should consider how they can evidence need themselves so they can make informal decisions. This will ensure a level playing field for the commissioning of services
15. Similarly funding organisations need to ensure that the procurement, commissioning and funding process is not complex and time consuming to ensure equal access to smaller social enterprises.

Similarly ensuring accurate financial management is a priority, rather than disproportionate financial requirements as part of contracts, will ensure a range of providers can access the commissioning and support provision available, encouraging diversity and the most appropriate delivery of services.

16. Funding organisations must make decisions to support outcome focused rather than process focused. While the funders must ensure that project plans include interaction across groups in the future, this can only be assured through the outcomes the projects wish to achieve. In this most social enterprise deliver multiple outcomes which directly meet the objectives of multiple statutory agencies. The multiple outcome achievements of social enterprises must be recognised to fully identify the value and impact of any particular project. The guidance should encourage funders to adopt an approach of looking outside their specific objectives to identify wider impacts that can contribute to better outcomes across several agencies and similarly be of benefit to all communities.

Q4. Do Funders have the right information and resources to make these considerations part of their decision-making processes in an effective way?

17. It is generally considered that funding organisations do not have the right information or resources to make these considerations accurately. Significant skill and knowledge development is required to ensure accuracy and fairness is maintained throughout the process.
18. Funding organisations need to build into their strategic plans, such as Local Area Agreements, the involvement of third sector organisations and communities to gather evidence and utilise the expertise to make these decisions. This would additionally remove the evidence burden from social enterprises and maintain a level playing field in the cost of applying.
19. To regenerate equal access across all sectors, strategic plans should involve information from multiple agencies, defining outcomes that are either shared or are interdependent to all LSP members This would help inform individual commissioners but would also embed the approach of providing multiple beneficial outcomes, and

Q5. How can funder's best work to promote Cohesion with organisations with constitutions or charitable objects which may define the work the organisation is there to do, if those objects do not include specific reference to cohesion or integration activities?

20. The Coalition recognises that many organisations with constitutions or charitable objects do not have integration or cohesion contained within them. Most organisations working with single communities are addressing a specific need that has failed to be met within mainstream services, to in fact promote cohesion and integration of that community with other communities. By maintaining a sound evidence base of these needs and encouraging involvement and communication between these organisations, funding bodies can fully contextualise the objects of the organisation. This combined with an outcome focus to commissioning should allow a better understanding of local needs and the effects of organisations regardless of stated or constituted charitable objects.

Recommendations

21. The guidance should give specific advice on how to identify a 'distinctive community' for the requirements of 'single group funding'. The guidance should include considerations of whether the defining elements are exclusive to one population or shared, whether it is an activity that includes other groups or not, and whether that definition in itself may contribute to a weakening of cohesion through perceived marginalisation.
22. The guidance should be very specific and reinforce that all groups applying for funding or commissioned services will be exposed to the same scrutiny of scope of clients receiving their services. This should be linked to the impact assessment processes embedded in Local Authorities Race Equality Schemes.

23. Local authorities and funding organisations should include in their decision making processes as wide a range of social enterprises and third sector organisations that deliver these services. This will both provide the right information and expertise to understand the issues for the client groups, as well as develop the understanding and expertise among funding organisations.

24. Local authorities must be encouraged and supported, with finances if required, to develop their own evidence base of need in their communities. This would remove the burden of evidence from small social enterprises as part of these requirements to win funding and commissioned services. It would also engage the local communities in identifying need and increase communication and connection of local authorities and funding organisations with their communities.

Social Enterprise Coalition
Policy Team
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