

**Response by the Social Enterprise Coalition to the Office of the
Third Sector's Re-tender of the Futurebuilders Fund**

Contact: Kieran Larkin

Telephone: 020 7793 2325

Email: kieran.larkin@socialenterprise.org.uk

Response to the Re-tender of the Futurebuilders Fund

1. The Social Enterprise Coalition is currently consulting on the full scope of the Re-tender of the Futurebuilders Fund discussion paper. This paper respond to the two questions highlighted as time sensitive. The Coalition will be submitting a full response to questions raised in the rest of the paper by Friday, 17 August 2007.
2. The Coalition was established in 2002 as the national body for social enterprise. 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, development trusts, housing associations, leisure and football supporters' trusts, Social Firms and other social businesses. 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.
3. The Coalition recognises that the Futurebuilders Fund has already made many sustainable investments, which have benefited social enterprises and others third sector organisations. The Coalition welcomes indications that the next phase of the Fund will place a greater emphasis on investment into social enterprise, which are often particularly well placed to take on the mix of grants and debt that Futurebuilders provides.

Governance

What assurances should be sought from the Fund manager that it complies with the highest standards of financial management?

4. The Coalition is in full support of the "need for the Fund manager to conform to the highest possible standards in public life" and that they should operate in a fair and transparent manner at all times.

What should the government look for in terms of the skills and experience it seeks from the fund manager?

5. The Fund manager must have a mix of skills that encompasses both fund management and knowledge of suitable forms of investment that work for the full range of social enterprise models. A proven track record of delivery, ideally in the third sector, is essential for the successful management of the Fund in the future.
6. The decision to expand the scope of eligible areas of public service delivery is a positive move as it will allow innovative organisations delivering services in new ways and meeting a broader set of needs to access the fund. This will also allow social enterprises operating in a wide range of areas, such as leisure and transport, to help pioneer new approaches and improve public service delivery.

What reporting arrangements should the government have in place to ensure that the Fund's objectives are being met?

7. The Coalition is pleased that greater social enterprise involvement has been recognised as a key objective for the next phase of the Futurebuilders Fund (section 4.2). In order to encourage investment in social enterprise, it is important that reporting arrangements are made that require the number of investments made to social enterprises and the amount that is invested to be

measured and evaluated. This will indicate how the Fund is working for social enterprises, how successful it is and how social enterprises are achieving value in delivering public services.

8. The Coalition wants to ensure that the Fund manager is able to fulfil the emphasis on social enterprise in the next period of the fund. It is necessary that the Fund manager has the skills and knowledge to invest in social enterprises, which can differ from the wider third sector.

What should government be seeking in a Fund manager to ensure that it act to the highest standards of probity and accountability in its activities?

9. In order to ensure a high standard of probity and accountability, the Fund manager must have a strong track record of complying with the highest standards of public audit.

Recommendations

- The Fund manager should have strong proven track record in the delivering investment and ideally, knowledge of working with the full range of social enterprise models.
- Specific targets should look at the number of investments made to social enterprises and the amount invested in them. These figures should be widely available to ensure proper transparency and accountability.

SEC Policy Team
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