

Social Enterprise Coalition

Response to ***Supporting a Stronger Civil Society: improving support for frontline civil society organisations***

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Contact: Ceri Jones and Olof Jonsdottir

Telephone: 020 7793 2323

Email: ceri.jones@socialenterprise.org.uk and
olof.jonsdottir@socialenterprise.org.uk

The Social Enterprise Coalition's Response to the Office for Civil Society's consultation on *Supporting a Stronger Civil Society: improving support for frontline civil society organisations*

The Social Enterprise Coalition

1. The Social Enterprise Coalition was established in 2002 as the national body for social enterprise in the UK. We are a membership organisation. We conduct research; develop policy; campaign; build networks; support individual social enterprises; share knowledge and understanding, support private business to become more socially enterprising, and raise awareness of social enterprise and what it can achieve.
2. Social enterprises are businesses driven by social or environmental objectives whose surpluses are reinvested for that purpose in the business or in the community. They operate across a wide range of industries and sectors from health and social care, to renewable energy, recycling and fair trade and at all scales, from small businesses to large international companies. They take a range of organisational forms from co-operatives and mutuals, to employee owned structures and charitable models.
3. Our members come from across the social enterprise movement, from local grassroots organisations to multi-million pound businesses that operate across the UK. With them we are:
 - creating a better environment for social enterprises to do business
 - helping the social enterprise movement to grow and become stronger
 - building networks to share, learn and create business opportunities
4. The UK social enterprise movement is recognised as a world leader and our members are united in their commitment to changing the world through business. The current climate presents the social enterprise movement with a unique opportunity. We know it can solve some of the UK's most pressing problems, promote social justice and help to bring about the more diverse, bottom-up economic growth that we urgently need. In particular, social enterprises are well placed to deliver on the Government's three priorities for civil society: empowering communities, opening up public services and promoting social action.

This consultation

5. The last 10 years has seen social enterprise and civil society organisations increase greatly in prominence. Within this context, infrastructure bodies have traditionally played a number of key roles in the UK in order to support their members and the causes they represent including:
 - conducting research and policy development
 - disseminating information and best practice to enable frontline organisations to put policy into practice

- awareness raising and knowledge management
 - network development
 - policy mainstreaming and delivery programmes
 - hosting events and providing training, advice and support
 - managing grant programmes and funding streams
6. Social enterprises are based on the principles of mutualism, co-production and participation. They offer a model where people, be it staff, service users, customers or community members, are given a direct voice in running their organisation; where public assets can be locked into community ownership; and where people are empowered to transform their lives and the lives of those around them. As such, they are key to delivering the government's vision of the Big Society.
 7. Given the challenging times we face financially, along with the scale of the ambition for Big Society, it is essential the national infrastructure bodies to enable the rapid and sustainable growth of the social enterprise sector. We therefore welcome this opportunity to respond to the Office for Civil Society's consultation on improving support for frontline civil society organisations.

Question 1: How can online services for frontline groups be improved?

8. To improve signposting, increase and share skills and business development opportunities it is essential that government maximizes the use of existing online resources to facilitate connections and information sharing.
9. In particular, a commitment is needed to using existing government communications portals, such as Directgov and Business Link's website, to signpost and drive traffic towards the appropriate infrastructure body for social enterprises. Better use of these existing opportunities to provide appropriate and direct signposting is a key means by which government can enable infrastructure bodies to provide appropriate and specialist support on social enterprise, and network citizens and organisations into the movement.
10. The Social Enterprise Coalition is delighted by the initiative that Directgov and Business Link have demonstrated in engaging with SEC to actively link from their websites and share content. It is anticipated that this will mean more citizens are only two steps away from getting directly the advice and information they need about social enterprise.
11. We urge the Office for Civil Society to co-ordinate a rolling out of this approach to ensure more strategic use of government communications resources, to systematically train and inform other agencies at all levels, to refer using centralised portals such as DirectGov and to embed this best practice as normal practice. The OCS has already spent considerable time and investment in raising the profile of social enterprise across government departments and other public bodies.

12. In helping social enterprises to build their resilience and take advantage of public sector market opportunities, it is also particularly important that online information regarding funding opportunities and public sector tender opportunities are kept up-to-date, made accessible and transparent, and are clear in their criteria. Government should endeavor to maximise the effectiveness of their online information and in ensuring that social enterprises and other frontline organisations are aware of its availability.
13. Finally with regard to other online services it is vital that these are driven by the needs of the frontline organisations and responsive to the changing environment. In response to demand from the sector, the Social Enterprise Coalition is developing the SETAS website as a one-stop shop for business support, which will act as a portal for social enterprises all over the UK to find and review support providers. Dynamic resources such as this that have the capacity to provide sustainable solutions are essential to meet the support needs of front line social enterprises are to be met.

Question 2: What can Government do to forge more effective links and transfer skills between small civil society organisations and business or larger charities?

14. The Social Enterprise Coalition believes that forging stronger connections between large businesses and smaller civil society organisations is essential for the growth of the sector. In particular, private businesses and other large organisations provide important supply chain opportunities for smaller organisations, can offer pro-bono support, and increasingly can enter into joint venture relationships particularly for the delivery of public services. Further, many large corporations have the capacity and reach to raise the profile of social enterprises far beyond the capacity of the sector itself or government. Similarly there is a lot that larger and more established social enterprises can do to further support newly emerging social enterprises.

Working with the private sector

15. Infrastructure networks like the Social Enterprise Coalition, which have established relations with both the social enterprise sector and private business, are well-placed to broker and facilitate these links.
16. For example, the Social Enterprise Coalition is currently working with a consortium of partners including PwC, WIPRO (a large Indian IT firm), and Tomorrow's People Trust to bid to deliver Work Programme contracts in the South West region, and with PwC and Skills Training UK to deliver these contracts in London and the South East.
17. This consortium was established in part due to the recognition that the social enterprise and voluntary and community sectors have been excluded from the design and delivery of welfare programmes despite having considerable expertise in this area. SEC has

been working with PwC to address both of these critical issues. With our consortium partners and front line professionals, we are developing an approach to the Work Programme which we believe will deliver better outcomes for customers and greater efficiency and value for money for Government, whilst ensuring that social enterprise sector and voluntary organisations have the opportunity to play a central role in both ongoing design and delivery.

18. Similarly, SEC is working with the construction company Wates to develop thought leadership on how the construction industry can better support community development. Wates aim to ensure that there is a social enterprise as part of the supply chain on each of their sites and are keen to promote this good practice across the construction industry as a whole.
19. The Social Enterprise Coalition is also working with O2 to deliver our annual conference, Voice. The profile raising work carried out by O2 as part of this partnership provides the social enterprise sector with an enormous opportunity to reach new audiences.
20. There is much that government can do to support this form of relationship and ensure that such behaviour and partnerships are more common. In particular, the Department for Business, Innovation and Skills has a key role to play in creating better opportunities for connections between large private businesses and social enterprises and smaller civil society organisations and the bodies that represent them and in showcasing excellence. To date the role of private business in delivering the Big Society has not been clearly articulated and strong encouragement from the government could further business activity in these areas.
21. In addition to encouraging such relationships the government should also give very strong signals through its own purchasing that prime and sub contractor models are not the only way for the private and civil society sectors to work together to deliver public services. Such market signaling can foster more supportive and equal partnerships as well as joint ventures between private companies and social enterprises and voluntary sector organisations.

Drawing on the experience of social enterprises

22. In addition to working with the private sector, there is considerable experience within the social enterprise sector that small and new civil society organisations can learn from. There are a number of examples of different ways in which this has worked well through both formal and informal arrangements.
23. On an informal level, many more established social enterprises regularly provide considerable support to social enterprises starting up. This peer support is often facilitated through infrastructure bodies such as SEC.

24. On a more formal level, many newly established social enterprises, particularly those emerging from the public sector as employee led organisations, are supported by existing social enterprises. Some new organisations are hosted by existing social enterprises as part of a group structures. This provides them with access to the business skills required to run a social enterprise, along with finance, IT, HR and other back office functions.
25. This was the experience of Open Door, a spin out pathfinder from North East Lincolnshire Care Trust, which became a subsidiary of the Big Life Group. On becoming independent, the arrangement allowed Open Door to benefit from the skills and experience of a more established entity while maintaining control over their service.
26. Such partnerships can be a temporary incubation or hosting relationship or a more permanent arrangement. Initially in the case of Open Door in North East Lincolnshire, the partnership with the Big Life Group was intended to last for a short period (two years) during which Open Door paid a management fee. However, the relationship has been so successful that the two organisations have agreed to make it more permanent arrangement.
27. Creating opportunities to broker and develop these relationships can play an enormous role in supporting the sector.

The Public Services Bill

28. The government is the largest purchaser of goods and services in the country spending more than £175 billion on procurement each year¹. The Public Services (Social Enterprise and Social Value) Bill aims to ensure that the public sector gets the greatest value from its economic transactions. This could be requiring contractors to create local employment opportunities for disadvantage groups, put something back into the local community, or create a positive environmental impact by reducing waste or carbon emissions.
29. This Bill would enable government to ensure that the full weight of the public sector's purchasing power is directed at delivering social, environmental and economic value, as well as stimulating greater innovation and widening the supply-side of the market. Significantly, the Bill would also provide an enormous opportunity for the social enterprise sector to share its experience of delivering added value with private sector organisations operating in public services, paving the way for greater cooperation and the sharing of best practice, developing supply chain opportunity and the opportunity for greater partnership working.

¹ HM Treasury Operational Efficiency Programme report 2009

30. The Social Enterprise Coalition therefore welcomes the government's support for the Public Services Bill and urges the government to help drive its passage through parliament.

Question 3: How could brokerage of pro bono support be improved?

31. Pro bono support is an important element of fostering the Big Society, ensuring that frontline organisations have access to the expertise they need, particularly in the start-up and growth phases of development. Infrastructure organisations such as the Social Enterprise Coalition play a key role in brokering pro bono support for civil society organisations. For example, members of SEC receive free access to legal advice through our partnership with a leading law firm as well as access to discounted insurance packages tailor-made for social enterprises. Similarly we are working with PWC to support them in re-focussing their corporate social responsibility agenda on building the capacity of the social enterprise sector.
32. Alongside this, government has an important role to play in raising awareness of social enterprise amongst providers of pro bono support and encouraging them to offer support to civil society organisations. This is particularly important for social enterprises who are often less well understood by large businesses than traditional charitable models. Facilitating connections between support providers and infrastructure organisations ensures that frontline organisations can be made aware of available support through the networks and communication channels that infrastructure organisations have.

Question 4: What support might your organisation need to become more resilient?

Finance and investment

33. Finance is the motor for all business development and the social enterprise sector is no different. A lack of access to appropriate finance can be a significant barrier to growth for frontline organisations.
34. The Social Enterprise Coalition therefore believes that there is a strong need for a Big Society Bank created through the use of a portion of the unclaimed assets from dormant bank accounts. A financial institution working to increase investment in society, the environment and the economy, delivering against a 'triple bottom line' of economic, social and environmental aims, could also play a role in building up credibility, attracting more investment in social enterprise activities.
35. Because social investment is a market which requires support in order to develop, the Big Society Bank should aim to develop both the supply of and demand for investment within civil society, particularly to social enterprises. It should make investments, whether equity or equity-like, use its balance sheet as a guarantee to leverage further

private finance, help existing intermediaries raise further finance for investment and help develop new forms of financial products. It should also help with investment readiness and tackle the lack of investment knowledge.

36. The Big Society Bank needs to be independent, flexible, risk taking and capable of being a market shaper. It further needs to be of sufficient scale to leverage significant private sector capital. In addition, the bank must be able to identify gaps across the marketplace and not be forced to oversupply specific areas. Whilst the bank has a role to play in supporting civil society organisations working to deliver public services, it is essential that the bank is able to provide finance to civil society organisations working in all markets.
37. The government should also further develop mechanisms to attract private capital into solving deep-rooted problems that soak up inefficient amounts of public money. Social impact bonds can raise money to pay for the expansion of organisations with the expertise to address some of our most entrenched problems. The more money the organisations save the government, the higher the return on the bond, rewarding better social outcomes and not merely cutting costs.

Accessing appropriate and high quality business support

38. Access to the right support can make the difference between success and failure both in the start-up and development phases of running a social enterprise. Business support for social enterprise and social entrepreneurs needs to be appropriate, flexible and tailored. Packages of support need to be easily understood and accessible from multiple points of entry.
39. National infrastructure bodies like the Social Enterprise Coalition play a key role in providing access and signposting to the support social enterprises need. For example, we run a business support programme to back the growth and sustainability of social enterprise with partners across the UK. We are also developing the SETAS website as a one-stop shop for business support, which will act as a portal for social enterprises all over the UK to find and review support providers.

Question 5: What do you think should be the priorities for a bursary fund? Question 6: How could any bursary fund be delivered simply and fairly?

40. The Social Enterprise Coalition welcomes the government's commitment to helping organisations to modernise and restructure, and in particular supports the proposal to develop a bursary fund to enable frontline groups to move towards sustainability. This is

a crucial time for ensuring that grant and bursary funding is both innovative and practical in order that such funding is able to affect systemic change.

41. As such, SEC believes that there are a number of key principles that should guide the priorities and delivery of a bursary fund, in particular:

- Inclusivity and accessibility
- Fair and transparent application processes
- Focus on outcomes and flexibility

Inclusivity and accessibility

42. Civil society organisations adopt a wide variety of legal forms and operational models, are located in many differing geographic and social-economic localities, and work across a range of public service markets as well as in more traditional consumer areas. It is vital that government recognises the importance of supporting organisations in all of these areas to move towards sustainability, prioritising organisational effectiveness and impact over legal, sectoral or geographic criteria. Further, it is important to ensure a consistent, open and fair process for access to the application process. Government should, in particular, recognise the role of infrastructure organisations in raising awareness of any available funding opportunities amongst civil society organisations.

Fair and transparent application processes

43. The application processes for any bursary funding must be sensitive to the nature of civil society organisations. Specifically, information is particularly hard for smaller social enterprises to obtain, as they do not normally have the capacity to conduct extensive research for new funding. Complex application processes also places a disproportionate administrative burden on small social enterprises, which often lack the staff capacity to engage properly with the process. Similarly, small civil society organisations need sufficient time to prepare competitive bids due to staff constraints. This is particularly the case in areas where organisations need to form partnerships or consortia in order to submit bids.

44. The Social Enterprise Coalition therefore recommends taking due care and consideration in the design of the bursary application process, to ensure that it is fair and not burdensome for the full range of civil society organisations. Similarly, there needs to be transparency in how decisions are made and why bursaries are awarded.

Focus on outcomes and flexibility

45. Best practice bursary-making should be sufficiently flexible within bursary specifications to allow for innovation. Bursary conditions should focus on outcomes achieved and impact delivered rather than specifying routes or approaches to sustainability. Different organisations will require different steps to move towards independent income generation and it is essential that their entrepreneurial scope is not restricted.

46. Guidance on best practice grant- and bursary-making has been widely published by the civil society sector and care should be taken to draw on lessons from existing grant programmes in order to maximise the utility and effectiveness of this scheme. Government should further engage with social enterprises and other civil society organisations at the bursary design stage to ensure that the funds are drawn up in line with needs and delivered through appropriate mechanism, as well as responsive to the changing economic environment.

Question 7: How could consolidation grants help ensure the sustainability and efficiency of infrastructure services?

47. The Social Enterprise Coalition welcomes the government's exploration of consolidation grants. It is essential that any such grants should be driven by the need and desire to retain or improve support and services, while improving efficiency and value for money. It should further be recognised that efficiencies may be achieved not only through mergers and the sharing of backroom functions, but through other more creative arrangements to share expertise and resources.
48. As such, it is important that any government funded consolidation grants should be non-prescriptive and have considerable flexibility built-in, recognising the plurality of potential efficiency arrangements that could be adopted.

Question 8: Are there ways that expert intervention can support areas which are lacking social capital to improve local relationships and develop a stronger civil society?

49. The Social Enterprise Coalition welcomes the government's recognition that infrastructure organisations have a key role to play in facilitating relationships between civil society organisations and the public sector, as well as helping organisations to access the support they need to move into public sector markets.
50. However, recognition must also be given to the significant time, funding and resources that are required, alongside business support and networking, in order to support service delivery in areas which are lacking in social capital. For example, the Sunlight Development Trust is a prime example of a community-based organisation situation in a deprived area, which has developed into an award-winning social enterprise delivering a suite of community services for and by local residents. The success of the Trust relied not only on support from the social enterprise movement, both in terms of infrastructure expertise and peer-to-peer learning, but also on significant financial investment, bringing in experienced staff and the time to grow and develop organically.

51. There is an awful lot of learning to that needs to be garnered from these experiences to ensure that the learning is passed on and that the enabling environment is as supportive as possible with regard to access to finance, support and business opportunities.

Question 9: How can central Government best work with national infrastructure to support and deliver the Big Society?

1) Creating an enabling environment for a robust, well-managed and highly efficient national infrastructure

- *Facilitating connections within government*

52. The Office for Civil Society has played a valuable role in working to embed support for civil society organisations across the breadth of government departments. There has never been more interest from civil servants across government at a national and local level.

53. The Social Enterprise Coalition believes that a continuation of the Office for Civil Society's role in facilitating connections across and between government departments is a key aspect to how central Government can best work with national infrastructure to support the Big Society.

54. Moreover, since its creation in 2006, the Office for Civil Society has been extremely successful in striking the right balance in offering support to the movement without trying to take control. In order to foster the Big Society and encourage grassroots organisations and communities to innovate and develop solutions to local issues, it is vital that this successful balance is maintained.

- *Clarifying the relationship between infrastructure bodies and government*

55. The current review of funding for infrastructure bodies presents government with an opportunity to set a clear vision for its engagement with civil society. By clarifying its funding intentions, the government will galvanise the infrastructure sector to achieve efficiencies, whether by adapting their operational models and remit or by undertaking mergers, the purpose of which is to maintain choice but to ensure that routes to information are less confusing, content, practice and information is shared more and there is decreased duplication, where it exists.

56. In setting this agenda, it is essential that the government bears in mind the valuable role that infrastructure organisations play in brokering contact between their members/customers or constituents and government, and seeks to support organisations that can help government to quickly access grassroots organisations.

2) Supporting infrastructure bodies to develop policy and evidence; strengthen networks across the civil society and across the regions; facilitate learning and knowledge transfer across the sector; engage new audiences and showcase success.

57. The Social Enterprise Coalition welcomes the government's recognition of the important role that infrastructure organisations play in shaping government policy. We believe that policy and research work cannot be separated from network development aimed at supporting the growth of the sector. As such, we believe that four key areas the government should consider funding are:

- using policy to create a better environment for social enterprises;
- developing the evidence base for social enterprise;
- showcasing stories to help foster the Big Society; and
- networking to support the growth of social enterprise.

- *Using policy to create a better environment for social enterprises*

58. A supportive and well-informed policy framework is key to creating an enabling market and operational environment for social enterprises and wider Big Society initiatives.

59. In order to support the growth of the social enterprise movement through policy, a clear understanding of the operating environment for these organisations is needed. Membership bodies like the Social Enterprise Coalition have direct access to organisations working on the ground to deliver community-based solutions and public services, and we draw on the expertise and experiences of these organisations to develop evidence-based policy recommendations.

60. Developing such recommendations requires both an expert understanding of how to translate barriers on the ground into policy solutions and a strong understanding of the policy landscape, in order that the recommendations put forward are appropriate and in synergy with the UK's wider social and economic developments and needs.

61. Successful infrastructure bodies have developed this expertise both in order to advocate on behalf of their membership, and to enable them to analyse government policy developments and cascade information on their practical implications back down to members. This is essential in supporting the sector to be nimble and respond to changing market opportunities, particularly with regard to public service reform. It also enables infrastructure bodies to ensure that they are developing products and services that can best support the growth of the sector.

62. The comprehensive policy frameworks being developed by each government department make clear that such policy functions are essential to the delivery of the Big Society Vision. These areas of work are, however, challenging to fund through

alternative means as they are not time bound pieces of work. As the sector grows, the opportunity for such functions to become sustainable will also grow. Until this time, however, there is a need for government to support the continuation of policy work conducted by infrastructure bodies.

- *Developing the evidence base for social enterprise*

63. Our ability to deliver the Big Society vision is dependent on our ability to develop a robust and relevant evidence base for social enterprise. Through building evidence and gaining insights into social enterprise, infrastructure bodies can inform the development of new products and services as well as policy developments to support the growth of the movement.

64. Social enterprise specifically is an under developed and fragmented research field. While academic interest in the social enterprise field is growing, there is great demand to better connect academic research with grassroots organisations to ensure such research has practical application.

65. Additionally there is a need to build evidence on the characteristics of the social enterprise movement as a whole including its size, structure, motivations, barriers and enablers. This is essential in providing both policy rich information for use at a national and local level, as well as valuable information for the social enterprise movement and support sector to draw upon.

- *Showcasing stories to help foster the Big Society*

66. Showcasing the work of the social enterprise movement is an important aspect of helping to achieve the Big Society vision. Strategic partners have to date played an important role in raising the profile of social enterprise, particularly among the public sector and government.

67. Achieving the Big Society vision will require the partnership and involvement of a broad range of stakeholders from mainstream businesses and public sector employees, to young people, communities and grassroots organisations. These groups will need to understand the potential of social enterprise and know where to go to get the support they need to develop enterprising solutions and deliver the localism agenda.

68. In particular, the Big Society agenda hinges on wider business and economic reform as well as public sector reform, and there is still work to do on developing a wider understanding of co-production, localism and more pluralistic economic models that foster the bottom-up economic growth the UK needs.

69. The media can play an important role in driving awareness-raising and ensuring people can access the information and support they need. Organisations that have engaged in

raising awareness of social enterprise to date have played an important role in shifting the media outlook on the economy and sustainable business.

70. Often the government is not best placed to deliver this function. Infrastructure organisations that are in close contact with the grassroots organisations that are working on projects connected to the localism and mutualising agendas, have enjoyed some success to date and could have much more in the future, marketing the Big Society and bringing new audiences to engage with it.
71. Sharing stories about what social enterprises have achieved inspires people to act, as well as helping them to learn about how to replicate successful endeavours. In particular, government should seek to support awareness raising that helps all sectors of the media to understand and articulate the benefits of social enterprise and the Big Society vision. In the current economic climate, it is especially important that we reach key audiences such as young people, who are the future social entrepreneurs and work force that will grow and develop the movement.
72. The appetite for information from these audiences is growing rapidly, as evidenced by the number of social enterprise start-up organisations that contact the Social Enterprise Coalition on a daily basis to seek support. The government's strategy for working with infrastructure bodies must take account of this need in order to capitalise on the opportunity it presents to support citizens who want to get involved.
 - *Networking to support the growth of social enterprise*
73. Building networks is fundamental to supporting the growth of the Big Society vision. Not only do such organisations fulfill important functions in relation to learning and sharing information, but they are also significant in terms of bringing organisations together, enabling them to feel part of a community of activists and innovators.
74. This is in line with the government's own vision for the future of business support, which plans to create a system that is based more on peer support and mentoring than funding business support services. Building such networks is also essential in order to develop practical tools for social enterprises, identifying where gaps currently exist and developing products and services to fill these gaps.

Conclusion

75. Social enterprises are key to delivering the government's vision of the Big Society and it is essential that the national infrastructure bodies work in close partnership with government and other public bodies and in a way which supports and enables the work of the sector.

76. We believe that through supporting the recommendations outlined above, government will be best placed to ensure that:

- the social enterprise sector is represented to government and policy developments cascade down to social enterprises on the ground;
- resources are used as effectively as possible and government and infrastructure bodies work in a coordinated manner;
- we create greater demand and interest in achieving the Big Society Vision; and
- frontline organisations can access the support they need.