

Social Economy Branch  
Department of Enterprise, Trade & Investment  
Netherleigh  
Massey Avenue  
BELFAST  
BT4 2JP

[socialeconomy@detini.gov.uk](mailto:socialeconomy@detini.gov.uk)

## **Social Economy Enterprise Strategy 2009-2011**

The Institute of Directors (IOD) welcomes the opportunity to contribute to the consultation on the Social Economy Enterprise Strategy 2009-2011 by the Department for Enterprise Trade & Investment.

### **Introduction**

The Social Economy Network quotes DETI in defining social enterprise as:

"A social enterprise is a business with primary social objectives whose surpluses are re-invested, for that purpose, in the business or in the community rather than being driven by the need to maximize profit for shareholders or owners." (DETI)

The definition of social enterprise should be tightened up to make it clear where this sector lies in relation to the public, private and voluntary sectors. The definition quoted is a good one because it highlights the importance of profit, but does not appear in the Department's strategy document. Members feel this leaves too much scope for organizations that have social purposes to describe themselves as social enterprises even if they are not selling these services in an open market.

The Institute remains concerned that the economy is overly reliant on the public sector. Whilst this imbalance may, in the short term, cushion Northern Ireland from the worst of the recession, it is not sustainable in the long term. In our responses to previous consultations we have not called for a reduction in the size of the public sector per se but have rather argued that the public sector must 'make room' for the private sector to grow. Members see a positive role for the social economy sector but not at the expense of developing the wealth creating private sector. Members are concerned that developing the social economy sector using economic development funding could be a way for such funding to be used to subsidise charities rather than to promote new entrepreneurial activity.

We believe that work needs to be done to explore how Social Enterprise organisations and private sector organisations can work together in partnership to deliver contracts. As the Social Enterprise organisations need to create sustainable revenue streams to deliver profits that can then be re-invested in social programmes, and in the private sector we need to be more aware of the social and environmental impact of our businesses, there is a lot to be gained by working together. In the IoD, we are currently working through how this model could work with the intention of identifying a social enterprise organisation that we would partner with over a number of years with the objectives of skill development, job creation, and sustainable revenue streams.

## **Response to Consultation questions:**

### **Objectives**

Do you consider that the three key strategic objectives are appropriate? If not, what changes would you suggest and why?

1. Increasing awareness of the sector and establishing its value to the local economy
2. Developing the sector and increasing its business strength
3. Creating a supportive and enabling environment

The Institute accepts that these are valid objectives for the strategy but would emphasize the financial impact on the economy along with the social impact. Social enterprises should create extra value for the economy. Members believe it is crucial to improve the skills of local businesses of all kinds. Members would have preferred to see a focus on job creation and the creation of new businesses or an expansion of the sector as objectives. Assessment of the impact of the strategy is limited due to the more aspirational nature of the objectives.

### **Actions**

Have we identified the right associated actions to meet these objectives? Are there other actions you would wish to see included and why?

A number of detailed activities are presented under each objective and most of these are sensible and understandable. We would have liked to see harder numbers associated with the objectives that would have given a greater focus to the actions. We do support the involvement of other government departments and agencies and feel that this contributes to joining up initiatives at government level. This supports the ideas already expressed by the Institute in response to other government consultations in the IoD's 1.7 Growth Challenge document. We feel there is scope for the public sector to contribute to private (and social economy) sector growth through procurement and outsourcing. Attempts have been made to address the difficulties that local firms have in accessing public procurement opportunities, but IoD members would like to see more done to make it easier for local SMEs to compete for public contracts. Whilst the problems around outsourcing are well known, it must surely be recognised by public servants and unions that demands for public sector efficiency and the need to grow the private sector require more consideration of the possibilities for delivery of public services by the private sector, where such delivery can be shown to provide greater value for money.

### **Monitoring & Evaluation**

Are the proposed monitoring and evaluation mechanisms appropriate to ensure that progress is made and reported? Are there others you would wish to see and how do you consider they would assist the process?

The IoD would prefer to see outcome measures identified that are easier to monitor and evaluate. The thrust of the strategy is that there will be more and better social economy activity but this is not readily translated into measurable outcomes. Targets to achieve a given number of new social economy start ups; create a number of

social economy jobs, and transfer a particular level of public expenditure to the sector would enable the strategy to be evaluated more clearly.

The definition of the sector is vital to illustrate this added value. For example the Department of Health, Social Services and Public Safety and its agencies provide funding to a number of charities who provide social care. In recent years this funding has changed from being provided as grants to now being provided under contract arrangements. Is this a social enterprise because fees are paid for services as opposed to grant aid? An unambiguous definition of what a social enterprise is will make it easier to measure the success of the strategy.

As with other aspects of economic development the IoD would encourage the social economy enterprise strategy to prioritize those areas of economic activity that will benefit the whole economy. This would include a focus on skills, reducing bureaucracy, supporting the Matrix report on developing the knowledge and technology sector, and supporting new business activity in alternative energy and green industries.

The strategy makes some points about the location of social enterprises in areas of social and economic deprivation. This is understandable but the choice of location of business should not be determined by government but rather left to the decision of the businesses themselves. Clearly government can contribute by making the environment more attractive to start up businesses, growing businesses and FDI, but we do not believe that past experience has demonstrated particular success in attracting business to areas outside the main conurbations.