

SOCIAL ECONOMY ENTERPRISE STRATEGY 2009-2011

The Department of Enterprise, Trade and Investment (DETI) has published a consultation paper seeking views on a draft Social Economy Enterprise (SEE) Strategy to develop the social economy sector. The objectives of the strategic plan are to:

- Increase awareness of the sector and establish its value to the local economy;
- Develop the sector and increase its business strength; and
- Create a supportive and enabling environment.

Background to Lisburn's Social Economy Sector.

The social economy in Lisburn involves approximately 20 organisations, with a turnover of c. £2.3 m, an annum profit of c. £117,000, and a collective employment of 157 jobs in the City (Source: Lisburn Partnership 2008). Locally, social economy projects deliver a range of services with a positive social impact in local communities, such as training provision, childcare facilities, rural transport, environmental landscaping, victim support, domiciliary care, and employability enhancement for people with mental health problems. There is a lot of excellent work undertaken by these organisations locally and the Council is committed to ensuring this work continues, as is evident by the support provided to the sector to date in terms of Council staff time and financial support, and therefore welcomes the development of a dedicated Strategy for the sector.

1. Increase awareness of the sector and establish its value to the local economy;

The Council would be in agreement that this should be a key priority of the new Strategy. A lot of work has already been undertaken in the City of Lisburn to raise awareness of this key sector. This has been achieved through projects funded by the Council, Lisburn Local Strategy Partnership through PEACE monies, and the establishment of a dedicated Lisburn Social Entrepreneurship Network. It's important that the achievements of these locally focused projects are maintained and integrated with new SEE focused initiatives such as the INI Social Entrepreneurship Programme and in particular recognition is given to the role of local councils, and the contribution they have made, and continue to make in this respect.

As local Councils are the delivery mechanism for the new Rural Development Programme 2007-2013 and will be delivering projects jointly funded through the EU Sustainable Competitiveness Programme 2007-2013, the profile of the social economy sector will be raised locally as both programmes are open to applications from the SEEs.

2. Develop the sector and increase its business strength; and

The Council would support the focus of the Strategy in providing access to effective business development support, as this is often a key weakness in SEEs organisations, particularly at the start up stages when similar to any new start up business, support is required the most.

DETI have also put in place a phased reducing grant of £600,000 to be paid over a four year period up to 2011 to enable the Social Economy Network (SEN) to build a fully inclusive, more independent and income generating organisation to represent the sector. The Council would encourage all local organisations to fully participate in the network.

Organisations working in the social economy are, like small firms in general, very diverse. However Social economy organisations present particular and distinctive characteristics that may make it more difficult for them to achieve access to external finance than it would be for a comparably sized and experienced private business. There exists a set of characteristics of social economy organisations which may make it more difficult for such organisations to receive bank finance, particularly at the early start up stages, and this be considered to be a key priority for the Strategy, This is being addressed somewhat through improved access to funding through the Ulster Community Investment Trust (UCIT) who will be providing loan finance, and advice on sustainable ways of financing the sector.

It is right for the strategy to focus in terms of developing the business capability of existing SEEs, to ultimately make a contribution to the local economy. SEEs should be operated according to a commercial model, meeting an identified market need, with potential to meet existing demand for products or services. The Council agrees with the focus of the Strategy on developing the business strength of existing SEEs to reach a scale and capability in which they can contribute to the overall viability and sustainability of the sector and ultimately the local economy.

Advice and support on procurement for contracts again is welcome to enable SEEs to compete more effectively. However SEEs should not be supported to the extent that they would ultimately displace existing SME's operating within their particular business sector, due to the availability of specialised financial and/or business support from public bodies.

Again the new Rural Development Programme 2007-2013 and the EU Sustainable Competitiveness Programme 2007-2013, have a key role to play in developing the sector locally.

3. Create a supportive and enabling environment.

The Council agrees that SEEs should be valued, encouraged, supported, and recognised through a dedicated strategy. Mechanisms should be put in place through this strategy to ensure that the contribution that SEEs can make to the effective, efficient and equitable delivery of public services to local communities is maximised.

There are opportunities for public bodies to work in partnership to create the type of conditions and environment whereby SEEs will flourish, and this strategy has identified the individual roles of the main public organisations. However the role of local Councils in achieving this objective is not mentioned in the strategy, and overall it is considered that the organisations in question should be working more closely together, perhaps through the Social Economy Network, or the Invest NI Social Entrepreneurship Programme to integrate activity. The proposal from Invest NI to develop a Social Economy Steering Committee with representation across these

partners could be the mechanism to achieve this, although it is not explicitly referenced in the strategy.

Areas for Future Action – Roles of Departments and the Sector

In light of proposals as part of the RPA, there would be merit in including the key role of local government in the Strategy as part of the development and delivery of the strategy locally. Lisburn City Council is already closely involved with the local SEE sector, having previously supported new capital development projects (including managed workspace), core funding for key employees and in order to harness the continuing commitment and growth opportunities of local social economy organisations, the development of a Social Economy Challenge Fund in 2008. This involved a competitive bursary-based programme of assistance for social economy organisations for a range of innovative projects. This helped to sustain current employment levels, create new employment opportunities and extended the positive social impact in the local communities involved. The implementation of similar locally focused initiatives, perhaps facilitated through a mechanism such as the Invest NI Social Entrepreneurship scheme would be appropriate.

The Council recognises that SEEs tend to be structured as companies limited by guarantee, which make a small profit which is reinvested in the company. That is, they provide local services according to a business model, and provide employment and generate profit as a result and they tend to operate in markets that are not attractive to the private sector. Because of the low profitability of many of these social economy projects, in order for the service they offer to grow significantly, some form of public support is required, which is why a strategic approach to the provision of this support, and the continued development of the sector is welcomed.

As part of the RPA, it appears that DETI will transfer key elements of the current enterprise strategy to local councils for implementation and delivery, so its important that local Councils have input and ownership into the Strategy at this stage, to ensure a Strategy which meets locals needs, and facilitate an effective handover of responsibilities in 2011.

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19th August 2009