

29 April 2004

Social Economy Unit  
DETI  
Netherleigh  
Massey Avenue  
Belfast  
BT4 2JP

Dear Sir/Madam

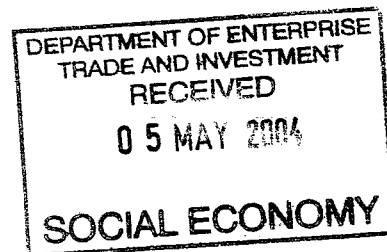
Please see attached comments from the Londonderry Chamber of Commerce on the Developing a successful Social Economy.

Please do not hesitate to contact me if you require any additional information.

Yours sincerely

  
Janice Tracey  
Chief Executive

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## RESPONSE TO DETI CONSULTATION PAPER ON THE SOCIAL ECONOMY

1. The Londonderry Chamber welcomes this opportunity to comment on the Government's proposals to develop the Social Economy. The Chamber has noted the 3 proposed key strategic objectives aimed at facilitating the Government's actions in this regard.

### 2. KEY STRATEGIC OBJECTIVES.

2.1. The Chamber has noted the three key strategic objectives for the Social Economy set out in the Consultation Paper:-

- (a) Increase awareness of the sector and establish its value to the Social Economy.
- (b) Develop the sector and increase its business strength; and
- (c) Create a supportive and enabling environment.

2.2. Rather than respond in a mechanical way to each of the questions asked in relation to these objectives the Chamber has set out below its general overview of some of the issues associated with the Social Economy.

### 3.0. GENERAL OVERVIEW.

3.1. In the Chamber's view, the first key task to be tackled by Government in its efforts to develop the Social Economy Sector is to define more precisely what types of organisations constitute this umbrella concept described as the "social economy". In the Consultation paper the term appears to encompass a very wide spectrum of organisations from ad hoc local community groups to registered Housing Associations regardless of how they are funded, and regardless of whether or not they operate on a commercial basis, are accountable to any parent Department or other body, are subject to external independent annual audit and publish corporate and operational plans and/or annual reports for public information. The Social Economy in Northern Ireland is clearly not composed of homogeneous groupings of organisations and it is difficult to see how any of the three strategic objectives identified can be taken forward in a coherent and rational basis before sorting out which types of organisations we are including under the social economy umbrella and what ground rules govern their operations, particularly in relation to those which draw down public funds to enable them to function. The Consultation Document does make an attempt at defining social economy enterprises in that they must: -

*"Have a social community or ethical purpose, operate using a commercial business model and have a legal form appropriate to a not-for-profit status."*

However, it seems to the Chamber that the real starting point for defining the social economy, as it exists in Northern Ireland must surely be the work outlined at paragraph 6.6. on page 20 of the consultation document i.e. "to establish robust baseline information on the size, scale and value of the sector.." Given the diversity of the social economy sector in the Northern Ireland context, a widespread and comprehensive scoping analysis of the entire voluntary and community development sector in Northern Ireland is required to firstly identify all existing organisations

which might properly be included within the description of a "social economy" organisation. Clearly many will not fit the definition above. Secondly such a scoping study should also cover the financial structures and the legal and operational frameworks within each organisation works.

If Government does not establish at the outset the precise scale, composition, and areas of activities of all the organisations comprising this sector then no factual and rational basis exists to develop and strengthen the social economy in the ways outlined in the consultation paper. The baseline information gathered in a comprehensive scoping study will then have to be refined to establish different categories, groupings or strands of organisations for which alternative developmental strategies may have to be applied and for whom alternative operational ground-rules may need to be drawn up. For example, it seems quite inappropriate for the Consultation paper to single out Housing Associations as part of the Social Economy on which studies have already been carried out. The Housing Association movement here and in Great Britain is a movement which preceded European Peace Money, preceded the International Fund for Ireland and preceded many of the Departmental programmes in both urban and rural areas which constitute the lifeblood upon which the myriad of Northern Ireland community groups depend.

~~Housing Associations are a stand alone movement overseen and governed by a Central Government Department and a Central Federation of Housing Associations with operational procedures and detailed manuals drawn up over many years. They are open to public scrutiny and operate on a mix of private and closely regulated public funding right across Northern Ireland and are subject to audit by the Comptroller and Auditor General. It would be totally inappropriate to place registered Housing Associations under the Social Economy umbrella on a par with say ad hoc community groups concerned with a specific aspect of training provision but not subject to the same controls. There is a need therefore to establish different categories and levels of operations based upon the scoping exercise for those organisations deemed in the future to be an integral part of the social economy sector.~~

This example highlights immediately the differences between organisations which operate at the behest of or under procedural arrangements drawn up by a Central Government Department, and as such act as an executive arm for some aspect of Ministerial policy. It will be the Minister and the parent Department in these circumstances - not the Social Economy Network or the Social Economy Forum - which will continue to evaluate those organisations' value to the local economy, will develop those organisations and create the supportive and enabling environment referred to as your 3 key strategic objectives. These types of organisations are very different from the scores of community and voluntary groupings, both rural and urban, funded by Central Government Programmes, by the Local Strategy Partnerships, by the International Fund for Ireland, by District Councils and from Lottery Funds or other sources.

Many of these community development and voluntary groups appear to operate on an un-registered basis, frequently on a neighborhood basis, without overall regulatory control, without co-ordinated strategic direction, without formal evaluation and without proper accountability. All these issues need to come within the compass of a thorough scoping study. No single Department has an overview of these activities and no accurate evaluation can be made in respect of duplication of

effort, waste, value for money or contribution to the Northern Ireland economy.

The Chamber is not convinced that the research needed to analyse the Northern Ireland position in relation to such groups is best carried out, as suggested in the consultation paper, in the context of the UK wide scoping study being undertaken by DTI. The Northern Ireland situation, with its Peace Money programmes, its International Fund for Ireland Programmes, the programmes based upon the Social Need (N.I.) Order, 1986 all interwoven with the special difficulties caused by sectarian division here has no parallel in other parts of the UK and consequently we are unlikely to see any outcome from the UK study which will be particularly useful in contributing to the problems which the Department is attempting to address in relation to Northern Ireland rather different Social Economy.

It will be important that any future development of Social Economy organisations in Northern Ireland does not result in public subsidies to community groups that put them in conflict with activities normally done by the private sector without subsidy or at a lower level of subsidy.

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