



North Down Local Strategy Partnership

RESPONSE TO

“DEVELOPING A SUCCESSFUL SOCIAL ECONOMY”- NI GOVERNMENT’S 3 YEAR STRATEGIC PLAN

North Down Local Strategy Partnership is encouraged by current Government efforts to develop and strengthen the Social Economy although it is clear these need to be sustained to ensure the sector grows from strength to strength. Below are outlined the views of the Partnership in response to the Department of Enterprise, Trade and Investment consultation document. The Partnership has, through its own local experience of working with and for the Social Economy, made a number of observations and from these it makes the following responses and recommendations.

Objective 1- Increase awareness of the Sector and Establish its Value to the Local Economy

The experience of North Down Local Strategy Partnership has been that the general level of awareness and understanding of the Social Economy is very low. This spans the Community/ Voluntary sector, Statutory Agencies and the business and private sector. Organisations are often unfamiliar with the social enterprise model of trading to achieve social aims. It is vital the Social Economy is promoted via central government throughout Government Departments, Agencies, communities as well as the general public. These organisations and individuals are the customers, Board members and investors of social enterprises. Promotion of understanding, awareness and trust are central to the success of the Social Economy.

1.2 Action- Deliver a Communications Plan

The Social Economy is unique in its aims, objectives and structures. Embracing the Social Economy will require a culture change throughout sectors. The document acknowledges that awareness of the Social Economy across sectors is poor. It proposes a Communication Plan be implemented to raise awareness.

Response

Government Agencies, particularly, are an important source of business for Social Enterprises, which could provide an ongoing sustainable income. It will be important for promotion to be pitched at the right level, communicate the benefits of Social Enterprise to the Statutory Sector, reducing concerns, improving communication and developing understanding. This should be heavily emphasised, as the

continuing success of the Social Economy is dependent on improved awareness.

1.3 Action- Assess the impact of new policies and programmes

The document states the Department of Trade and Industry (DETI) will work continually with government departments to ensure the Social Economy is considered when drafting relevant policies and programmes.

Response

LSPs have an important role to play in policy consultation, advising on their potential impact. LSPs have extensive knowledge of areas suffering under-investment and economic deprivation which will be invaluable to developing the Social Economy. This isn't formalised in the document's Actions and Objectives.

Objective 2- Develop the sector and increase its business strength

In order to increase the number of social enterprises and strengthen those already in existence, financial products and business opportunities must be made more accessible. The experience of North Down LSP has been that many Community/ Voluntary organisations are reluctant to embark on setting up and developing a trading enterprise. Driving a social enterprise requires business and commercial skills which are alien to the culture of many of these organisations. This objective must present working with and for the social economy sector less frightening. The Community/ Voluntary sector fear their lack of experience in managing human and financial resources as well as a general fear of failure. The Statutory sector fears doing business with the Social Economy sector, its limited track record, sustainability of enterprises and ability to professionally deliver quality goods and services. Overcoming these barriers will allow organisations to embrace the challenge of social enterprise and those already in existence to develop and grow. Accessibility of training, information on accessing funding and finance and identifying commercial opportunities are areas which need development. A centralised handbook on support agencies, sources of funding and finance and advice on the tender process would be valuable.

2.1 Action- External study into sources of finance and financial products

The Department proposes carrying out an external study into financial resources currently available to the sector.

Response

This is a particularly difficult challenge. Existing financial products available to the sector are limited, mainstream products are generally unavailable to not-for-profit businesses. This needs particular government support if the sector is to become sustainable. Financial

products can be confusing particularly in a sector which may have limited experience beyond funding.

2.2 Action- Promote access to existing and new sources of finance

This action aims to increase the uptake of new and existing financial products available to the sector.

Response

The Community/ Voluntary and Social Economy sectors have relied heavily on funding in the past. It is important to promote financial products which are tailored to the unique needs of the Social Economy. Limitations are not only in the promotion of these products but also in understanding of them. Knowledge and understanding needs to be promoted in both the Financial Services and Social Economy sectors.

Objective 3- Developing a supportive and enabling environment

Meeting the challenges of this Objective is, again, heavily dependent on increasing knowledge and awareness of the sector amongst Statutory organisations. Many Government Procurement contracts are too large for local social enterprises to even consider, they demand the contractor to work on a Provincewide basis. The majority of social enterprises are simply unable to deliver this; they are small and local in focus and have neither the staff nor resources to realistically tender for these contracts. Local contracts would allow social enterprises to break into public procurement, develop their reputation and grow further with the aid of the sustained income. The lack of trust, knowledge and understanding of enterprises on behalf of Statutory Agencies is also a stumbling block. Experience has shown that both the procurement process and lack of understanding from both the Community/ Voluntary and Statutory sectors is preventing this source of business from flourishing.

1.4 Action- Identify and increase opportunities for the sector in delivering public services.

As referred to previously, procuring Government contracts could prove a valuable source of revenue for Social Enterprises. Relationships could be mutually beneficial providing much needed sustainable income to Enterprises, strengthening communities and enabling Statutory Agencies in meeting their community development commitments.

Response

Procurement processes need to be open, transparent and accessible to Social Enterprises. Smaller contracts particularly should be made more accessible for social enterprises as these are easily within their capabilities.

Further Recommendations

Although not specifically referred to in the document, insurance is a major stumbling block to Social Enterprises. This is an issue for the majority of Community/ Voluntary organisations and small businesses. The document should consider the challenges faced by Social Enterprises and the exploration of insurance designed specifically for the market. A process of risk assessments would allow enterprises and insurers to identify realistic risks and ensure insurance charges meet the demands of the enterprise more accurately and effectively.

The Consultation Document is very general; it covers the main issues and barriers challenging the success of the Social Economy. The Document, however, is not specific in how it will implement its actions. Also, LSPs do not feature a great deal in the document. LSPs provide a vital function in ensuring the success of the sector, having a strategic understanding of the needs of local communities, and an important source of support to new and emerging enterprises. It is important to maintain and encourage local autonomy in meeting the needs and demands of local communities.



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