

A Social Enterprise Strategy for Scotland

- response from Development Trusts Association Scotland

General comments

DTA Scotland welcomes the initiative of the Scottish Executive to produce a social enterprise strategy for Scotland. The enterprise culture lies at the heart of the development trust movement and for too long the specific support and development needs of our movement have been poorly served both by traditional business support networks and by the range of community development agencies that operate both locally and nationally. The existence of a strategy which differentiates the needs of social enterprise from the needs of both the wider social economy and the commercial business sector should bring significant gains in terms of growing the size of the development trust movement and the social enterprise sector more generally.

Terminology

The struggle for clarity of definition between different sectors and sub sectors is an ever-present. A clearer sense of where the lines are drawn will evolve over time as the sector matures. However one distinction that needs to be recognised is that within the social enterprise sector more generally, there exists a discrete subset of community owned and managed social enterprises. This is the specific type of enterprise activity that underpins the development trust movement and in many respects has different business support requirements from other parts of the sector. We would ask that the redrafted strategy makes explicit reference to community enterprise rather than making assumptions that it is indistinguishable from other aspects of the social enterprise sector.

The contribution of social enterprise

The strategy refers to the contribution that social enterprise can make to the regeneration of our most deprived communities. However in this context the strategy seems to imply that the key contribution is restricted to improving the employability of those most disadvantaged in the labour market. While this is undoubtedly one of the benefits, community owned social enterprise can have a much more profound impact at a local level. Community owned social enterprise can be the driver of very significant regeneration, transforming local quality of life and reversing economic, social and environmental decline. In particular successful community owned business enable 'community anchor' organisations such as development trusts to grow and develop their own local plans and meet local priorities from within their own resources. The presence of effective community anchor organisations is widely recognised as being a prerequisite of successful sustainable community renewal.

The main challenges for the development of social enterprise

In broad terms the areas identified in the strategy are correct but we would make the general comment that the strategy does not seem to appreciate the scale of the task.

In particular the challenge of lowering current high levels of risk aversion needs to be addressed by more imaginative use of the current grant funding programmes and investment strategies. For example Futurebuilders was designed to increase the sustainability of the sector but in many respects it served to sustain a culture of grant dependency. Explicitly linking grant programmes with other forms of equity and loan finance provision would enable many organisations to acclimatise more gradually to an environment where loan finance was an accepted means of financing their business. A related area of challenge which is not referred to in the strategy is the question of how to increase the levels of asset ownership by communities. Asset based development is one of the key mechanisms to achieve sustainable community regeneration and yet there are many barriers which restrict greater levels of community ownership of assets. The strategy should make a clear commitment to find ways of increasing the levels of asset ownership by communities. For instance new Treasury guidelines which permit public sector assets to be transferred into community ownership at less than market value where community benefit can be demonstrated, have not been adopted by the Scottish Executive. We would argue that the final strategy commits the Scottish Executive to comply with the guidelines that are being implanted in England and Wales.

Strategic Objectives

We agree in broad terms with the strategic objectives set out in the strategy.

Business support

If the sector is to grow greater attention needs to be given to the pre-start up phase. There needs to be mechanisms in place that will bring the organisations to the business 'starting line', stimulating interest in the enterprise culture and helping these organisations to formulate their ideas. Beyond this point there also needs to be a more focussed approach to the early business growth needs of the organisation. Business Gateway will not pick these organisations up until levels of trading has become much more mature. We support the idea of a voucher system although to be workable there would need to be a flexible approach adopted as to how the early business support would be brokered.

Demonstrating the value of social enterprise

One of the less tangible but nonetheless critical contributions of social enterprise with the community context, is that it builds levels of social capital at a local level. The benefits of having high levels of social capital are well documented but it is less well established how social capital can be measured. We would argue that the strategy should address this issue and establish a means of measuring increases in social capital as a benchmark of whether the strategy has been successful.

Implementation

Social enterprise has significant potential to impact across all Scottish Executive departments and we would argue that responsibility for overall implementation of the strategy should reflect this by creating an implementation unit that has shared reporting requirements to both enterprise and communities ministers.

We are concerned that LSEPs are identified as having a major role in developing support for social enterprise as thus far, they have developed in a highly ad hoc way and operate idiosyncratically around the country. If this approach is pursued there would be a danger it results in an overall provision of support for the sector that is inconsistent and variable.

We support the development of performance indicators and would ask that they reflect ambitious targets for the sector which are backed with the appropriate level of additional support. Fundamental to the success of this strategy is that there should be a recognition that social enterprise requires a level of support which is proportionate to the levels of support that private enterprise currently receives.

We hope that you find these comments helpful and would be pleased to meet to discuss in more detail any aspect of this response.

Angus Hardie , Director DTAS

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