



Report of the Director of Neighbourhoods and Housing and the Director of Legal and Democratic Services

Scrutiny Board (Neighbourhoods and Housing)

Date: 10 January 2007

Subject: Social Enterprise Framework and Action Plan

Electoral Wards Affected: All

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Executive Summary:

The report sets out the rationale for supporting and developing the capacity of social enterprise organisations to enable their involvement in the delivery of public services. The report identifies the national, regional and local policy drivers encouraging local authorities to;

- support the growth of social enterprise,
- develop their capacity to deliver best value services and community benefits, and
- explore social enterprise as a potential model for the delivery of existing mainstream Council services where doing so would produce better outcomes for customers.

The Social Enterprise Framework and Action Plan sets out how the Council will support and develop social enterprises that have the potential to contribute to a mixed economy of provision and deliver service efficiencies. The report summarises some of the key opportunities and challenges that arise from implementing the Framework and Action Plan.

The Thriving Communities Scrutiny Board is asked to comment on and support the approach set out in the Social Enterprise Framework and Action Plan.

1.0 Purpose of the report

- 1.1 The report sets out the key drivers for the development of the Social Enterprise Framework and Action Plan. The report identifies the benefits of developing a coherent corporate approach to promoting and supporting social enterprise and a summary of the key issues to be addressed.

2.0 Background

- 2.1 A Social Enterprise is a trading organisation which:

- is enterprising in its approach
- has clear social objectives set out in a constitution
- has a structure which ensures social ownership and accountability
- does not distribute profit to private shareholders

Social enterprises aim to deliver economic and social benefits either by delivering public services directly to communities or through seeking trading opportunities elsewhere and reinvesting any surplus generated to support these local communities. The Framework provides a number of examples from Leeds and other areas, of successful social enterprises delivering economic and community benefits.

- 2.2 The Social Enterprise sector has grown considerably in terms of its percentage of the UK economy as a series of policy drivers and considerable investment from the public and private sector has produced the conditions in which a growing number of social enterprises have prospered.

- 2.3 Social enterprise policy drivers include:-

- The National Procurement Strategy (October 2003) which identified the need for public bodies to link procurement strategies to their Corporate Plans and explicitly highlighted the need to link procurement to local social, environmental and economic objectives.
- The Small Business Friendly Concordat, March 2005, to which Leeds City Council is a signatory, offers case studies on incorporating community benefits into tenders and engaging social enterprise in procurement.
- The Local Government Act 2000 which enables local authorities to promote the economic, social and environmental well-being of their communities and includes working with suppliers to realise community benefits through procurement.
- The Regional Economic Strategy 2006-2015 also identifies actions to support the development of social enterprise under 3 of its 6 key objectives – to support the specific needs of social enterprises through mainstream business support; developing NHS, local authority and other public sector procurement policies to enhance local business opportunities; and to utilise and build the capacity of the Voluntary, Community and Faith sector (VCFS) and social enterprises to deliver appropriate mainstream services.
- The Government's Social Enterprise Action Plan: Scaling new Heights aims to raise awareness of what Social Enterprises can achieve and encourages people to make a difference either by getting involved with or investing in Social Enterprises.
- The 4th block (Economic Development and Enterprise) of the Leeds Local Area Agreement and particularly the work programmes focusing upon addressing financial inclusion, tackling worklessness and supporting enterprise.

- 2.4 Government and Regional Funding programmes have sought to embed these policies in practice through funding support for Social Enterprise. Business Link provides business

support and start-up grants to social enterprises and Regional Development Agencies and Government Offices have provided national and European resources to support the development of social enterprise. Yorkshire Forward has recognised the contribution of social enterprise in the RES and has provided support for policy development through the Regional Forum and the Government Office for Yorkshire and the Humber have provided funding for social enterprise support projects aimed at the VCFS through the European funded Objective 2 programme.

3.0 The Social Enterprise Framework and Action Plan

3.1 The Social Enterprise Framework and Action Plan appended to this report aims to provide a coherent and co-ordination approach to support social enterprise in the City to enable the Council to fulfil its commitment in the Council Plan to diversify service delivery arrangements where it is appropriate to do so.

3.2 The action plan has been constructed around four key objectives to address the key challenges and maximise the opportunities in engaging with social enterprises. These are to:-

- raise the profile of social enterprise and promote a mixed economy of service provision across the Council
- define a strategic corporate approach to achieving community benefits through procurement.
- provide support to social enterprises, including the development of capacity in the VCFS to deliver public services.
- work with new and existing partners on innovative ways to deliver services and develop thriving communities

3.3 Work to be taken forward will include interventions to assist both the commissioners and procurers of services and potential service providers:-

- Promoting the framework to raise awareness of and champion social enterprise
- Providing training for those procuring services to engage with social enterprises
- Identifying further procurement opportunities for social enterprises
- Developing an information resource that identifies social enterprises, the services and community benefits they deliver aimed at those procuring services
- Developing model contracts for use with social enterprises
- Producing guidance and training on specifying and quantifying community benefits for inclusion in tender specifications and evaluations
- Establishing a network of social enterprise advisors and mentoring programmes targeted to key areas of service delivery
- Identifying and promoting the resources available to provide seamless support to social enterprise at different stages of development particularly in disadvantaged areas
- Working with other public sector and agencies partners to harness and target resources and further develop this approach

4.0 Key Opportunities and Challenges

4.1 There are a number of existing models and planned activities that are informing the way forward. In summary these are:-

- The Keeping House initiative developed by Social Services Department to provide VCFS groups with the capacity to deliver social care and domestic services for vulnerable adults. Keeping House demonstrates how groups can develop and

charge for domestic services that the client group regularly demand and find difficult to access. The project has employed advisors who work with the groups to constitute themselves as trading social enterprises and to assist them with business planning and marketing. Keeping House demonstrates how the Council can develop different models of delivery for services that are in demand and that residents are willing to pay modest amounts for.

- The Sports Trust model of delivery broadly meets social enterprise criteria and provides a useful template whereby the delivery of a mainly “charged for” service is enhanced by being delivered at arms length from the Council. The Trust model of delivery benefits from significant tax, borrowing, legal and human resource advantages and enables the organisation to operate in a more flexible and enterprising manner than previously.
- The Leeds Credit Union similarly provides a good model of a successful and expanding social enterprise delivering key regeneration benefits through a mixture of income generation, grant support and contract delivery.
- The Sustainable Futures Project based in Neighbourhoods and Housing Department is working with City Services Department and a range of community based recycling groups and to put in place contracts for the recycling of specific materials. There is potential for such groups to make a significant contribution to the achievement of the Council’s Waste Strategy.
- The successful Leeds Local Enterprise Growth Initiative (LEGI) bid includes the development of Catalyst Centres to be established in deprived communities. The Centres, located in community venues, will be operated as social enterprises providing business support services for entrepreneurs operating for profit and for social benefits. Income raised from their services would be ploughed back into the centre and the community to address the below average levels of enterprise found across the City.

4.2 There are a number of significant challenges to be addressed in providing effective support to social enterprise :-

- The enterprise deficit within the City is significant with levels of self-employment and business start up below national and regional averages. Encouraging greater levels of enterprise is a cross cutting priority that requires greater collaboration and coherence in the Narrowing the Gap and Going up a League agendas of the Leeds Initiative. The Council has a key role to play in this in terms of how it procures and delivers its services and in the influence it can bring to bear upon partners, contractors, investors in the City and major developers. The framework and action plan will enable the Council to contribute to activity to stimulate enterprise in the City and the growth and increased capacity of social enterprises.
- Work is underway within the Corporate Procurement Unit (CPU) to assist in the specification and assessment of “community benefits” in contracting opportunities. This challenging work is essential in providing social enterprises with competitive equity and is a significant element of the framework and action plan.
- There is the potential to develop the methodology for the assessment of “community benefits” and embed this in a methodology for assessing requests for the transfer of assets to VCFS groups. This would need to be combined with the establishment of clear guidelines and criteria regarding the management capacity

and business plans of groups requesting transfers.

- Whilst the framework and action plan concentrate on the activities of the Council, it also recognises the need for the Council, in its community leadership role, to encourage other partners to work towards the development of social enterprise in a planned and coordinated manner.
- There is also a need to manage expectations about the extent to which social enterprise can deliver best value public services or solve some of the funding issues affecting the VCFS. Social enterprises need ultimately to be successful, sustainable businesses.

5.0 Implications for Council Policy, Governance and Resources

5.1 The implementation of the framework and action plan can be undertaken within existing policy, governance structures and resources. Proposals arising from the action plan that have cost / benefit implications will be judged on a case by case basis within the context of Departmental Service Plans and budgets.

6.0 Conclusion

6.1 The Social Enterprise Framework and Action Plan provides the Council with a mechanism to coordinate support to Social Enterprise to :-

- develop and build their capacity to deliver economic and social benefits.
- procure services from social enterprises, and
- re-engineer service delivery where appropriate and where the existing service would benefit from the freedoms and flexibilities that a social enterprise model would allow.

6.2 The Action Plan will be monitored and reviewed as policy, practice and new interventions emerge and will inform engagement with other public sector agencies in the City.

7.0 Recommendation

Scrutiny Board members are asked to comment on and support the approach outlined in the report and the attached Framework and Action Plan.