

EAST AYRSHIRE COUNCIL

CABINET – 2 DECEMBER 2009

DEVELOPMENT OF THE SOCIAL ECONOMY

Report by Depute Chief Executive/ Executive Director of Corporate Support

1 PURPOSE OF REPORT

- 1.1** To inform Cabinet of opportunities and proposals to develop the social economy in East Ayrshire. This fulfils a remit from the Cabinet meeting on 8 July 2009 that the Depute Chief Executive/Executive Director of Corporate Support submits a report on the development of the social economy within East Ayrshire, to a future meeting of the Cabinet.

2 INTRODUCTION

- 2.1** The term “social economy” refers to a third sector which sits between private sector business and the public sector. It includes organisations such as cooperatives, non-governmental organisations and charities.
- 2.2** The term “social enterprise” can be defined as “a business or service with primarily social objectives, whose surpluses are principally reinvested for that purpose in the community, rather than being driven by the need to maximise profit for shareholders and owners”.
- 2.3** Accordingly, social enterprise is a business model in which these businesses, like all others in other business structures, such as sole traders, partnerships and limited companies, require to generate profit to ensure survival, but where such profit is re-invested to achieve the social objectives of the organisation.
- 2.4** Social economy enterprises are characterised by a strong personal involvement of its members in the management of the company which associates economic performance, democratic operation and solidarity amongst members.

3. OVERVIEW OF THE SOCIAL ECONOMY IN EAST AYRSHIRE

- 3.1** An audit carried out in 2006 by CEiS (Community Enterprise in Strathclyde) identified approximately 280 organisations operating within the sector in East Ayrshire. Predominantly, these organisations work with children, through playgroups and after school care.
- 3.2** Some key features revealed by this audit included :
- 57% of the organisations are charitable, with only 15% being limited companies with charitable status;
 - 44% of the organisations operate across East Ayrshire, but 23% indicated that their principal area of operation is Kilmarnock;

- 55% of the organisations assist less than 200 service users in a year;
- 43% of the organisations have a turnover of less than £50,000 per annum.

3.3 In addition, there are a number of highly developed and very successful organisations, typically constituted as companies limited by guarantee, with charitable status, operating within the social economy sector in East Ayrshire, including (although not exhaustively) :

- Coalfields Community Transport;
- Visions Leisure Centre;
- East Ayrshire Carers;
- Registered Social Landlords.

3.4 Business support to companies in the social economy sector is currently offered to social enterprises by the Business Development function within Planning & Economic Development focussed on date has focussed principally on development of appropriate formal business structures (such as companies limited by guarantee, with charitable status) and associated training in financial, governance and management structures.

3.5 As noted at the Cabinet meeting on 4 November 2009, the Council has been successful in securing resources through the Future Jobs Fund, which will be administered and managed by the Skills Development and Employability Team. Funding has been secured to support in the Social Economy sector, as shown in the following table.

Organisation	TOTAL New Jobs	Vacancy Type	Job Location
Cunninghame Housing Association	2	Furniture Recycling	Kilmarnock
Riverside Community Workshop	22	Furniture Recycling/Drama	Ayr
The Wise Group	5	Energy Efficiency	Kilmarnock
Coalfield Comm Transport	4	Community Transport	Cumnock
CVO	2	Administration/Project Worker	Kilmarnock
Woodlands	19	Forestry	Cumnock
The Zone	6	Childcare	Dalmellington, Mauchline, Patna
Merge	1	Disability Training	Kilmarnock
Rathbone	3	Community Engagement	Kilmarnock
Bellsbank Womens Project	4	Childcare	Dalmellington
Auchinleck Comm Dev Init	1	Community Gardening	Auchinleck
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4 THE CHANGING BACKGROUND SCENARIO

- 4.1** The responsibility for the development of the social economy previously lay with Communities Scotland, which no longer exists. Communities Scotland was obliged to establish and manage Local Social Enterprise Partnerships (LSEP), which included Scottish Enterprise and the local authorities.
- 4.2** Due to the demise of Communities Scotland and the structural changes in the Scottish Enterprise network, the LSEP in East Ayrshire needs to be re-focused in its membership, function and role.
- 4.3** In addition, the requirement of the Scottish Government for the development and establishment of a new mechanism to coordinate work with voluntary organisations and third sector agencies presents opportunities and challenges. The Government's aim is to build stronger partnerships to ensure the best possible connections between the Third Sector and local authorities in order that the Single Outcome Agreements are delivered in the most effective way.

5 OPPORTUNITIES FOR THE DEVELOPMENT OF SOCIAL ENTERPRISE IN EAST AYRSHIRE

- 5.1** The social economy sector in East Ayrshire offers potential for significant development.
- 5.2** These opportunities would include :
- Developing understanding of the social economy as a sector and the opportunities which it presents;
 - Developing community based businesses from existing local based projects;
 - Identifying business opportunities and developing new social enterprises to meet that need – e.g. maintenance of industrial estates; emerging opportunities within the food sector etc;
 - Developing business skill levels within social enterprises
 - Maximising opportunities for support for social enterprise companies through European Structural Funds Priority 2; progressing through employment;
 - Developing opportunities for social enterprises and community based businesses which arise through the 4 Towns Enquiry by Design process and the emerging work being developing in the context of the recent announcement about the closure of the Johnnie Walker Packaging Plant in Kilmarnock.

6 THE WAY FORWARD : PROPOSED ACTIONS

- 6.1** The following actions are proposed in the short term :
- 6.1.1** to update the audit of the social economy in East Ayrshire;

- 6.1.2 to re-establish the LSEP within the context of the developing Third Sector Interface;
- 6.1.3 to identify opportunities for the development of new social enterprises in East Ayrshire;
- 6.1.4 to develop further, work which has been done with existing social enterprises in East Ayrshire

7 POLICY IMPLICATIONS

- 7.1 The development of the social economy in East Ayrshire will contribute to the achievement of the objectives of Aim 2 (To support and grow new and existing businesses, including the social economy) of the Developing Community Regeneration Action Plan of the East Ayrshire Community Plan.
- 7.2 The development of the social economy in East Ayrshire will contribute to the achievement of the objectives of National Outcome 1 of the Single Outcome Agreement: "We live in a Scotland that is the most attractive place for doing business in Europe".

8 LEGAL IMPLICATIONS

- 8.1 There are no immediate legal implications arising from this report.

9 PERSONNEL AND FINANCIAL IMPLICATIONS

- 9.1 The actions proposed above will be undertaken as far as possible within existing staffing resources, supplemented as required by external consultancy support, which will be funded from within existing budgetary provision.

10 RECOMMENDATION

- 10.1 That the Cabinet :

- (1) Notes the terms of this report;
- (2) Agrees the proposed actions to take forward the development of the social economy in East Ayrshire; and
- (3) Requests the Depute Chief Executive/Executive Director of Corporate support to bring forward an update report to a future meeting of Cabinet.

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Depute Chief Executive / Executive Director of Corporate Support

6 November 2009 /jrs

BACKGROUND PAPERS
East Ayrshire Social Economy Audit
(CEiS – November 2006)

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