

EAST AYRSHIRE COUNCIL

CABINET 20 APRIL 2011

DEVELOPMENT OF THE SOCIAL ECONOMY

Report by Depute Chief Executive/ Executive Director of Neighbourhood Services

1. PURPOSE OF REPORT

- 1.1 To inform Cabinet of work undertaken to develop the social economy in East Ayrshire.

2. INTRODUCTION

- 2.1 At the meeting of Cabinet on 2 December 2009, it was agreed that the following actions would be taken in relation to the Social Economy:

- to re-establish the Local Social Enterprise Partnership (LSEP) within the context of the developing Third Sector Interface;
- to update the 2006 audit of the social economy in East Ayrshire;
- to identify opportunities for the development of new social enterprises in East Ayrshire; and
- to develop further, work which has been done with existing social enterprises in East Ayrshire.

3. CONTEXT OF THE THIRD SECTOR INTERFACE

- 3.1 The Scottish Government is committed to increasing sustainable economic growth for Scotland and believes that the Third Sector has a major contribution to make in this regard. The relationship between the Government and local authorities has been changed fundamentally by the Concordat and the Scottish Government believes that this opens up significant opportunities for the Third Sector, to contribute more to the growth of Scotland's economy.

- 3.2 The Concordat means that this work will be more focused on partnerships at the local level and will necessitate the further development of relationships between the Third Sector, local authorities, and Community Planning and other local partnerships, with a view to ensuring the full contribution of the sector to Single Outcome Agreements.

- 3.3 In order to meet the requirements of the Scottish Government, officers from the Department of Educational and Social Services and the Community Planning and Partnership Unit have regularly met with East Ayrshire CVO and the Local Volunteer Centre to support the establishment of a Third Sector Interface, which will allow the third sector to:

- operate at a more strategic level, ensuring appropriate representation in Community Planning and other strategic agendas;
- effectively inform policy making and decision making across the Partner agencies, in addition to the planning and delivery of local services;

- further inform the ongoing development of the Single Outcome Agreement (SOA) and develop its contribution to achieving SOA outcomes; and
- articulate what is needed by the voluntary sector and the communities it serves.

3.4 At its Special Board meeting on 29 March 2011, the East Ayrshire Community Planning Partnership (CPP) endorsed the new Third Sector Interface arrangements for East Ayrshire and extended an invitation to the Interface to be represented on the CPP Board, subject to a range of operational conditions, including that the Interface would seek to broaden the representation on the Interface to ensure the participation of the Third Sector in its widest sense.

3.5 The Third Sector Interface brings together;

- East Ayrshire Council for Voluntary Organisations (EACVO), with a focus on supporting and developing a strong third sector ;
- East Ayrshire Volunteer Centre, with a focus on developing volunteering; and
- the Local Social Economy Partnership, with a focus on social enterprise development.

4. THE LOCAL SOCIAL ECONOMY PARTNERSHIP

4.1 The Social Economy describes a wide sector that includes both social enterprises and other voluntary organisations operating through grant and other external funding, between the private and public sectors.

4.2 Within this context, the following six characteristics are the foundation for defining social enterprises. They should have a social purpose; engage in trade; have no private profit distribution; hold assets for community benefit; have democratic structures; and be accountable to stakeholders.

4.3 Social enterprises operate within the social economy but generate income through trading. The amount they generate can vary greatly, from one or two percent to 100 percent. Many voluntary organisations could be defined as social enterprises but not perceive themselves as such. This can be the case, for example, when they carry out work under service level agreements, viewed as income generation but not always seen as such by the organisations themselves.

4.4 The aim of a Local Social Enterprise Partnership (LSEP), within the context of the Third Sector Interface, is to support the growth of an enterprising third sector by improving co-ordination and networking, strengthening locally available support and unlocking market opportunities.

4.5 The East Ayrshire LSEP, previously supported by the Communities Scotland, has recently reformed and now comprises representation from the following partners:

- East Ayrshire CVO
- East Ayrshire Volunteer Centre
- Scottish Enterprise
- Business Gateway
- Ayrshire Business in the Community
- Skills Development Scotland
- Social Firms Scotland
- East Ayrshire Council: 1 representative of each of the following services;

- Economic Development
- Skills Development & Employability
- Community Learning & Development
- Early Education and Childcare.

4.6 Terms of reference are being developed by the LSEP around the areas of activity shown in the table below. The agreed terms of reference will form the basis of an action plan covering the next 2 years.

| Objective | Activity |
|---|--|
| 1. Raise the profile of social enterprise and generate awareness of how it can contribute to the economy of East Ayrshire | Expand the membership of the LSEP |
| | Develop a web-site dedicated to the Social Enterprise support |
| | Promote social enterprise to enhance public understanding of its role and purpose. |
| | Continued mapping of the sector |
| 2. Develop market opportunities for social enterprises to provide services | Raise awareness within public sector bodies of the role of social enterprises |
| | Assist social enterprises to develop their ability to compete for and secure public sector contracts – in conjunction with the Council's existing Supplier Development Programme |
| 3. Create a network to support existing and new organisations to expand social enterprise activities | Support the development of an independent, self-managing social enterprise network in East Ayrshire |
| | Support the development of mentoring programmes through Ayrshire Business in the Community |
| | Ensure local social economy organisations have access to national social enterprise support agencies |
| | Develop social enterprises focussed on health |
| | Develop social enterprises focussed on rural exclusion |

5. UPDATE OF THE AUDIT OF SOCIAL ENTERPRISES

5.1 Under the auspices of the Third Sector Interface, the CVO and the Volunteer Centre will amalgamate their social enterprise databases, which combined will include around 400 organisations, based throughout East Ayrshire, which are currently operating as social enterprises or have the potential to develop along the social enterprise model.

5.2 As this is work in progress, the precise details of numbers and business types across the sector have not been established, but include organisations providing:

- child care, which is the predominant activity delivered through a social enterprise model;
- leisure activities;
- transport; and
- community support services.

5.3 The business health check model, utilised by the Business Gateway, has been adapted to establish more detailed business information about each of the social enterprises, relative to their existing activity, proposed future activity, funding requirements and training needs. This work has been agreed by the LSEP and will be initiated in April / May 2011 by East Ayrshire CVO, with organisations grouped according to their contribution to the four themes of the Community Plan.

5.4 A survey will form the basis of a mapping exercise. It is anticipated that the survey will require a significant East Ayrshire CVO staff resource to work with organisations on an individual basis; it is anticipated that it will take several months to complete.

5.5 The next stage, building on the results of the Health Check, is to develop a business plan template for social enterprises which will take account of the projected outputs and outcomes.

6. DEVELOPMENT OF NEW SOCIAL ENTERPRISES IN EAST AYRSHIRE

6.1 The Council will continue to provide assistance to support the development of fledgling social enterprises through its existing range of business development services, including advice, loan and grant funding.

7. SUMMARY OF PROPOSED FUTURE ACTIVITY

7.1 The activities proposed in the preceding section of this report are summarised, in the following table.

| ACTIVITY | RESPONSIBILITY | TIMESCALE |
|---|--|----------------|
| 1. Undertake an audit of existing social enterprises | Third Sector Interface - CVO | By end of 2011 |
| 2. Raise the profile of Social Enterprise | Third Sector Interface - LSEP | Ongoing |
| 3. Develop a web-site dedicated to the support Social Enterprise | Third Sector Interface - CVO, supported by EAC | By end of 2011 |
| 4. Assist social enterprises to develop their ability to compete for and secure public sector contracts in conjunction with the Council's existing Supplier Development Programme | EAC - Business Development | Ongoing |
| 5. Support the development of an independent, self-managing social enterprise network in East Ayrshire | Third Sector Interface - LSEP | By end of 2011 |
| 6. Support the development of | Ayrshire Business in the | By end of 2011 |

| ACTIVITY | RESPONSIBILITY | TIMESCALE |
|---|--------------------------------------|------------------|
| mentoring programmes through Ayrshire Business in the Community | Community | |
| 7. Ensure local social economy organisations have access to national social enterprise support agencies | Third Sector Interface - CVO and EAC | Ongoing |
| 8. Promote the development of new social enterprises | Third Sector Interface - LSEP | Ongoing |

8. DEVELOP WORK WITH EXISTING SOCIAL ENTERPRISES IN EAST AYRSHIRE

8.1 Annual funding and officer involvement is provided by various services of the Council to support the work of a wide range of social enterprise activities throughout East Ayrshire.

9. POLICY IMPLICATIONS

9.1 The development of the social economy will contribute to the achievement of the objectives of the East Ayrshire Community Plan, in particular through the Developing Community Regeneration Action Plan.

9.2 Given the rising profile and importance of the social economy sector, it will be important to ensure representation from the sector on the Delivering Community Regeneration Thematic Group, through the Third Sector Interface.

9.3 The development of the social economy in East Ayrshire will contribute to the achievement 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', and locally to the Local Outcome: 'Local economy improved'.

10. LEGAL AND FINANCIAL IMPLICATIONS

10.1 There are no legal or financial implications arising from this report.

11. PERSONNEL IMPLICATIONS

11.1 There are currently no personnel implications as a result of this report.

12. RECOMMENDATIONS

12.1 It is recommended that Cabinet:

- (i) endorses the proposed actions, as detailed in section 7, to take forward the development of the social economy in East Ayrshire;
- (ii) requests the Depute Chief Executive/Executive Director of Neighbourhood Services to bring forward update reports to Cabinet on an annual basis; and
- (iii) otherwise notes the content of this report.

Elizabeth Morton
Depute Chief Executive / Executive Director of Neighbourhood Services

JRS

23 March 2011

BACKGROUND PAPERS

Nil

For further information please contact Alan Neish, Head of Planning and Economic Development on 576767

Implementation Officer: Alan Neish