

Building Stronger Communities Task Force Report Social Firms UK comments on recommendations

About Social Firms UK

Social Firms UK is the national support agency for a particular type of social enterprise whose specific mission is to employ people at most disadvantage in the labour market and to re-invest any profits to create more jobs. Our mission is to strengthen and grow the Social Firm sector so that more people facing the most significant barriers to work can gain employment. We are a membership organisation. We offer advice, support, good practice exchange and a wide range of practical resources to organisations starting up and developing Social Firms. We also have a corporate membership scheme – Double Impact – through which organisations can enhance their corporate social responsibility activities through a range of partnership ventures with Social Firms. We work with a wide range of partners who share our values of enterprise, employment and empowerment. We are one of the Office of the Third Sector's strategic partners.

About Social Firms.

A Social Firm is an independent market-led enterprise, generating at least 50% of its income through the sale of its goods or services. At least 25% of the staff in every Social Firm are people who face the greatest barriers to employment. This might be because of a learning disability or mental health problem or a prison record or a drug or alcohol habit, or due to homelessness. Frequently people face multiple barriers. As such Social Firms are innovative organisations that have emerged specifically to use enterprise to provide an employment solution not being provided elsewhere. Since 1999, when there were only 5 Social Firms in the UK, the sector has grown and there are now some 170 throughout England, Scotland, Wales and Northern Ireland that sustain an estimated 2070 FTE permanent jobs, over 50% of which are held by people who face particular barriers in the labour market.

The impact of the recession

With communities everywhere losing jobs due to the economic downturn, the increase in the number of people looking for work makes it even harder for the people who face additional barriers to find it. There are nowhere near enough Social Firms to meet the growing demand. At the same time, Social Firms face the same economic challenges as any other business. In fact their challenge is greater because of the additional costs involved with providing a supportive employment environment. So far as we are aware none have yet ceased trading, but there are a small number currently experiencing cashflow problems as a result of reduced consumer demand or because other companies who they supply are retrenching and the knock-on effect has put them in a precarious financial position.

Social Firms UK's comments on the Task Force's recommendations

Social Firms UK generally welcomes the Task Force's report and the recommendations it contains for greater partnership between government and the private and third sectors, particularly social enterprise. We firmly believe that greater collaboration, whether it is "hard-wired" into commercial relationships through the supply chain or through other collaborative initiatives, is the only way to achieve maximum social benefit for individuals and for the communities of which they are a part. This is of course of immediate importance in the current downturn where communities are at risk of fracture. But we believe that it is essential to develop and sustain inter-sector relationships for the long term, to galvanise communities by providing both ongoing social and business benefit.

Our comments on specific recommendations within the 3 Priorities for Action are set out below.

1st Priority for Action: Build closer connections between the business and third sector at local level

As the focus of the report is strengthening communities we agree strongly that close local connections between business and the third sector is vital. We also see significant actual and potential benefits of developing stronger links between the two sectors at other levels as well, which can be achieved, for example, if businesses use social enterprises in their supply chains. We support wholeheartedly the Taskforce's recommendation that there should be much more effective promotion and use of social impact principles within both public and private sector contracting, including the use of social clauses and using social enterprises in supply chains. (We were disappointed that this message did not come through as clearly in the executive summary as it is in the main report and would not want its importance to be overlooked or seen as appropriate only in the context of downsizing). We hope that the Taskforce recognised the wider range of circumstances in which this kind of partnership can benefit a community including, for example when the social enterprise is based in one community and the contractor is based in another.

To help broker trading relationships between Social Firms themselves and between Social Firms and other businesses, Social Firms UK has developed a web-based trade directory www.trade.socialfirms.co.uk which gives details of Social Firms and can be searched by region or by type of goods or service provided.

2nd Priority for Action: The importance of responsible downsizing

We agree with all the recommendations on responsible downsizing and that examples of good practice should be widely promoted to corporate organisations. However, as mentioned above, we are concerned that this should not be portrayed solely as relevant in times of economic downturn. Corporate organisations should look at their capacity to share expertise with third sector organisations on an ongoing basis because it is common for them

to lack access the necessary level of finance, marketing or business skills at board or trustee level.

As part of our Double Impact initiative, Social Firms UK encourages corporate organisations use Social Firms in their supply chains and to mentor/buddy local Social Firms as a way of offering development opportunities for corporate staff and injecting expertise needed by the Social Firm.

We agree that there is significant potential for productive initiatives if private, public and third sector work together and the Boots regeneration work case study is an excellent example of what can be achieved. We believe this approach has great potential, particularly if private sector resource can be linked into capital asset transfer and the development of community initiatives which in turn can form the base for social enterprise startups.

3rd Priority for Action: Invest in innovative partnerships

From our earlier comments and illustrations of Social Firms UK's initiatives, it is clear that we support this priority and the recommendations associated with it.

We would welcome the opportunity to contribute to further thinking and the development of initiatives in this area.

Social Firms UK

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