

# **NCIA Inquiry into the future of voluntary services**

**Working Paper 3**

## **The Rise and Influence of Social Enter- prise, Social Investment and Public Ser- vice Mutuals**

**Leslie Huckfield**

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[info@independentaction.net](mailto:info@independentaction.net)

# **NCIA Inquiry into the Future of Voluntary Services**

## **Working Paper 3**

### **The Rise and Influence of Social Enterprise, Social Investment and Public Service Mutuals**

#### **Foreword**

This paper has been produced as part of the NCIA Inquiry into the Future of Voluntary Services. The Inquiry is specifically concerned with those voluntary organisations that deliver services in local communities, especially those that accept state money for these activities. These are the groups that have been particularly affected by successive New Labour and Coalition Government policies regarding the relationship between the voluntary and statutory sectors, and attitudes and intentions towards the future of public services. In this and other papers we refer to these as Voluntary Services Groups or VSGs.

It has long been NCIA's contention that the co-optive nature of these relationships has been damaging to the principles and practise of independent voluntary action. The nature and scale of the Coalition Government's political project – ideologically driven - to degrade rights, entitlements and social protections, and to privatise public services that cannot be abolished is now laid bare. This has created new imperatives for VSGs to remind themselves of their commitment to social justice and to position themselves so that they can once again be seen as champions of positive social, economic and environmental development.

Our Inquiry is a wide ranging attempt to document the failure of VSGs, and the so-called 'leadership' organisations that purport to represent them, to resist these shackles on their freedom of thought and action. But it is also an attempt to seek out the green shoots of a renaissance that will allow voluntary agencies to assert their independence and reconnect with the struggle for equality, social justice, enfranchisement and sustainability.

This paper is one of a number that has been produced through the Inquiry. It is concerned with the ways in which the business concepts of social enterprise and social investment, and the 'mutualisation' of public services, have been introduced into the discourse of voluntary action. It also examines how VSGs and the so-called 'leadership bodies' within the sector have allowed themselves to be reshaped by these ideas. The paper has been prepared for NCIA by Les Huckfield to whom we offer grateful thanks.

For more information on the NCIA Inquiry please visit our website – [www.independentaction.net](http://www.independentaction.net).

NCIA  
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# 1. The Politics of Social Enterprise and Social Investment

To explain the significance of recent developments in 'Social Enterprise' and 'Social Investment' this paper describes the social, political and economic context which has promoted opportunities for them to flourish. The framework is one of deregulated markets, the withdrawal of public funding and social protection and approaches to individualism which encapsulate exploitation within a political ideology which seeks to reduce the size, cost and influence of the state.

Conservative Governments in the 1980s and 1990s were preoccupied with reducing the size and scale of the state through transferring public services and utilities to the private sector. But, perhaps less publicly, they also introduced "quasi markets" into "fields of social policy previously organised as publicly owned hierarchies" in Health, Housing and Education in 1988 and 1989. (LeGrand 1991) These new markets laid the foundations for the procurement, commissioning and contracting processes which now dominate the current Voluntary and Community agenda for NCIA organisations and for this Inquiry.

New Labour amplified this agenda through repositioning much of the Third Sector as a procurement mechanism. This paper describes New Labour's use of the Compact, funding for "capacity building" and infrastructure and promoting Social Enterprise and Social Investment to assist this repositioning. Through "Social Investment Financial Intermediaries" (SIFIs) to channel private money into Social Enterprise and Third Sector organisations, the Coalition Government continues this process of repositioning, with encouragement of more private finance.

To invite more private financing, in his Budget of Wednesday 19 March 2014, the Chancellor introduced a Social Investment Tax relief of 30% - the same rate as the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs) for the private sector.

## Overview - a Fundamental Shift of Wealth and Power

Financialisation and a shift of wealth and power to UK and to global elites is driving this agenda - a continuing significant global shift of wealth, resources and power away from local poor communities to those elites who derive their income from property, private equity, banking and financial services.

International private equity investors force short term gains for maximum shareholder value. Following private equity takeovers of Boots, Debenhams and the AA, as shown later, these funds are moving into mainstream public service delivery, especially in care and children's services. They recognise that these are areas where especially local councils have a statutory duty to deliver services.

These major forces for the redistribution of wealth are driving the outsourcing of public service delivery, with public services refashioned and remoulded to fit the new context. The private sector is now a major deliverer of public services.

All this means that the shift from public to private and from local authorities to outsourcing are ongoing and significant. It requires a fundamental refashioning of public service delivery and the recasting all potential providers, including larger organisations from the Third Sector, to fit within this.

## Overview – Adapting the Third Sector

New Labour first encouraged the concepts of Social Investment and Social Enterprise. The Coalition Government is building on this through developing another concept - 'Public Service Mutuals' - to remove more service delivery from the public sector. As shown below, national organisations, including ACEVO, NCVO, Social Enterprise UK, Locality, NAVCA and Coops UK, which purport to represent the Third Sector, have used Government funding to promote and support these developments.

Declaring a “social mission” is now the criterion for Social Enterprise. Social Investment Financial Intermediaries (SIFIs) which encourage private funding for those with a “social mission” make no distinction between local democratic structures and those for profit companies which pay dividends to private shareholders.

### Social Investment

'Social Investment' includes loans, equity and bonds, including Social Impact Bonds but excluding grants, donations and funds which are not repaid. Social Investment seeks to change the whole basis of funding for Voluntary and Community Organisations. In April 2000, Gordon Brown as Chancellor of the Exchequer, set up a Social Investment Task Force "Enterprising Communities: Wealth beyond Welfare" under investment banker Sir Ronald Cohen.

Reports from the Social Investment Task Force paved the way for New Labour's Dormant Bank and Building Society Accounts Act 2008 - which transferred dormant account balances to fund the Coalition Government's Big Society Capital – and laid more foundations for current Coalition Government policies to promote 'Social Investment'

### Social Enterprise

New Labour, through emphasis and development of the concept of Social Enterprise, by 2002 was already projecting the Voluntary Sector as an instrument of procurement: (HM Treasury 2002)

*“A Social Enterprise is, first and foremost, a business. That means it is engaged in some form of trading, but it trades primarily to support a social purpose....*

As shown below, the Cabinet Office, Big Society Capital and Social Investment Financial Intermediaries, supported by national Third Sector organisations, now make little distinction between non profit and for profit organisations which style themselves "Social Enterprises".

As one of the major SIFIs which distributes Cabinet Office and Big Lottery funding to promote Social Investment, UnLtd in a blog posted on January 23 2014 said “From 2009 to 2013, CLS (Companies Limited by Shares) applications to our ‘scaling up’ programmes rose from 34% to 54%.” The same blog posting continued: (Senscot 2014)

*“In many countries, there isn’t the variety of legal forms for social enterprise that we have in the UK, so adapting a for-profit legal form and finding ways to embed and lock in a social purpose may be the best option for many social entrepreneurs”.*

Eligible definitions of “Social Enterprise” now include sole proprietors and SMEs without em-

ployees.

### **Public Service Mutuals**

The Cabinet Office provides funding and support for councils to encourage employees to set up their own delivery structures - Public Service Mutuals - outside the public sector: (Cabinet Office 2013).

This does not mean that former public sector employees will control these new structures. Employee interests may be held in an Employee Trust, with private financial interests having a voting majority.

### **Government as Contract Manager**

In all these processes central and local government become relegated to that of commissioning agent and contract holder. More terms and conditions for tenders and procurement of services are now written to prioritise large private sector prime contractors. Outsourcing of public service delivery to private sector contractors and large Third Sector corporate organisations is now a mainstream process. Most voluntary and community organisations are excluded from this whole process from the beginning, since by their purpose and constitution they find it difficult to participate in the political process and within commissioning and procurement procedures.

## **2. Downsizing the Public Realm**

### **The 'New Normal' – Private Delivery of Public Services**

The redistribution of wealth described above drives the outsourcing of public service delivery, with more public services refashioned and remoulded to fit the new context. In her Department of Industry Public Services Industry Review 2008, Deanne Julius (previously a Director of Serco) wrote: (Julius 2008)

*"The PSI (Public Services Industry) in the UK is the most developed in the world and is second in size only to that of the US. In 2007/8 its revenues totalled £79bn, generating £45bn in value added and employing over 1.2mn people." ...In terms of value added the PSI is significantly larger than 'Food, beverages and tobacco' (£23bn in 2006), 'Communication' (£28bn), 'Electricity, gas and water supply' (£32bn) and 'Hotels and restaurants' (£36bn)".*

More recently, in "Open Access" for the CBI in September 2012, Oxford Economics wrote: (Oxford Economics 2012)

*"..not just in the un-open proportion of the markets researched but in the un-opened proportion of the estimated £278bn of public services spending which could practicably be more opened up to independent provision".*

Adding together these Deanne Julius and Oxford Economics projections means that more than 60% of total UK public revenue expenditure will soon be delivered by the private sector.

Adult health and care, foster care and children's homes show major inroads already made into public service provision by private equity seeking to extract maximum shareholder value. Laing and Buisson's 2013 Healthcare Market Review says: (Laing and Buisson 2013)

*"Published today, the 2012-2013 edition of Laing's Healthcare Market Review calculates that revenues generated by a wide range of providers delivering services such as elderly care homes, education in special schools and colleges, homecare and private hospitals stood at £39.9bn in 2011 (the last period that figures are available for).*

*"The independent sector's dominant share in care homes for the elderly makes this area by far the largest single segment of the independent health and care services market with an annualised value of £13.4bn. This is followed by private acute medical care (£6.4bn) and homecare (£6.2bn)".*

Laing and Buisson's detailed report shows that private equity has a 5% to 25% share of various sectors within this market. Figures obtained in 2013 from the Audit Commission show that private equity now has a 25% market share of foster care provision.

All of this means not only a fundamental refashioning of public service delivery, but a recasting of all potential providers, including larger organisations from the Third Sector, to fit within this framework. In 2009 in "From Expectations to Aspirations: State Modernisation, Urban Policy, and the Existential Politics of Welfare in the UK", Raco wrote:(Raco 2009)

*"The Keynesian social contract in which citizens could expect to be supported in times of adversity has given way to an individualist politics of aspiration-building in which individuals are to be liberated to pursue their innate and natural aspirations. The latter, it is argued, equates with changing social realities in which individuals are no longer prepared to rely on monolithic welfare services and the bureaucracies that sustain them. Instead, citizens aspire to be non-dependent, middle-class citizens, for whom welfare should be provided by private sector actors or a thoroughly modernised and privatised public sector".*

## **Politics and Democracy Interfere with the Delivery of Services**

This fundamental shift means large scale removal of service delivery from the political process, such that democracy and the political process are increasingly seen as disruptive to the utopian models being established. The biggest casualties have been those voluntary and community organisations for which NCIA speaks, since by their very nature they find it difficult to participate in what remains of the political process and within technocratic commissioning and procurement procedures.

For NCIA organisations, much of their political input or "input legitimacy" is effectively removed from the mainstream political process. Procurement is largely undertaken by officers and civil servants as a mechanical exercise. The process and the results involved are frequently 'commercially confidential' to the point that there are now examples of elected councillors being told that they cannot have sight of the contracts involved. For NCIA organisations, Crouch accurately describes the processes: (Crouch 2003)

*"This process becomes self-fulfilling. As government contracts out an increasing range of its activities, its employees really do lose competence in the areas being covered by the contractors, areas within which public servants have until now had unrivalled expertise.*

### **3. The Effects on Voluntary and Community Organisations**

#### **The Third Sector as "Governable Terrain"**

##### **'Quasi Markets'**

Julian Le Grand began reporting what was happening in 1991 in "Quasi Markets and Social Policy" following the Conservatives' "big bang" of reforms in 1988 and 1989. On the 1988 Education Reform Act, the 1989 Department of Health White Paper, the 1988 Housing Act (which introduced Housing Benefit) and 1989 Housing and Local Government Act he wrote: (Le Grand 1991)

*"All these reforms had a fundamental similarity: the introduction of what might be termed "quasi markets" into the delivery of welfare services. In each case, the intention is for the state to stop being both the funder and the provider of services. Instead, it is to become primarily a funder, purchasing services from a variety of private, voluntary and public providers, all operating in competition with one another..."*

Le Grand shows that these ideas were not confined to Conservatives. During the 1990s the Labour Party did little to challenge this: (Kendall 1999)

*"The Party first begin to distance itself from the "dogma" of monothematic ideological attachment to the state with its Policy Review between 1987 and 1992. This signalled a pragmatic endorsement of the advantages of markets in the economic sphere (where free markets were now understood as functioning well outside certain well defined areas of market failure) ..*

After less than a year in Office, influenced by Anthony Giddens' "Third Way", Blair's Fabian pamphlet "New Politics for the New Century" set the seal on all of this: (Blair 1998)

*"Whether in education, health, social work, crime prevention or the care of children, "enabling" government strengthens civil society rather than weakening it, and helps families and communities improve their own performance ... the state, voluntary sector and individuals working together. New Labour's task is to strengthen the range and quality of such partnerships"*

Stuart Hall summarised all this as "adjusting us to terrain defined by Thatcherism": (Hall 1998)

*"However, the difficult truth seems to be that the Blair Project, in its overall analysis and key assumptions, is still essentially framed by and moving on terrain defined by Thatcherism. Mrs Thatcher has a project. Blair's historic project is adjusting us to it".*

## Moving Third Sector Boundaries

New Labour's repositioning of voluntary and community organisations began with The Compact in 1998 - which described how a wide range of local groups, charities and voluntary organisations as a single sector would have a unified relationship with Government and the public sector.

New Labour's repositioning of the voluntary sector continued with the Treasury's "Role of the Voluntary and Community Sector in Service Delivery: A Cross Cutting Review" (HM Treasury 2002). This review visualised public service delivery as a fully fledged market, with all providers subject to market discipline in offering services. This offered an opportunity to re-profile voluntary organisations as "enterprises with a social purpose" The Review redefined Third Sector Organisations:

*"For the purposes of the report, the 'voluntary and community sector' has not been tightly defined. It is intended to be wider in scope than "general charities" and the "voluntary sector", inclusive of organisations reflecting the characteristics of social enterprise but narrower in scope than "non-profit", "third" sector or "social economy"*"

The Review was clear on the direction of policy for Third Sector Organisations: (HM Treasury 2002):

*"These case studies illustrate how Social Enterprises can:*  
–*demonstrate entrepreneurial leadership*  
–*act as intermediate organisations delivering a wide range of services under contract*  
–*create training and employment opportunities, especially for excluded groups*  
–*build social capital and*  
–*lever in additional finance"*

By 2005 Home Secretary Charles Clark's Active Communities Unit believed that Third Sector delivery organisations needed more discipline, which was outlined in "Compact Plus". "Strengthening Partnerships: Next Steps for Compact. The Relationship between the Government and the Voluntary and Community Sector" showed New Labour being enthusiastic in support of "Compact Plus": (Home Office 2005)

*"Compact Plus would be a simpler and more succinct tool under which it is clearer to organisations whether their behaviour is compliant or not....:*

Carmel and Harlock describe the real aims of Compact Plus: (Carmel, Harlock 2008)

*"...the aim is clearly to organise the terrain of the third sector in a knowable and manageable way, a mode of organisation where VCOs facilitate contestability and competition on the government market to assist in efficient and cost-effective public services. The assumption underpinning this way of working draws on a market model, which prescribes competition between providers to drive down costs and improve efficiency and has the ability to deliver better results to the users of services, or 'customers' - 'better' of course being defined by government."*

Though Compact Plus offered greater funding stability for Voluntary and Community Organisations, they reacted with strong representations during the consultation process because of its compliance demands and for privileging 'mainstream organisations' that could meet its demands. Some parts of Compact Plus, including its "disciplinary" features, were not implemented.

Carmel and Harlock describe these changes in purpose and funding to ensure that Third Sector organisations became more "fit for purpose" for public service delivery, as Social Enterprise partners alongside private sector providers: (Carmel, Harlock 2008)

*"...For the central state, procurement means that the same process is adopted for contracting-out service provision for all providers, irrespective of whether they are private sector (known as 'mainstream') or Third Sector providers. .... Not only does the definition of the Third Sector specifically extend to include Social Enterprises, but Social Enterprise has explicitly been adopted as a generic name for Third Sector organisations working in partnerships".*

*"Indeed, we pointed out that while the Third Sector is instituted as a governable, and thus a public, realm, its accountability, procedures and activities as a public service provider remain a matter for technocratic evaluation by state actors, rather than a matter for political debate and contestation.*

All this shows that throughout the New Labour period from 1997 to 2010, many voluntary and community organisations were gradually transformed - with willing participation from their national organisations, as shown below - into contract holders for market driven public service delivery. All this laid foundations for "Social Enterprise" becoming a mainstream delivery mode and for the Coalition Government's incentives, including tax relief, for its private financing.

## **Impact on Voluntary and Community Organisations**

Based on New Labour foundations, the Coalition Government's agenda now makes little distinction between profit and non profit providers, as long as these produce measurable outcomes and indicators - irrespective of whether these are relevant or effective for service providers or users. When outcomes are measurable, delivery of contracts can be funded using Payment by Results and Social Impact Bonds. Payment by Results is dominated by private prime contractors in a process supported by national organisations which purport to represent the Third Sector.

The British Council's December 2013 "What will Social Enterprise Look Like in Europe by 2020" was succinct about all this: (Ingram-Hill, Woodman et al. 2013)

*"There may well not be a recognisable 'social enterprise sector' by 2020. Certainly any attempts to confine social enterprise to specific legal structures or models of governance will have ceased. But the concepts and ideals of social enterprise will be spreading rapidly into all corners of society, becoming mainstream. All organisations, whatever their ownership model, will be judged on a spectrum of social impact. Social finance will create new opportunities and with it new threats; driving organisations towards models that deliver a social and financial return".*

Commissioning and contracting processes mean that voluntary and community organisations are moved into the procurement departments of local government and other commissioners.

These departments specialise in dealing with EU Procurement Rules and Directives, pre qualification questionnaires and tenders. They work under threat of possible judicial review and many may not be attuned to the needs of service recipients. They have a preference for large prime contractors, minimum contract sizes, impact indicators and outcomes. Many already feature a Payment by Results regime.

Many reports and analyses show the difficulties caused by all of these developments for voluntary and community organisations. Based on analysis during New Labour's first 10 years, the Audit Commission produced its Public Services National Report in July 2007 "Hearts and Minds: Commissioning from the Voluntary Sector" (Audit Commission 2007)

*"Comments from voluntary organisations on their recent experience of procurement practice were largely negative: the volume of complaints suggests that poor procurement practice is common. ... Nevertheless, voluntary organisations see these issues as barriers, preventing them from competing effectively. We conclude that much of the current procurement practice does not encourage voluntary organisations to enter the market. The most common complaints were:*

- complex and bureaucratic tendering*
- poorly managed processes for issuing tender information, informing bidders of the results of a tender and issuing contracts after a successful bid*
- lack of experience among commissioners and providers of tendering and bidding for services*
- a general sense that the procurement process focuses on reducing costs, at the expense of quality"*

Though the Audit Commission's Report was written before more recent developments in Social Investment and the Coalition Government's Open Plan Public Services White Paper (HM Government 2011), it summarises difficulties already encountered by voluntary and community organisations.

### **Dangers for Voluntary and Community Organisations**

The Baring Foundation's Independence Panel warns of the dangers of all of this for voluntary and community organisations: (Panel on the Independence of the Voluntary Sector 2012)

*"Models of funding, regulation and engagement do not sufficiently recognise or safeguard independence; and problems can be compounded when sectoral boundaries are blurred. .... There is a danger that parts of the voluntary sector which deliver public services could in effect become not for profit businesses, virtually interchangeable with the private sector"*

The Baring Panel's warning of 'blurred boundaries' has left the majority of voluntary and community organisations, especially those NCIA organisations which have chosen not to follow Third Sector national representation, most exposed.

It is for Raco's "alternative modes of resistance", including possible judicial reviews, that some of these organisations might now reach. The potential for judicial review was mentioned in the January 2013 Baring Panel's report: (Panel on the Independence of the Voluntary Sector 2013)

*"We also believe that infrastructure bodies could do even more than just question practices that threaten the independence of the sector - for example by launching judicial reviews of contractual terms which reduce independence."*

## **4. Social Enterprise and Social Investment - Re-Engineering Voluntary Action**

This Section shows how the landscape in which NCIA organisations operate has been completely transformed by New Labour and Coalition Government promotion of Social Enterprises and Social Investment, and by the Coalition Government's introduction of Public Service Mutuals. "Social Enterprise" has become a generic term for Third Sector organisations delivering public services.

### **Normalising "Social Enterprise"**

Despite the significant political and physical presence of cooperatives, mutuals and voluntary groups throughout Labour and Trade Union Movement history, New Labour completely redefined the territory for Social Enterprise - largely through ignoring developments in the 1970s and 1980s. All this enabled New Labour to "re badge" a wider variety of Third Sector organisations as "Social Enterprises". Breaking this historical link undermines their political legitimacy and credibility.

After the 1976 Industrial Common Ownership Act and 1978 Cooperative Development Agency Act, there was a rapid growth of Worker Cooperatives across England and Wales and Community Businesses in Scotland. 60 Local Cooperative Development Agencies were supported by local councils, providing start up assistance and ongoing support. Ridley Duff writes: (Ridley-Duff 2009)

*"Established in 1971, model rules were produced in 1976. Over ten years, this triggered the creation of 1176 co-ops employing 6,900 people - an average of six staff per co-op (Cornforth et al, 1988)."*

Many of these were inspired by Worker Cooperatives at Meriden, Knowsley and the Scottish Daily News and shop stewards' combines in the 1970s and 1980s, including those at British Leyland, Lucas Aerospace, Vickers and Chrysler. These shop stewards combines produced alternative visions for the manufacturing strategies of their companies.

In Scotland, based on the Community Business Network established with John Pearce, Alan Key reported: (Kay, Community Business Scotland Network 2003)

*".in January 1997 CBS Network stated that there were 110 community businesses in Scotland employing 1,095 full-time employees and 68 part-time with a combined turnover of £13.67 million. In reality, reports and findings vary and are sometimes contradictory, but the scale of the social economy is substantial"*

*and probably under-reported to a considerable degree"*

But under New Labour, national Social Enterprise and Third Sector organisations rarely mention these antecedents. Instead, many trace their origins to the UK think tank Demos and to the US Ashoka and Skoll Foundations and Stanford and Harvard Business Schools, based on notions of individual 'social entrepreneurship' or 'social innovation'. These are based on individual social entrepreneurs and focussed on impact and outcomes rather than on democratic structures.

Further encouragement for New Labour Social Enterprise structures was given by the think tank Demos in its 1995 "The Other Invisible Hand: Remaking Charity for the 21st Century" by Geoff Mulgan and Charles Landry (Mulgan, Landry 1995) and by Charles Leadbeater in his 1997 "The Rise of the Social Entrepreneur". Leadbeater's recommendations include: (Leadbeater 1997)

*"Helping to promote social entrepreneurship would be an obvious way forward for the private sector. Not only would the private sector – both large and small companies – have skills to offer, but companies would also stand to benefit from the lessons of entrepreneurship that would emerge from their social partners."*

Demos and structural changes in Social Enterprise London offered the platform for New Labour to project Social Enterprises as a generic business title in the Department of Trade and Industry's 2002 "Strategy for Success": (Department of Trade and Industry 2002)

*"A Social Enterprise is, first and foremost, a business. That means it is engaged in some form of trading, but it trades primarily to support a social purpose...."*

*"While some Social Enterprises start off as businesses, most are in transition from their beginnings as voluntary sector organisations, dependent largely on grants and volunteers, and working to increase traded income. A recent National Council for Voluntary Organisations (NCVO) report said that up to 35% of general registered charity income is derived from trading activities".*

*"There is no single legal model for social enterprise. They include companies limited by guarantee, industrial and provident societies, and companies limited by shares. Some organisations are unincorporated and others are registered charities."*

This "Strategy for Success" policy document continued: (Department of Trade and Industry 2002)

*"Social Enterprises are not for profit businesses driven by social objectives. They are an expanding part of the wider voluntary sector. And, in reality, there are a substantial number of VCOs that share some of the characteristics of Social Enterprises".*

Based on this wider definition of 'Social Enterprise', Carmel and Harlock have described the changes in purpose and funding, to ensure that Third Sector Organisations became more "fit for purpose" as public service delivery partners:(Carmel, Harlock 2008)

*"Not only does the definition of the Third Sector specifically extend to include*

*Social Enterprises, but Social Enterprise has explicitly been adopted as a generic name for Third Sector organisations working in partnerships".*

To accommodate more Third Sector Organisations within this process, the Coalition Government has further widened the definition of what it believes might be called a "Social Enterprise". In "Social Enterprise: Market Trends", based on the BIS Small Business Survey 2012, the Cabinet Office said that "the enterprise must consider itself to be a Social Enterprise - defined as having mainly social or environmental aims". (Cabinet Office, BMG research 2013)

From its other "good fit criteria" (no more than 50% distribution and not less than 25% income from trading) the Cabinet Office projects 688,200 "good fit" Social Enterprises, including those with no employees. Under this self-definition process, this includes many private sector organisations which consider themselves a "good fit". This wider definition also includes voluntary and community organisations which may not consider themselves "Social Enterprises".

The Baring Foundation's Independence Panel's Report "Independence under Threat" in January 2013 described Social Enterprise as a "convenient brand": (Panel on the Independence of the Voluntary Sector 2013)

*"26% of small and medium size enterprises badge themselves as Social Enterprises. The voluntary sector brand is being abused: 'Social Enterprise' is a totally unregulated or defined concept and, for some, just a convenient brand"*

## **New Labour's Social Investment**

As Chancellor of the Exchequer, in April 2000 Gordon Brown set up a Social Investment Task Force under investment banker, Sir Ronald Cohen: (Cohen, Social Investment Task Force 2000):

*"To set out how entrepreneurial practices can be applied to obtain higher social and financial returns from social investment, to harness new talents and skills to address economic regeneration and to unleash new sources of private and institutional investment. In addition, the Task Force should explore innovative roles that the voluntary sector, businesses and Government could play as partners in this area."*

Social Investment is the provision and use of public or private repayable finance to generate social as well as financial returns. Social Investment may occur in a variety of forms (or products) such as loans, equity and bonds, including Social Impact Bonds. "Social returns" usually represent improved outcomes for society, ranging from improved health to employability among disadvantaged groups, to provision of community goods and other community impacts. "Financial Returns" imply that the social investor will be able to get their money back in future with a return on their investment. Grants, donations and funds which will not be repaid by definition are not Social Investment.

As remarked earlier, a major feature of Social Investment Financial Intermediary organisations is that they make no real distinction between genuinely "social" structures and for profit companies which distribute dividends to shareholders.

New Labour and the Coalition Government's legitimisation of philanthropic and private lending

and equity Social Investment in the Third Sector is based on the April 2010 final report to Gordon Brown as Prime Minister of Sir Ronald Cohen's Social Investment Task Force: "Social Investment: Ten Years On". Chapter Five says: (Cohen, Social Investment Task Force 2010)

*"If 5% of the £86.1bn estimated to be invested in ISAs (Individual Savings Accounts) were also directed to Social Investment, this would generate a flow of an additional £4.3bn. Taken together, these four sources – philanthropic foundations, institutionally managed assets, grant funding and individual savings accounts – could generate £14.2bn for Social Investment".*

The Coalition Government's Cabinet Office White Paper, February 2011 "Growing the Social Investment Market" in Chapter Two simply echoes this: (Cabinet Office 2011)

*"But the opportunity is large. UK charitable investment and endowment assets alone account for nearly £95bn. If just 5% of these assets, 0.5% of institutionally managed assets and 5% of retail investments in UK ISAs were attracted to Social Investment, that would unlock around £10bn of new finance capacity."*

## **Capacity Building and Infrastructure**

New Labour also focused on improving infrastructure with the intention of enhancing the capacity of Social Enterprise organisations to deliver public services. Its three main programmes - ChangeUp, Futurebuilders and the Social Enterprise Investment Fund - received a mixed reception.

### **ChangeUp**

With funding of £231mn, from June 2004 onwards, the ChangeUp programme sought to improve infrastructure and front line organisations. Capacitybuilders took over the management of ChangeUp in April 2006, employing 35 staff. Capacitybuilders' programme management cost £3.3mn in 2007-2008. The National Audit Office was not impressed with the handling of the ChangeUp Programme: (National Audit Office 2009)

*"The delay in implementing the programme meant that the hubs and consortia were left with less time (21 months) to spend the £80mn of funding available. The majority of funding (over £64mn) was spent in 2005-06, almost twice the amount spent in each of the following years. Consortia members we spoke to reported being under pressure to spend money to tight timetables, which led to wasteful expenditure or poorer value for money because they did not have adequate capacity to handle expenditure within the time available"*

### **Futurebuilders**

The Futurebuilders Programme was described as "experimental" by the National Audit Office: (National Audit Office, 2009)

*"Futurebuilders is a £215mn investment fund managed under contract by Futurebuilders England, a company limited by guarantee. In 2006, responsibility for the fund transferred from the Home Office to the Cabinet Office."*

*"... The fund is experimental in that it tests the idea that investing directly in third sector organisations that are financially viable, but unable to access commercial sources of finance, enables them to build their capacity to compete for and win public service delivery contracts"*

As with ChangeUp, on Futurebuilders the 2009 National Audit Office Report was uncomplimentary (National Audit Office, 2009). The NAO commented on a low number of successful applications, long delays in processing, high fund management costs and high application costs for smaller applicants.

### **House of Commons Public Accounts Committee**

The House of Commons Public Accounts Committee, similarly, has not been impressed with these developments. In "Working with the Voluntary Sector" on February 15 2006, the Committee reported: (House of Commons Public Accounts Committee 2006)

*"Funding to the voluntary sector represents less than 1% of central government expenditure. Only limited progress has been made in increasing the sector's involvement in delivering government programmes, although it is often well placed to deliver public services to hard to reach groups in particular"*

The Committee was just as critical in its June 2009 Report on "Building the Capacity of the Third Sector": (House of Commons Public Accounts Committee 2009)

*"The lack of a planned evaluation of ChangeUp is a major failing, and is particularly alarming given the inherent risks in the programme, its untested approach, complex delivery mechanism, and devolved decision-making arrangements.*

*"It is unacceptable that these significant and costly programmes were established without setting any proper targets against which the performance could be measured.*

*"Public money is invested and repaid by Futurebuilders, so the taxpayer will have a substantial and long-term financial interest in the Futurebuilders loan book"*

### **Social Enterprise Investment Fund**

Following the White Paper January 2006 "Our Health, Our Care, Our Say", the Department of Health set up its own internal Social Enterprise Unit. In its "Welcoming Social Enterprise into Health and Social Care" Resource Pack for Social Enterprise Providers and Commissioners, it was said: (Department of Health Social Enterprise Unit 2007)

*"Social Enterprises are business-like entrepreneurial organisations with primarily social objectives....In essence, Social Enterprises use business solutions to achieve public good"*

Despite extensive support, including the 'Right to Request' from "High Quality Care for All: NHS Next Stage Review Final Report in 2008": (Department of Health 2008), in its Evaluation Report of the Social Enterprise Investment Fund, set up by Department of Health, Third Sector Research Centre reported: (Alcock, Millar et al. December 2012)

*"Up until 31 March 2011 a total investment of £80,712,510 was made by the SEIF (across 531 organisations). Our early stakeholder interviews reported that an objective of SEIF was to fill a gap in flexible and appropriate loan finance. However, this view appears to be challenged as we found that the SEIF was primarily a grant fund with only 14% (£11,372,637) invested as loans (with a further £3,086,430 of repayable grants). The implication of these findings raises considerable questions for the Fund as a resource for the social enterprise sector, as one of its long term aspirations was to be self-sustaining through returns on loan investments...."*

*"A total of 1368 applications to the SEIF were turned down since it began (up to 31 March 2011), which was 73% of all applicants."*

All these evaluations above show that ChangeUp, Futurebuilders and the Social Enterprise Investment Fund – all of which sought to fashion more of the Third Sector within the Government's procurement agenda and to become vehicles for Social Investment – have not been very successful

## **Coalition Government 'Public Service Mutuals'**

With its Pathfinder Mutuals, Mutuals Information Service and various Mutuals Support Services, the Coalition Government supports groups of public sector employees in central and local government to set up their own "mutuals". This is a direct attempt to shift provision and delivery outside the public sector: (Cabinet Office 2013)

*"If you work in the public sector, you may be able to set up a public service mutual.*

*"Public service mutuals are organisations that have left the public sector but continue delivering public services. Employee control plays a significant role in their operation.*

*"There are many forms of mutual. You might think of major employee-owned businesses like John Lewis or building societies such as Nationwide which are fully or majority owned by their members. But mutuals can also be co-operatives or social enterprises.*

*"Mutuals are free from government control and help their staff deliver and improve their services as they know best.*

*"Mutuals let dedicated public servants combine their passion for helping others with their desire to provide world-class services, and share in the rewards of success".*

Cabinet Office promotion of Public Service Mutuals is supported by the Labour led Cooperative Councils' Alliance. Cooperatives UK and Social Enterprise UK are members of the Government's Mutuals' Information Service. The Cooperative Group has set up a Public Service Mutuals Support Group. The TUC and Cooperatives UK in September 2013 published "Best Practice Guidance" on setting up Public Service Mutuals. (Cooperatives UK, Trades Union Congress 2013)

In his Robert Oakeshott Memorial Lecture on Tuesday 25 March 2014, Cabinet Office Minister Francis Maude boasted: (Cabinet Office 2014)

*"4 years after the last General Election, the number of mutuals has increased tenfold to nearly 100. Between them they employ over 35,000 people, delivering around £1.5 billion worth of services. They're in sectors ranging from libraries and elderly social care to mental health services and school support. They range in size from a handful of staff to upwards of 2000 staff".*

He didn't explain that MyCSP – the former Civil Service Pensions Department – was formed as a new business without a staff ballot and operates without the accountability for a genuine mutual. Though an Employee Trust holds 25% of shares, 35% are held by the Government and 40% are owned by private investor Equiniti, led by former employees of outsourcing firms Serco and Capita.

### **'Transforming Rehabilitation' and Mutuals**

The National Association of Probation Officers, UNISON and the GMB Unions all oppose the £800mn 'Transforming Rehabilitation' programme to reduce Regional Probation Trusts from 35 to 21 and to invite tenders for supervision of 200,000 offenders each year. ACEVO and NCVO have received £150,000 as part of £500,000 Voluntary Sector support funding to assist *"Voluntary Community Sector groups successfully bid as possible mutuals for rehabilitation contracts to manage and reform offenders."* (Cabinet Office 2013)

The 21 Ministry of Justice Contract Package Areas have "Indicative Values" ranging from £13mn in Norfolk and Suffolk to £72mn for London. Many of the confirmed "30 Potential Bidding Entities" are already Work Programme Prime Contractors. It is very difficult not to interpret this as ACEVO's and NCVO's encouraging Voluntary and Community groups' bidding to take union members' jobs and ultimately reduce their terms and conditions

## **Big Society Capital and Social Investment Financial Intermediaries**

Most Social Enterprise support is now channelled through the Cabinet Office and Big Society Capital, to an increasing number of mainly private sector "Social Investment Financial Intermediaries" (SIFIs)

### **Big Society Capital**

Big Society Capital was set up in April 2012 as the Government's main dispensary for Social Investment funding. Its basis lies in New Labour's Dormant Bank Accounts Act November 2008. BSC was set up by the Cabinet Office to manage £600mn from Dormant Bank Accounts and describes itself as a 'Social Investment Wholesaler' which provides finance to Social Investment Finance Intermediaries (SIFIs) in the UK. BSC finances loans and investments through these intermediaries.

Its Annual Report BSC acknowledges the support received from national Third Sector organisations: (Big Society Capital 2013)

*"We appreciate the help and encouragement that we have received from ACEVO, NCVO, SEUK and a host of established Social Investment Finance Intermediaries and frontline organisations. We are grateful to all of them. This col-*

*laboration is critical to our long term success".*

Big Society Capital and Social Investment Financial Intermediaries which distribute its funds do not exclude for profit companies, which distribute dividends to external shareholders.

## **UnLtd**

UnLtd, as a major SIFI, also funds for profit companies. UnLtd seeks to draw funds from Big Society Capital, Big Lottery and other funders for its Big Venture Challenge - which match funds from private investment. Of this UnLtd says: (UnLtd 2013)

*"When selecting who we work with, we are agnostic on legal structure, and open-minded on the use of profits. In each individual case we care passionately and work relentlessly to find the most appropriate revenue model and investment strategy to maximise social impact.*

UnLtd thus makes no distinction between the non profit and for profit organisations. The UnLtd Big Venture Challenge Application Guidance notes include for profit companies: (UnLtd 2013)

*"Social entrepreneurs with ventures of any legal incorporation form may apply – that includes charities, not-for-profit Companies Limited by Guarantee, Community Interest Companies or for-profit Companies Limited by Shares".*

## **Social Investment Business**

The Adventure Capital Fund was established in December 2002, with £2mn Home Office support. Following Futurebuilders England in 2004, ACF was established as a Company Limited by Guarantee and Registered Charity in 2006.

After delivering the second Futurebuilders Fund from 2008, the re-named Social Investment Business became the repository for a range of funds, including Community Builders Fund and Department of Health Social Enterprise Investment Fund in 2009 and the Cabinet Office Social Action Fund in 2011 and Investment and Contract Readiness Programme in 2012.

Social Investment Business claims include 1300 investments ranging from £5,000 to £7mn. Since the Chair of Social Investment Business is the Chief Executive of ACEVO (see below), the organisation is one of the Government's "trusted deliverers" of Social Investment finance.

## **Difficulties for the Social Investment market**

Social Enterprise UK's 2013 Report "The People Business" (Social Enterprise UK 2013) reported that the median amount sought by Social Enterprises was £58,000 - which is below the minimum threshold sought by many social investment vehicles, including many Social Investment Financial Intermediaries.

In its July 2013 Report, "Growing the Social Investment Market", City of London Economic Research Department shows these limitations (City of London Economic Research 2013) and the limited penetration for Social Investment. Though the Report showed that in 2011/2012 the UK Social Investment Market grew by almost a quarter to £202mn per annum through 765 deals, it also shows their high level of concentration:

*"The development of the Social Investment Market is sparse and highly concen-*

trated. The three largest organisations accounted for 81% of total investment (by value) in 2011/12, and seven organisations accounted for 91% of investment:

- The four social banks accounted for 82% of total investment, up from 70% of the market in 2010/11. Indeed, 2011/12 investment by the four social banks matched the size of the whole social investment market reported in 2010/11
- After the social banks (see above), the nine large SIFs (2011/12 investment greater than £1m), accounted for 15% of the social investment market (by value), equivalent to £30m
- The 16 small SIFs (2011/12 investment under £1m) have experienced significant growth in line with the market (an increase of almost a quarter from 2010/11), but still only accounted for 3% of total social investment (just over £6m of investment)".

As a proportion of all Social Investment, the Report shows that 90% was for secured loans, mostly through social banks, and only 1% for Social Impact Bonds, These Reports shows that despite considerable Cabinet Office funding and continuing publicity hype by Big Society Capital and SIFs, the concept of Social Investment is making only slow progress.

## 5. The Government's 'Little Helpers'

Though some national Third Sector organisations admit difficulties in the transformation of voluntary services providers into quasi-businesses and delivery models associated with this, using funding from the Cabinet Office and other Government Programmes, they have significantly assisted in their development and promotion. Examples below shows that, though national Third Sector organisations admit some difficulties in these delivery models, they assist in their development and delivery.

### Third Sector Organisations - Who They Are

#### Social Enterprise UK

SEUK, formerly the Social Enterprise Coalition, seeks to promote and support the development of social enterprise, maintains a close relationship with Government and provides practical support to members. It has a wide ranging membership, which includes large Third Sector and private sector organisations, Big Society Capital and Impetus - the Private Equity Foundation.

*"Our members aren't just social enterprises. They also include private businesses, charities and public sector organisations who support our vision of a world where social enterprise is the usual way of doing business."*

SEUK is equivocal on the crucial issue of the role and power of equity and shareholding in social enterprises. To fit this environment SEUK says that Social Enterprises should: (Social Enterprise UK 2012)

- “Have a clear social and/or environmental mission set out in their governing documents
- Generate the majority of their income through trade

- Reinvest the majority of their profits
- Be autonomous of state
- Be majority controlled in the interests of the social mission
- Be accountable and transparent

*...This is becoming increasingly important in times when new models of investment are being explored for social enterprise based on equity and shareholding, and when the Government is actively promoting the mutualisation and employee-ownership of public services. And as the social enterprise sector grows and explores new markets, some markets will have high capital requirements.*

Though the 'Social Enterprise Mark' membership criteria look similar, the Mark does not follow the Government's Social Investment agenda and works to enforce these following criteria: (Social Enterprise Mark 2014)

- have social and/or environmental aims
- have its own constitution and governance
- earn at least 50% of revenue from trading (or as a new start, you pledge to reach this within 18 months)
- spend at least 50% of profits on social/environmental aims
- distribute residual assets to social/environmental aims if dissolved
- demonstrate social value

## **Locality**

Locality was formed from a merger of the Development Trusts Association and the British Association of Settlements and Social Action Centres (BASSAC). Locality has expanded its role through Neighbourhood Planning and Community Rights provisions under the Coalition's Localism Act, including receiving funding from DCLG to promote Neighbourhood Plans and Development Orders. Like Social Enterprise UK, Locality consistently follows the Government's agenda. Supported by the DCLG, Locality now operates the "My Community Rights" site which includes:

- Community Right to Bid
- Community Asset Transfer
- Community Right to Build
- Community Right to Challenge
- Neighbourhood Planning
- Neighbourhood Community Budgets

Locality is involved in management, administration and support for these Government initiatives, which flow from the 2012 Localism Act and Open Public Services White Paper 2011. The DGLC/Locality "My Community Rights" site promotes and offers advice, consultancy and support to promote community 'challenges' that will move control of services and assets away from local authorities and other public bodies.

Community Right to Challenge has produced a hostile reaction from trades unions. To underpin many of these developments, Locality administers a Government funded scheme to train Community Organisers to implement these rights. Initial Government funding of £15M was followed by an additional £7.5M, meaning that the actual delivery cost will be £22.5M. Locality's

administration of these programmes has encountered some of the difficulties experienced by ChangeUp.

## **ACEVO**

The Association of Chief Executives of Voluntary Organisations claims around 1500 members, offering services, publications and helplines on fundraising, accountancy and management consultancy.

ACEVO offers private medical insurance and discounted or free membership to the Institute of Director, Royal Society of Arts and the Commonwealth Club. ACEVO also offers large organisations "corporate membership" through which they gain access to its members. ACEVO's Chief Executive strongly promotes Third Sector access to market driven commissioning and procurement procedures, with a close relationship with the 'NHS Partners Network' – composed of large private sector health care companies.

The underlying thrust of ACEVO policies was shown when its Chief Executive, as Chair of the "Choice and Competition: Delivering Real Choice" Panel for the NHS Future Forum during the Cameron/ Lansley "pause" for the Health and Social Care Act, told ACEVO North Conference on September 29 2011: (Bubb 2011)

*"This means taking the principles set out in the White Paper – the principles of diversity, of choice, of transparency, of free competition – and translating them into concrete actions. .... So I expect the Government to stand firm on competition-related issues as the health bill passes through the Lords".*

## **NCVO**

The National Council for Voluntary Organisations claims over 10,000 members across the country, from large charities to small community groups. Members get help with funding and finance, trustees, governance, volunteers, human resources and employment, strategy and planning. NCVO recently merged with Volunteering England. Alongside Social Enterprise UK and ACEVO, NCVO forms a national triumvirate of Third Sector organisations which have underpinned Government policy on contracted and outsourced delivery of public services and has consistently argued for a 'level playing field' to allow voluntary agencies to compete with the private sector for outsourced public services

## **SENSCOT – Social Entrepreneur's Network Scotland – a Different Direction**

Senscot in Scotland seeks strongly to distance itself from SEUK, national Third Sector organisations in London and their support for Social Investment and private finance, and operates a strict Code of Values, which is supported by Social Enterprise Scotland (formerly the Scottish Social Enterprise Coalition), Social Firms Scotland and others. The Senscot Code stipulates these essential elements for a Social Enterprise: (Scottish Social Entrepreneurs' Network (Senscot) 2012)

- 1. A Social Enterprise (SE) is a business trading in the marketplace – selling goods and services – but whose primary objective is to achieve social and/or environmental benefit*
- 2. Regardless of its legal form, the constitution of a SE will include the requirement that profits are reinvested in the business or in the beneficiary community – and not distributed to owners/shareholders/investors. \*(see footnote)*

3. *The constitution will always require that on dissolution, the assets of the SE are reinvested in another organisation with similar aims and objectives.*
4. *Taken together Criteria 2 and 3 are referred to as the 'Asset Lock' – the defining characteristic of a SE – which distinguishes it from the private sector.*
5. *SEs are different from those charities and voluntary organisations which do not aspire to financial independence through trading.*
6. *SEs are distinct from the public sector and cannot be the subsidiary of a public body.*

*\*The Code does not exclude that certain types of social enterprise could be 'honourable exemptions' to the zero dividend norm. But this number is very small.*

When John Swinney MSP, Scotland's Cabinet Secretary for Finance, addressed a Social Investment Conference in Edinburgh on Thursday 13 March 2014, he stressed his concern about the effects on both providers and service users of Social Investment funding. (Swinney 2014).

### **Third Sector Organisations Promoting the Government Agenda**

Without support from organisations such as those above, Government moves to persuade voluntary and community organisations to re-position themselves as businesses and for procurement and contract management would not have been so easily possible. The following shows examples of national Third Sector organisations in England working closely with the Coalition Government, receiving Government funding and assisting in the promotion and delivery of the Government's Social Enterprise and Social Investment agenda.

#### **ACEVO, NCVO and ERSA (Employment Related Services Association) - Perfect Partners July 2012**

The ERSA includes A4E, SERCO and all major Work Programme prime contractors. With these organisations, ACEVO and NCVO produced a "Perfect Partners" "good practice guide" for their own members, many of which found this guidance difficult to accept (Employment Related Services Association, Association of Chief Executives of Voluntary Organisations et al. 2012)

#### **NCVO and SERCO Joint Code**

NCVO supports the Government's procurement and commissioning agenda and in April 2013 with SERCO launched a joint Code of Practice to raise standards (NCVO, Serco 2013). For members involved in the Work Programme NCVO has a Special Interest Group for Work Programme Sub Contractors, which "enables sub-contractors to share their experiences, provides them with information and advice, and enables NCVO to feed their concerns to Government": (NCVO 2014)

*"The Group convenes three to four times annually, giving members a chance to address their concerns and questions direct to key stakeholders and other opinion formers. Meetings will also provide members with an opportunity to share their experiences of the Work Programme with other civil society sub-contractors.*

#### **Letter to the Economic Secretary to the Treasury**

On Friday 19 October 2012, SEUK, ACEVO and NCVO, NAVCA, Locality, Voice for Change and others, were signatories to a letter to Sajid Javid MP, Economic Secretary to the Treasury:

(NAVCA 2012)

- .. *“Firstly, our sector stands ready to make a greater contribution to the Government’s Open Public Services agenda. Crucially, we need the opportunities to do this. National and local commissioners need more encouragement and support to engage with the sector”.*
- ... *“Thirdly, as the Government’s welfare reforms take effect, we know that some of the most vulnerable people in our country will be affected – including children. Our sector will be at the frontline – helping individuals and families prepare for and manage change. Naturally, the Government wants to support people off benefits and back into jobs wherever possible. .... We therefore ask Ministers to give special consideration to the important work that our sector, and particularly advice services, can play in relation to welfare reforms and preparing for their impact”.*

This letter led many of its readers to conclude that ACEVO, SEUK, NCVO and the rest had signed up to the Coalition Government’s Comprehensive Spending Review and to its Welfare Reforms.

### **Continuing Support for Coalition Government Policies**

Following the Coalition Agreement in May 2010, the Government rapidly set out its broad direction of travel on public service reform in these policy documents:

- Modernising Commissioning: Increasing the Role of Charities, Social Enterprises, Mutuals and Cooperatives in Public Service Delivery October 2010, (Cabinet Office 2010)
- Growing the Social Investment Market: A Vision and Strategy February 2011. (Cabinet Office 2011) This paper made clear that an expansion of Third Sector public service delivery would need a range of policies.
- Open Public Services White Paper July 2011, (HM Government 2011) with its presumption in favour of open commissioning

Though these Coalition White Papers clearly indicated the scale of private investment projected for public service delivery, during their promotion and implementation, responses from ACEVO, Social Enterprise UK, Locality and NCVO have not wavered from support for their broad thrust.

### **Social Economy Alliance**

The Social Economy Alliance was formally launched at the "Social Economy Summit" on June 25 2013, attended by think tanks, charities, universities and other social economy organisations. The Alliance seeks to influence Local Government and European Elections and the 2015 General Election.

The Social Economy Alliance is led by Social Enterprise UK, The Social Investment Forum, The School for Social Entrepreneurs, UnLtd, The Young Foundation, University of Northampton, Cooperatives UK, Locality, New Economics Foundation, CAN, Impetus - The Private Equity Foundation, Unity Trust Bank, Buzzbank, Community Development Finance Association, Supporters Direct, Fusion 21, PM Training, Welsh Co-operative Centre, HCT Group and Sandwell Community Caring Trust. It will exist for two years as a formal collaboration and is housed at SEUK. In view of the politics above supported by these organisations, there seems little here which might be worthy of support from most NCIA organisations.

These examples above – and there are many more – show that national Third Sector organisations in England have shown continuing support for Government's main policies and principles for outsourcing public service delivery and for a degraded role for voluntary services groups in a marketised environment. As shown below, a strong NCIA case can be made to show that the majority of smaller voluntary and community organisations have never been part of this discourse with Government and have no wish to become involved in the delivery of the Government's contracting and commissioning agenda.

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## The Author

Leslie Huckfield's academic experience includes an Oxford MA in Politics, Philosophy and Economics, a Master of Commerce at the University of Birmingham (interrupted by his election to the House of Commons) and an MSc with Distinction at Heriot Watt. He is a Visiting Senior Fellow and a Researcher at the Yunus Centre for Social Business and Health at Glasgow Caledonian University. He has written a large number of research reports and publications.

His project experience includes Higher and Further Education and Not for Profit Organisations.

His policy development experience includes Membership of the House of Commons and European Parliament, as a Government Minister in the Department of Industry and as a Member of the Labour Party National Executive Committee.



Leslie Huckfield Research  
[les@huckfield.com](mailto:les@huckfield.com)