

European Commission Consultation on the Future "EU 2020" Strategy

Introduction

The Social Enterprise Coalition (the 'Coalition') welcomes the opportunity to respond to the European Commission Consultation on the Future "EU 2020" Strategy.

The Coalition was established in 2002 as the national voice of social enterprise. Social enterprises are businesses with primarily social or environmental objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. The Coalition represents a wide range of social enterprises, umbrella bodies and networks, with a combined membership reaching of over 10,500 social enterprises. These include co-operatives and mutuals, housing associations, leisure trusts and Social Firms. Social enterprises in the UK generate more than £27 billion in turnover, and contribute more than £8 billion to GDP per year.

The Coalition welcomes the recognition by the European Commission that "the exit from the crisis should be the point of entry into a new sustainable social market economy, a smarter, greener economy, where our prosperity will come from innovation and from using resources better". Social enterprises are pioneering ways in which businesses can drive positive social and environmental change across Europe, and with the support of the Commission we can make a real difference in delivering on the aims of empowering people and creating a greener economy.

Across Europe, Governments are at different stages in terms of fostering a supportive environment in which social enterprises can flourish and help to deliver on key social and green objectives. In the UK, great advances have been made, not least with the creation of a Minister with responsibility for championing social enterprise and the wider third sector or social economy. However, with key policy areas being driven at the European level, there remains an important role for the Commission in fostering an environment in which social enterprises can help drive us towards an economy which puts people, the environment and responsibility first.

Public sector procurement

Many social enterprises operate in the field of public services and look beyond traditional delivery mechanisms developing services which address needs in a much more holistic way. For example, social enterprises often integrate a number of different public services such as housing support, training and employment, and health care in recognition of the fact that many

individuals have multiple and inter-related needs which cannot be tackled in isolation. This approach creates real results which add value to public spending which is often not recognised, but which is ever more important in a time of public spending constraints.

In addition, the people-centred approach taken by social enterprises is at heart of their success. Through releasing creativity and energy in people, empowering them to develop their own solutions, and generating wealth that's reinvested in the community, social enterprises develop a culture of enterprise and build the confidence of communities to act.

Within the framework of existing policy and regulations, there are a number of ways in which public bodies can increase their purchasing from social enterprises – getting more for their money as a result. In order to support the development and use of such measures within member states, it is vital that the Commission demonstrates leadership on public sector procurement to support measures which recognise the added social value that social enterprises deliver.

For example, social clauses have been introduced, but are not widely known and understood. Furthermore, for many individual service commissioners working within narrow departmental budgets, there is no incentive to meet multiple objectives and no mechanism for one department or public body to achieve recognition for expenditure that creates savings in another.

There is therefore a role for the Commission in championing its own policy and supporting national, regional and local implementation of including social clauses in public sector procurement contracts. Further, there is a role for the Commission in leading by example in this field, through the use of social and environmental criteria and clauses in its own procurement decisions.

A greener economy

Whilst many SMEs struggle to comply with environmental legislation, social enterprises working in the environment provide not only environmental services to other SMEs to help them achieve their green targets, but have been providing excellent examples of best practice for a number of years. For example, a report written by the Scottish Social Enterprise Coalition and Triodos bank in September 2007 found that 'not only is social enterprise far greener than the wider business sector, its approach creates genuine economic benefits from which all other sectors can learn'.

Social enterprises in the U.K. provide excellent environmental products and services in many fields including the waste and the materials cycle, renewable energy, the management of woodlands, and sustainable construction and transport. Because social enterprises have a commitment to environmental goals as opposed to private profit, they are able to operate in low- or no-profit markets, as well as tackling issues such as renewable energy through community-based approaches that reduce opposition to projects such as wind-farms.

Despite these advantages, barriers to maximising the potential of social enterprises to deliver on environmental goals still exist. Many of these relate to the issues related to procurement, including a lack of understanding of social enterprise amongst commissioners, and market structures that mitigate against small suppliers such as the aggregation of contracts.

As part of the Commission's aim to "meet our agreed objectives on climate change and energy, strengthen our industrial base, fully unlock the potential of SMEs, and respond to the needs of the future", social enterprise should be embedded within the Commission's green strategies in order to harness the potential of the sector in delivering environmental services, supplying green energy and sharing best environmental practice.

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January 2010

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