

The Social Economy in the UK: An Overview

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Introduction

- Dave Egan, Ilen Associates Ltd – Business Development and Governance in the Social Economy
- Broad base of experience:
 - Public – N.B. Adult and Higher Education
 - Private - Legal
 - Social economy:
 - Chief Officer
 - Charity and Social Enterprise – local and national
 - Consultancy – 8 years

Overview of the social economy in the UK

- Size
 - 164,000 charities
 - 70,000 social enterprises
 - 1.8 million people employed / combined annual incomes of £110Bn
- Sectors
 - Food / accommodation
 - Health and social services
 - Arts and leisure

What we mean by 'social enterprise'

- Distinction between 'Charity' and 'Social enterprise'
- Ongoing debates over time about what constitutes a social enterprise
- Still not resolved, but characteristics of social enterprise: (SEUK)
 - Have a clear social and/or environmental mission set out in their governing documents – ARE SET UP AND RUN FOR THIS PURPOSE
 - Generate the majority of their income through trade
 - Reinvest the majority of their profits
 - Autonomous of the state
 - Accountable and transparent

What we mean by social enterprise - types

- 3 main TYPES of non-profit entities:
 - Charity
 - Co-operatives
 - Social Enterprise
- Where do they come from?
 - Charities may set up as a 'trading arm' – for tax and other purposes
 - Mass of small scale start-ups / smaller number of large scale start-ups
 - Public bodies – 'spin out' of former staff
- Groups
 - People from all backgrounds (from professional and business backgrounds but also disadvantaged groups e.g. unemployed, physical disabilities, from criminal justice system, experience of substance misuse etc.)

Current context: social economy and social value

- Lot of apparent commitment to social economy in policy
- Changes in way public services are organised:
 - Encourage and enable social enterprises to win public contracts
 - Build skills and ‘readiness’ of social sector - Investment funding to enable this
 - ‘Social Value’ emerging as a key concept:
 - Legal requirement to **consider** social value in procurement by local public sector bodies
 - Includes both DIRECT and INDIRECT social benefits that organisations produce
 - ‘Asset transfer’ a huge issue – transfer of public buildings and land
 - ‘Corporate Social Responsibility’ – a slowly emerging theme?

Social Economy in Action: Food

- THE NEED: food poverty is a massive issue (73% increase in hospital admissions for malnutrition since 2010)
- **FARESHARE**
- THE OPPORTUNITY:
 - 3.9 million tonnes of food wasted every year by food and drink industry
 - C.10% of this is edible
 - Fareshare work with industry to 'liberate' 1.5% of this
 - Operate a supply network nationally – distribute food in large packages to local charities – they then make available to local people

Social Economy in Action: Food (2)

- THE MODEL:
 - Very simple – food is donated (corporate and personal) and thus ‘disposed of’ by Fareshare through 18 regional centres
 - Small fees for food – linked to need rather than market rates
 - Logistics – mainly volunteers and trainees – low staff costs
- THE IMPACT:
 - 1300 charities involved (£13,000 saved pa) – 62,000 people reached every day
 - 13 million meals every year - CO2 emissions down by 25,000 tonnes per year
 - Turnover of 2.6million – up 13% this year

Social Economy in Action: Furniture

- THE NEED: Access to low cost but good quality furniture and household goods for people experiencing poverty
- **FURNITURE RESOURCE CENTRE - Merseyside**
- THE OPPORTUNITY:
 - 2400 sleeping rough every night – 61,000 people in temporary accommodation and looking for a new home. Merseyside is a ‘hotspot’.
 - 10 million items of furniture thrown away every year – 30% reusable
 - Government has cut ‘social fund’ to enable purchase of new goods for people in crisis – greater emphasis on re-used (pre-loved) furniture

Social Economy in Action: Furniture (2)

- THE MODEL:
 - 3 elements:
 - Furniture is donated by individuals and public bodies such as Housing Associations and local authorities – it is then ‘up-cycled’
 - They have sourced very cheap but adequate NEW furniture
 - They have set up a training arm that sells training opportunities for unemployed people to commissioners
 - Mix of low cost ‘new’ and very low cost re-used furniture – retail and public sector commissioning
 - Logistics – paid staff with some volunteers and trainees – low staff costs

Social Economy in Action: Furniture (3)

- THE IMPACT:
 - 950 people provided with free basic furniture last year (publicly funded)
 - 3160 re-used items sold to local people in need that would otherwise have gone to landfill (194 tonnes of furniture)
 - Over 200 people trained and secured paid employment in last 5 years
 - £5.3m turnover – in profit

Challenges in supporting social enterprises

- Funding (us and them!) and Demand (rising)
- Separating 'need' from 'demand' – realism vs commitment
- Setting people up to fail - realism vs commitment
- Time poor – 'jugglers'
- Staying on track – different when motive is not just money
- Big range of knowledge within a group – common
- Varied levels of motivation / underlying motivations

Thank you

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