
**Social Enterprise:
rhetoric versus reality**

Towards the Big Environmental Society?

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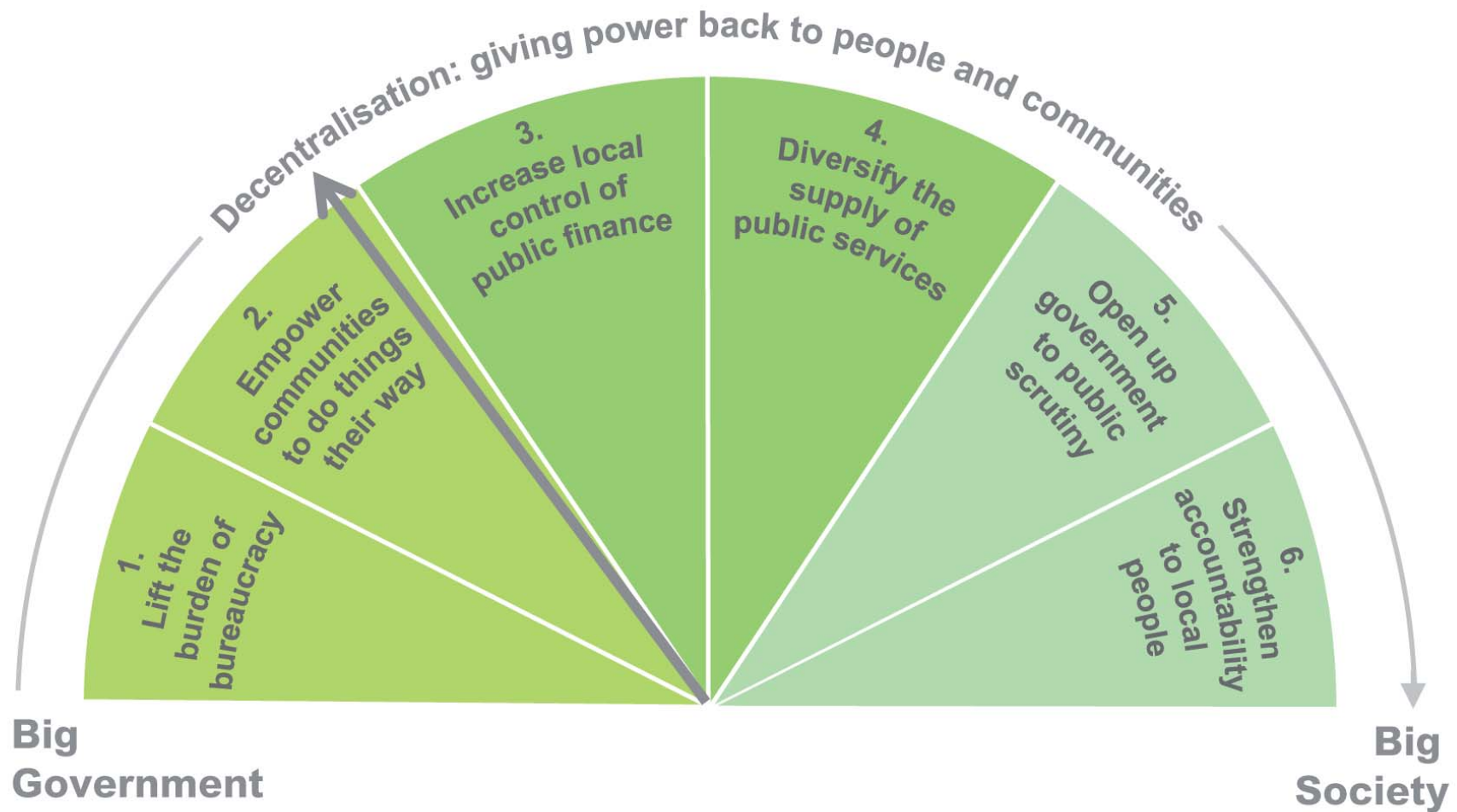
Context

- ❑ **Unprecedented times...**
 - Worst financial crisis since 1930s
 - But back to business-as-usual already?
 - Cuts will shrink the state sector
 - But what about the wider public realm?
 - ❑ **Rise of Social enterprise**
 - Top down forces – Big Society creates new options
 - Bottom up forces – Think Tanks (Demos, Nesta, Young Foundation etc) created new imaginaries
 - Ecological services as big an opportunity as social services
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Big Society: the rationale

- ❑ Big Society idea has unnerved a Labour Party which is in thrall to a big/remote/bureaucratic state
 - ❑ Thatcher aimed to shrink the state by privatising it
 - ❑ Cameron aims to shrink the state in two ways
 - outsourcing it to private sector (Capita, Serco etc)
 - outsourcing it to co-ops, mutuals, social enterprises
 - ❑ Red Tory rhetoric has confounded Labour critics
 - Big Society is clearly more than privatization
 - Draws on an Old Labour tradition (mutualism, the road not taken)
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Big Society: the Localism Bill



Big Society: the critique

- Rhetoric versus reality
 - Third sector highly dependent on public sector for grants and contracts
 - Age of austerity is the kiss of death for Big Society, especially in poorest areas
 - Outsourcing will be a huge market, but the real winners will be the Capitas and the Sercos
 - Third sector (currently) lacks the skills, the scale and the business models
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Social enterprise

- The social enterprise sector is very diverse and very dependent on the public sector for grants and contracts (so third sector a misnomer)
 - Official definition – a business with primarily social objectives whose surpluses are reinvested in the business or the community (DTI/WAG)
 - The above is a weak definition and needs bolstering with reference to democratic participation within and accountability to the wider community
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SE sector in Wales

- SE sector in Wales is more fragile than it appears
 - Official view - over 3000 social enterprises
 - Only 25% are self-sustaining (with 100% earned income)
 - Of the £2.2 billion turnover, Glas Cymru and Registered Social Landlords account for 54% of the total
 - Extending the Glass Cymru model?
 - water sector was ideal (unique?) for low-risk bond finance
 - lots of serendipity in the making of Glas Cymru
 - GC model cannot be easily cloned
 - WAG not doing enough to boost the SE sector
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Nurturing social enterprise

- **Creative public procurement**

- the power of purchase (£230 billion p/a) is awesome when it is deployed effectively (eg the CAN DO Toolkit)

- **New financial instruments**

- People's Bank, new mutuals, social impact bonds, asset transfers

- **Social infrastructure for scaling up**

- Scalability is a key issue within the sector (organic growth, franchising and consortia like 3SC)

- **Up-skilling / Re-skilling**

- Youth crisis/public sector re-deployment could help skills deficit

- **A smart state** needed here not a shrunken state

Sectors ripe for social enterprise

- Sectors that play a vital role in meeting human and ecological needs are most ripe for SE treatment:
 - ❑ Social Housing
 - ❑ Ecological services
 - ❑ Social Finance
 - ❑ Renewable Energy
 - ❑ Dignified Elder Care
 - ❑ Community Food Provisioning
 - ❑ Welfare-to-Work
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Key barriers to SE growth

- Political will – or rather the lack of it
 - compounded by a risk-averse public sector
- Skills deficit – in public and third sectors
 - good practice has been a bad traveller
- Financial conservatism – lack of patient capital
 - banks are most risk averse with the SE sector

(The Collective Entrepreneur: Social Enterprise and the Smart State, K. Morgan and A. Price. Charity Bank, 2011)
