

Social Enterprise Sector Position Paper 09/08/23

In the Context of the Move of Social Enterprise from Third Sector Division to Wellbeing Economy: Opportunities and Possible Concerns, July 2023

1. Contributors to this paper

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2. The Sector

The social enterprise sector is a growing one, with over 6000 enterprises, around 90,000 full time equivalents, £2.63bn of GVA and £4.8bn of turnover. More importantly the model delivers deep community, environmental and individual change in the most disadvantaged places, but in an innovative and sustainable way. Examples can be provide over the coming weeks and months.

3. Context

There is agreement among key agencies in the social enterprise sector that the move to the Wellbeing Economy portfolio offers clear opportunities. Like any change, there are potential risks that will need to be managed carefully to ensure the transition works to contribute positively to the wellbeing economy and to the benefit of the social enterprise sector.

This paper has been prepared with a view to informing meetings with key ministers and civil servants to capitalise on these opportunities and aid that smooth transition.

4. Opportunities

1. Within the Scottish Government, there is an overt commitment to the Wellbeing Economy. Social enterprise, as a movement and model, is already fundamentally aligned to that kind of economy for Scotland. We have a significant stake in its success, a clear role to play and are ready to open up a dialogue about how we deliver on it. Supporting a model that combines an asset lock (making an impact on place, people and planet) with commercial trading is a strong statement of support for that strategy.

The open letter put together by WEAll Scotland (that much of civic Scotland signed) identifies the strength of the Wellbeing Economy strategy but notes that implementation has been slow. Absorbing Social Enterprise as a model into the Wellbeing Economy and giving it a key role to play will be viewed as an immediate commitment to action.

2. Taking Social Enterprise into a department with more of an economic perspective will be seen as a bold move nationally and will generate global interest. The sector is aligned with the Scottish Government in showing how it can work
3. Social Enterprise as a movement can be seen to help deliver the vision of the Economy in the context of the National Strategy for Economic Transformation.
4. Scotland's move closer to a Community Wealth Building approach and imminent legislation will require new thinking and social enterprise needs to be at the heart of that, influencing the agenda and building the capacity of the sector to take up those opportunities when they emerge. At the moment it should be acknowledged that the social enterprise sector has matured swiftly but has some challenges and will require bespoke support over the coming years to exploit this opportunity.

5. There will be opportunities for sector growth and investment in innovation as part of the Wellbeing Economy division. New relationships between the Scottish Government and the sector should bring new thinking.
6. With the move to the Wellbeing Economy there may be an enhanced role for social enterprise in working to develop purpose led businesses. The Social Enterprise sector could have a role to play in delivering the recommendations of the Business Purpose Commission.

5. Addressing Possible Sector Concerns

1. Scotland has developed an internationally recognised social enterprise eco-system over many years. Joint working is embedded and this specialist eco-system (First Port, Just Enterprise, Accelerate, Social Enterprise Academy, Social Investment Scotland and others, with Social Enterprise Scotland as a single intermediary) needs to be protected and invested in. This allows us to retain what is world leading, as well as build on, improve and strengthen it with the move to the Wellbeing Economy. We seek commitments that this eco-system will be recognised and supported to grow. The eco-system map is appended.
2. We would like to ensure that the Wellbeing Economy division is clear about the nature and scale of our sector and the opportunity for growth. There are many social enterprises working at scale and there is an aspiration for growth into all sections of the economy. In addition, much of the social enterprise sector (as articulated in the Census) is community based, made up of organisations who are trading and innovating with mixed income streams. Nurturing this diverse sector towards greater financial sustainability has required a bespoke approach to support.

Circumstances such as cost of living, and operating in areas of challenging market forces, has created a fragility with some that will require specialist input over the coming years. This will need to understand the dual driving forces of social impact and profit, while also appreciating the nuances of social enterprise in rural and urban contexts. In order to achieve fair and equal growth to exploit opportunities that are emerging in the economy, there has to be quality on-going support.

3. The co-produced development of the 10-year Social Enterprise Strategy was a game changer for the sector. That strategy ends in 2026 and we would seek a conversation about the development of a new 10-year strategy beyond that as well as associated action plans.
4. Although national delivery partners are broadly positive about the opportunities this transition gives, messaging and communication will need to be managed carefully. Much of the wider sector (who may be Social Enterprise Scotland members) may feel more part of the third sector than part of the economy. It is vital that we bring the whole sector with us and this will require some thought.
5. The broader third sector is vital and bridges need to be retained and strengthened following this transition. In many cases those links can be a pipeline to a more enterprising third sector and to growing social enterprises and their impact. There is a need to bottom out future links with the Third Sector Interfaces, SCVO and other national intermediaries.

We very much look forward to working together to consolidate and grow Scotland's wellbeing economy.

Appendix 1 : The Ecosystem

The Social Enterprise Eco-system Map

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