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**Council for Economic Transformation**

**Submission from Social Enterprise Network Scotland (SENScot)**

1. **Introduction**

SENScot, along with our members, welcome the opportunity to share some thoughts - and highlight some concerns with the recently establishment Scottish Government Advisory Council for Economic Transformation. Whilst we warmly welcome this development, and the importance of a genuinely transformational long-term economic strategy, many in our sector are hugely disappointed that social enterprise and the wider third sector appear to have been side-lined from the Council representation – with little reference to the huge contribution and ambition of the social economy to our nation’s economic recovery.

At the recent National Economic Forum, our First Minister made it very clear that a partnership approach to recovery will be required – with a focus on working across Govt and with all stakeholders across the public, private and third sectors.

DFM, John Swinney, reinforced that message stating that the Govt’s approach to recovery will be broad, effective and inclusive. He also reaffirmed the importance of the social economy and social enterprise in particular - as critical partners in supporting our people and places and having a decisive impact on fair employment and the wellbeing of our citizens. Given this commitment, it would seem appropriate to address the lack of social economy representation on the Council or ensure that other mechanisms are in place to ensure that social enterprise and the third sector will be able to contribute to and inform the work of the Council as it develops a long-term transformational economic recovery plan – one that is focused on fairness, equality and social justice.

1. **About SENScot**

Social Enterprise Network Scotland (trading as SENScot) acts as the umbrella body for social enterprise networks in Scotland – a network of networks.  As a membership-led organisation, SENScot represents, promotes and champions the work of front-line social enterprises, with a commitment to reflect the views and aspirations of our members.

SENScot has a membership of over 1500 local social enterprises – which includes membership drawn from **20 place based social enterprise networks (SENs)** across urban and rural Scotland and **7 national thematic SENs** – which brings together social enterprises operating in the fields of Sport; Health; Community Food; Employability; Culture; Tourism and a Rural SE network.

SENScot was instrumental, with others, in developing and establishing much of the support infrastructure for social enterprise in Scotland – such as the Development Trust Association Scotland, the Social Enterprise Academy, Firstport, Senscot Legal and Scottish Communities Finance Ltd. More recently, it also co-ordinated the sector’s contribution to the Social Enterprise Strategy for Scotland (2016-2026), co-produced with Scottish Government – and continues to seek to represent the views of frontline social enterprises via Scottish Govt’s SE Action Plan Advisory Group.

**Social Enterprise (SE) in Scotland**

The Scottish Government supports a biennial SE Census which demonstrates the size, scale and contribution of the sector in Scotland. The latest Census (2019) states there are 6,025 social enterprises employing over 88,000 fulltime equivalent employees and the estimated contribution of social enterprises to Scotland’s economy is £2.3 billion.

Social enterprises are businesses that trade in the marketplace with the primary objective of social or environmental benefit. They tackle social problems, strengthen communities, work to improve outcomes and people’s life chances and protect the environment. They reinvest profits back into the business or for the benefit of the people they serve. Social Enterprise is recognised in Scotland through [The Voluntary Code of Practice](https://senscot.net/projects/se-code/read-the-code/) which recognises five basic criteria for social enterprise. Social enterprises are active in many spheres of our economy that are relevant to addressing deep rooted societal problems:  meeting environmental challenges, financial inclusion, addressing fuel and food poverty; social housing, employability, social & childcare, improving health & wellbeing.

Social enterprise is an inclusive business model – one that is underpinned by ethical, fair and inclusive business practices. The SE Census provides evidence that SEs strive to be good employers, embrace fair work practices, and operate flat wage structures. The sector is leading the way on Fair Work and positive employment practices, for example, the majority of social enterprises pay at least the national living wage and 65% are led by women.

1. **Social Enterprise support to Communities & Economic Recovery**

The response to the pandemic has demonstrated the true value of ‘localism in action’ with community-based social enterprises providing crucial services and a lifeline within their local communities. This central role was acknowledged in the recent Scottish Govt Report – *Towards a Robust, Resilient, Wellbeing Economy for Scotland* which highlighted the sector’s contribution to Scotland’s social capital and its critical importance in maintaining a level of community resilience. This contribution needs to be recognised, valued and explicit in the work of the Council going forward.

As the Council considers a long-term economic transformation strategy, we would argue that there has never been a more critical time to ensure that the central goal of economic recovery, and the various strategies that will deliver it, also deliver collective wellbeing and greater community resourcefulness which will be essential in order to tackle the deep-rooted inequalities that this crisis has not just laid bare but exacerbated. Community-based social enterprises must be considered as key partners to achieve this.

1. **Key Considerations**

* Scotland economic recovery plan must recognise the importance of **localism** and the critical role that community-led responses have played in local responses to the pandemic. Any future strategy must build on this.
* Linked to above, the Council must consider the investment required that puts in place the necessary **enhanced support infrastructure** to assist and empower communities to respond to the changed environment they will operate in.
* Future demand on our public services will outstrip current supply, and is likely to overwhelm public bodies. As referenced in the SCRAB report: *If not Now, When*, Scotland will have a new set of needs that don’t correspond to current models of public service delivery and the third sector can, and will, with appropriate investment, step up to support new **preventative models of delivery**.
* The Council has stated that it will ‘embrace the **disruption and change** required to transform Scotland’s economy’ – again we would argue that to achieve this social enterprise and the wider third sector must be part of the solution. We need to frame the future of public services, aligning it much more clearly around the root causes of social demand, give voice to the needs of citizens and communities and value the role that they can play in improving outcomes. The third sector and social enterprise has a key role to play in this space.
* Social enterprises have a key role to play in addressing the multiple and complex social issues that lie ahead – e.g. supporting changing demographics, inequalities, public health & environmental challenges. Against the backdrop of a challenging fiscal climate, investing in social enterprise will yield **triple bottom line outcomes** and returns on investment.
* We want to see actions and investment that further unleash **social entrepreneurship** and investment. The majority of social enterprises are locally-based, modest in size - but enabled to co-operate, they can make a significant combined contribution to economic transformation – working as they do at a community /neighbourhood level.
* Investment choices need to be informed by a **holistic** policy approach including looking beyond our own boarders to learn from others.
* We want to see a clear commitment that a transformational economic strategy will not focus on short-term, quick fix savings but one that is designed to create a **fairer, more just world** and one that tackles the climate crisis head on.
* Evidence based and data driven needs to include a shift away from solely economic based indicators and GDP.  We would be pleased to see reference to Dasgupta Report (natural capital accounting) and **wellbeing indicators**.
* Productivity performance and growth should not be considered the key driver for delivering the wellbeing economy we all aspire to.  We are concerned that wellbeing is being framed around ‘good’ jobs and very little else.  A wellbeing economy is much more than this. We would question how the Council will define ‘**best returns on investment choices’.**

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