

## The Development of Social Economy Policy in Northern Ireland

Colin Stutt was asked to review the development of social economy policy in Northern Ireland. He did so by presenting a presentation that he had made to members of the then Northern Ireland Assembly in May 2001, which provided a baseline position for the social economy and for social economy policy 10 years ago. Colin then commented on how policies for the social economy had changed since 2001.

### The 2001 Baseline Position

The starting point of the presentation was a statement that in 2001 the social economy was a distinctive sector in Northern Ireland which

- Had a scale which had not been measured
- But which we had reason to believe was at least 30,000 jobs or 5% of employment (& may be considerably more)
- Operated largely on a cross-community basis
- Created employment & incomes particularly in disadvantaged areas
- But for which there existed
  - No public policies
  - No support mechanism, &
  - No forum for discussing its development & challenges.

A review of social economy policy in Northern Ireland was undertaken in 2001 largely because the European Commission had required the new EU Structural Funds Programmes then coming into existence to address the social economy. At the same time there was a growing interest in the social economy across the UK, but at that point in time there were no social economy policies or structures in London, Edinburgh, Cardiff or Belfast. There was, therefore, a blank sheet for social economy policies in Northern Ireland and the newly established devolved administration of that time included a commitment to undertake a review of the social economy in its first Programme for Government.

Although it has proved to be a constant issue since, at the time of the 2001 review the definition of the social economy did not appear to be controversial. Social economy organisations were distinguished by 3 characteristics

- Possessing an explicit business model
- Operating for a social, community or ethical purpose (as opposed to operating for private profit), and
- Having a legal form appropriate to their not for profit nature.

The scope of the social economy within that definition would, therefore, include the following types of organisations

- Voluntary & community organisations adopting an explicit business model

- Trading arms of charities
- Housing associations
- Credit Unions
- Some, but not all, co-operatives (as some co-operatives operate for private profit)
- Local enterprise agencies
- Urban & rural development groups
- Community Businesses
- Social Firms
- Social investment funds
- Intermediate labour market organisations & labour market intermediaries.

The distinctive roles of the social economy were taken as including

- Creating incomes, wealth & employment in disadvantaged areas & for disadvantaged communities
- Providing routes to mainstream employment
- Drawing on voluntary support & donations
- Advocating the needs of disadvantaged communities and areas
- Providing a channel for public funds for disadvantaged areas and communities, and
- Contributing to the development of social capital.

It remains difficult today to get an accurate assessment of the size of the social economy in Northern Ireland. For example, [www.nibusinessinfo.co.uk](http://www.nibusinessinfo.co.uk) says

*'the social economy in Northern Ireland produces between 1 and 8 per cent of economic activity and employs over 30,000 workers. That's about the same size as the tourism or construction industries.'*

In 2001 the best estimate (which was something of a guesstimate in reality) was that the social economy accounted for 5% of employment, which was equivalent to about 30,000 jobs. It is interesting to note that in 2001 the social economy in Northern Ireland employed just under twice as many people as the textile and clothing sector. But since then employment in textile and clothing has declined from 16,500 to just 1,440 people. By comparison the social economy has provided stability of employment.

Summing up the position in 2001 Colin Stutt concluded that Northern Ireland showed much UK best practice in social economy performance but that was despite the absence of any informed debate about the social economy and its role in Northern Ireland, despite an absence of integration of activities at local level where Departmental silos and lack of communication were reflected often by competing social enterprises responding to Departmental, rather than local, agendas and despite a policy vacuum.

To address these issues the 2001 Review proposed to put in place the following structures

- An Inter-Departmental Steering Group on the social economy
- A Social Economy Network, to enable the social economy to articulate its needs and views, and
- A joint Social Economy Forum, with an independent secretariat, which would provide for a dialogue between Departments and the social economy and would meet annually under the Minister for Enterprise, Trade and Investment.

An action plan was also proposed to address the deficiencies in social economy support arrangements and the structures were agreed and the action plan was subsequently endorsed by Departments.

### The 2011 Position

Colin Stutt ended his presentation by contrasting the current position of the social economy in Northern Ireland policy with that in 2001. He concluded that despite a great deal of activity, social economy policy has barely advanced since 2001. Although a substantial amount of funding for the social economy was provided by EU Programmes and by the IFI, little remains in terms of an enhanced understanding of the working of the social economy and of how to support its growth and development. It is as if the social economy has consumed the funding made available to it under EU and IFI Programmes but neither the sector nor Departments or agencies have learned. Other than some buildings and structures such as UCIT, there has been little policy legacy from the very substantial EU and IFI funds which were provided to the sector in the first decade of this Century.

Because of this absence of a policy legacy, Northern Ireland has lost the position of social economy (thought and policy) leadership in the UK which it held for some time and Northern Ireland has not picked up key developments in social economy policy and practice elsewhere in the UK, such as

- Mutualised delivery of health services
- Community asset transfers
- Social impact bonds, and
- Social clauses in contracts.

This means that communities in Northern Ireland are responding to difficult economic situation with a more limited repertoire of techniques than communities elsewhere in the UK. It is striking, for example, that there is apparently little interest or belief in using social economy models to respond to the challenges of the recession, unlike the approaches taken by the Scottish Government and many local authorities across the UK. An example of this is the inability of the Northern Ireland Executive to respond positively to the proposals in the Green New Deal which would create employment and reduce fuel poverty.

In the current situation, it is also striking that there remains little or no real debate about the role of the social economy and that the application of social economy policies remains patchy (at best) between Departments. The recent

initiative by the School for Social Enterprises in Ireland (SSEI) and its partner organisations to present a series of Social Economy Masterclasses is an exception, but in reality there was relatively little real public sector engagement with the process.

Ironically, however, while social economy policy in Northern Ireland remains sorely underdeveloped, many Northern Ireland social enterprises have prospered. This is illustrated by the fact that Northern Ireland social enterprises won the UK Social Enterprise of the Year 2011 and the Social Enterprise Leader of the Year 2011.

The key issue facing the Northern Ireland social economy at this time is whether it has the intellectual, financial and organisational resources to carve out its own future sustainability and impact in the context of a political and administrative system which, in contrast to 2001, seems indifferent to the potential contribution of the social economy to economic, social and community regeneration in Northern Ireland.