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The Social Economy: What Future?

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The Brief

Three questions were posed by Building Change Trust as the brief for the event that stimulated the production of this paper:

1. What challenges exist for those involved in promoting social enterprise development;
2. Can the values and principles underpinning social economy flourish in the present economic and policy climate;
3. Can ethical economic growth bring about significant social change;

A Starting Position

A necessary step before going into the requirements for the brief is to pose the question; "what exactly are we are talking about when we go on to make these reflections?" Social economy and social enterprise are specifically identified as the subject matter but the trouble is that both terms are hugely elastic in definition. People bring to the table their own particular "take". We do not need an abstract debate about concepts here. It is more about what sort of common perceptions can be identified in the Northern Ireland context. Without being clear, any attempt to explore "challenges, principles and opportunities" could end up in fatal misunderstandings.

Where this paper will end up is with a discussion of some of the significant things happening around social economy and social enterprise at the moment which need to be considered in the Northern Ireland context. In particular, there is need to take on board the stellar growth of new forms of social finance and the creative work of NESTA and the Young Foundation that has introduced the concept of *social innovation* as a means to re-position and re-energise ideas about the social economy. But to do this effectively; we have to start from where we are. On the ground in any given place previous ideas and policy formulations around what it means to develop a social economy and social enterprise have a powerful influence on how and how far new approaches can be taken up and practically applied. The new cannot be simply pulled in from a drop-down menu. So one of the first challenges arising in responding to the brief is to explore were the social economy currently in Northern Ireland stands; both as an idea and as practice. We have a parallel paper by Colin Stutt that deals with current practice in more detail and this contribution takes a more generalised approach.

New ideas, newer definitions and the policy and practice landscapes that come with them tend to bump up against already established forms. Where there has been a strong embedding of past ideas and the practices associated with them, the task of introducing new approaches can be made the more difficult. To innovate may induce a need to dismantle some established forms as well as to invent some new ones and this can inevitably provoke resistance. The most acceptable outcome is more often than not some form of hybrid condition that tries to combine the best of the old with those aspects of the new that best fit local circumstances. In summary, then, what can and cannot be done to develop the social economy is nothing if not highly variable from place to place. A careful reading of the opportunities and constraints in situ is vital as a first step in moving forward.

The Legacy: Assisted Region Social Economy

Grant-aid and embedded attitudes and behaviours
Northern Ireland then (like everywhere else) has evolved its own particular shape or landscape for social economy and for social enterprise. This carries within it some patterns and structures unique to the Northern Ireland situation but also more generic influences as different "takes" on the social economy have made their way onto the Northern Ireland scene over time. One of the most powerful features of the legacy is a long history of grant-aided state and EU funding and the path dependency that tends to go along with it. What this tends to do wherever it plays is powerfully to embed those attitudes and behaviours that endow the public authorities and the funds they administer with a dominant role. Alongside comes a parallel tendency to look to public policy and policy-makers to search out and support the "right" solutions.

The corollary of this is that the local actors gear their activities to seek out grant opportunities and lobby hard to sustain their access to them. In effect the deliverers of activity (grant recipients and service contract agents) become harnessed to the strategic aims of public policy and funded in stage payments for their ongoing compliance and contribution. There tends to be a focus in this on what might be called "single route solutions" – ILMs, asset-based development, outreach activity, work inclusion, microcredit, development trusts; regeneration partnerships and so on. The actual method of funding varies – through a sequence of direct grant payments or alternatively through some form of service-level agreement to deliver pre-specified activities. Either way we are looking at a *quasi-public delivery model* run by arms-length bodies against a pre-determined policy framework that usually emphasises outputs rather than outcomes.

The downside of all this from the perspective of opening up to more innovation may be that there is a tendency for social economy activity to end up being *problem-defined, solution-defined and participant-defined* and boxed-off by sector. This does little to foster an open marketplace to grow a different cohort of social economy organisations; one that is more flexible and responsive to local needs and where creativity and readiness to invest are regarded as critical. It is not that flexibility, creativity and innovation is not present in the established regime - just that it may too often be over-ridden by compliance, regulation and form-filling and the mindsets that go with it. The best organisations do become highly creative of course at "working the game" and manipulating the system to do what they see as being needed. The underlying question here is to what extent is the *quasi-public model* the most efficient and effective way of facing the extreme challenges the crisis is confronting us with. Is there more scope for a *hybrid approach* that keeps the best of the existing regime but that also opens a new space for a very different kind of social economy model? In the next section we need to set out some of the other features of the legacy in Northern Ireland that will bear on a later discussion about the realistic prospects for a re-positioning and re-invigoration of the social economy.

A proliferation of organisational forms and networks
One of the more dominant policy ideas of the 20 years both in the EU and the UK has been to "go local" and to give people and communities (of both place and interest) a chance directly to engage in the process of local economic regeneration, of job creation for the disadvantaged and of social capital formation. This has seen the rapid expansion of small "bottom-up" and dominantly grant-dependent multi-stakeholder bodies that appear to have a real ability to solve *locally* problems that either the state alone or market forces have failed adequately to address. These have come into the Third Sector to sit

alongside those long-standing and larger scale players that have a proud legacy of civic and public service and that tend also to have the asset base and bankability that come with it.

What emerges out of this is a complex legacy of different governance forms: co-operatives, charities, credit unions, housing associations, development trusts, support networks, intermediary bodies, local partnerships and so on – some long-established some newer – to make up a poly-form entity colloquially identified as *"The Sector"* (variously Third, Charitable or VCO). Facing the prospect of fiscal austerity it is a daunting task to see just what might need to be done to rationalise such a *"crowded platform"* of organisations – all jostling under the rules of the game for differing degrees of public funds support. If the values and principles underpinning social economy are indeed to survive the present economic and policy climate, an informed and intelligent approach is going to be needed that looks beyond costs saved and that has a view on; i) what social return is to be purchased with diminishing public funds and; ii) what other avenues are available to support investment in the sector.

A pool of capacity and social capital

In moving to a view of social return we need to reverse the lens for a moment to take the positive message from what has just been said about a "crowded platform" of Third Sector organisations. The last two decades have witnessed an unprecedented period of policy learning, social capital building and the creation of support structures and networks in Northern Ireland (as well as across the UK and EU as a whole). Despite what has just been said about compliance and regulation, the level of creativity and innovation has also been exceptional (See the IDELE Reports – www.idele.eu). Capacity has been built in very large measure[1]. In Northern Ireland for example, NICVA estimates that the VCS Sector has some 4500 constituent bodies turning over £570M per annum, with assets of £738M and involving 29000 people. For social enterprise, the Northern Ireland estimate is of 1000 social enterprises worth 5% of economic activity, £335M per annum involving 6000 employees and 5000 volunteers. The social economy legacy is more than a set of values and principles; it is a very considerable asset. The real challenge going forward is then to find ways to measure the real substance of that value and then deploy it to recover the highest feasible return under contemporary conditions. This brings up the 50 year question. How exactly can the contribution of *The Sector* be properly measured not just in terms of its weight but of its democratic, social and economic *contribution*? The crisis helps us in this in having launched a global debate on just how to measure social and environmental value and what sorts of new metrics need to be considered. We shall be exploring a little of this in a later section of the paper.

The Challenges Going Forward

Impending cuts in public funds

So from this reading of the context what do we see as the scale of the challenges to be confronted for the social economy and social enterprise in Northern Ireland going forward? The first and greatest is, of course, that under conditions of fiscal constraint and financial stringency the currently achieved scale, shape and weight of activity is probably unsustainable. For the UK as a whole it is estimated that the scale of cuts for the VCS will be £3.6 Billion up to 2016. It is suggested that for Northern Ireland the tally

[1] Some see the scale of the social economy defined in this broad sense as contributing to as much as 1% of GDP for the UK as a whole.

of cuts may well be lower but the prospectus is clear – some real terms decline is inevitable and the probability given today's gloomy economic prospects is for severe retrenchment. Given that NICVA estimates that 46 percent of the current revenue to the sector in Northern Ireland comes through public contracting and much of the remainder no doubt through other forms of public subvention, the need for a future re-positioning seems indisputable however difficult the task of working out how to achieve it.

At the very least there is a major exercise to be done to take a view as to what features within it have the potential to find *alternative ways of capturing sustainable funding* – at least for some part of their activities. This brings into the debate a feature that makes Northern Ireland different from its assisted area counterparts. The challenges of the past and the long history of Trans-Atlantic links for Ireland as a whole have delivered a valuable opening to North American style philanthropy. There is then already a legacy of receiving and utilising funds that do not originate from government – from philanthropic foundations and from what these days would be called "donor-advised" and social investment funds. This has brought into play notions of double and triple-bottom line funding and some of the thinking that has more to do with the US non-profits model than UK social enterprises. There is a window to a wholly new approach here and while it may have failed to achieve traction in the past – perhaps for the reasons just set out – now would be a very good time to re-enliven the interest. In parallel with this exploration of new models of course there needs to be a more *politically-informed exercise* to identify those activities within the wider social economy that, if depleted or removed, may see short-term savings overtaken by long-run social and public expenditure costs in coping with the outturn.

The particular issue of locally deprived communities
Such a policy review exercise needs to take on board the proposition that the social economy rarely grows self-sustainably out of the resources available in *locally bounded deprived communities*. There may need to be an acknowledgement that to expect the bulk of the local partnership organisations in disadvantaged areas to source their future funding from other than public spend is unrealistic (though there are examples of philanthropic support). In terms of the policy frameworks that saw them set up (EU funds for example) there was not and should not be an expectation that local partnerships in deprived areas (even if legally formed as companies limited by guarantee) can move *en masse* to a social enterprise format that sees them building trading revenue streams from service contracting or the direct sale of goods and services and then going on to seek finance. Certainly they can (and many have) set up trading arms or acquire a stakeholding in other more commercial kinds of business but the record shows that these are partial forms of support and can sometimes introduce inappropriate risks to the partnership as a whole.

The "bumble-bee" effect
Once again this is not to say that *some* local partnerships cannot break out spectacularly. The record of the last two decades is full of case examples of "bumble bees" – those local ventures that logically appear built never to fly successfully but that go on to defy gravity and fly on a consistent basis. The issue here is not whether *some can do it* but whether it can be *done at scale* and in more than a handful of instances. In this respect the right perspective is to see them in the same light as those high-growth mainstream enterprises that have the special entrepreneurial characteristics that see them overcome the barriers that most orthodox SMEs see as insurmountable. The issue is that, while these exceptional local ventures will still be just a small part of the total, some places and settings can and do foster more of

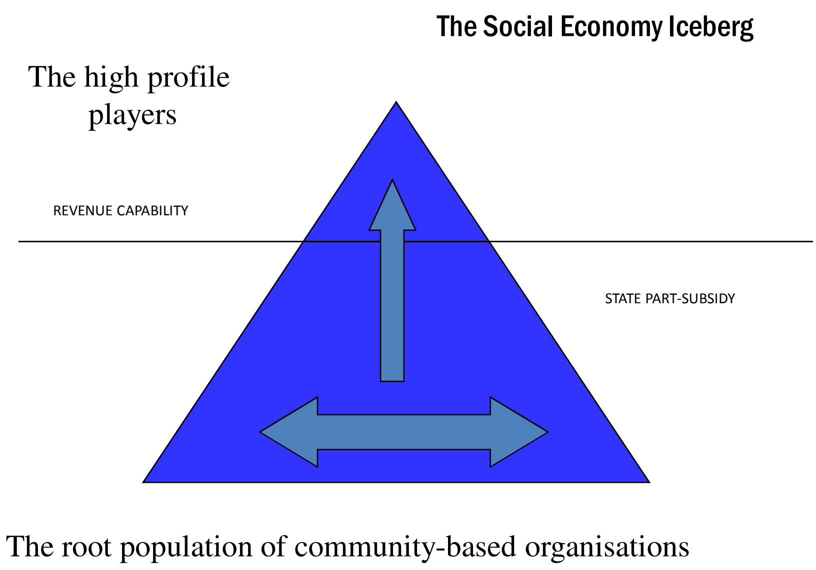
them than others. The tricky issue to be confronted in a review of the social economy in Northern Ireland is just how to *identify and nurture* the ones that can break out of the pack to do trading and become investment-ready.

The evidence is that leadership and the capacity for social entrepreneurship may be one main supply-constraint. Tackling this has wider referents in the culture of place and society in general as well as in the role of the educational establishment. At all costs what has to be avoided in the local arena is an over-wishful dependence on the idea that most local partnerships and social enterprises from deprived areas can "break out upwards" to become financially sustainable from trading revenue while still making their contribution to environment and regeneration, making jobs available to the marginalised and adding specialised welfare benefits to the populations they serve.

The Iceberg and the Upas Tree

One way graphically to summarise the points made in the previous discussion about the importance of the legacy in designing for the future is through two simple graphics – the Iceberg and the Upas Tree.

Figure 1: The Social Economy Iceberg



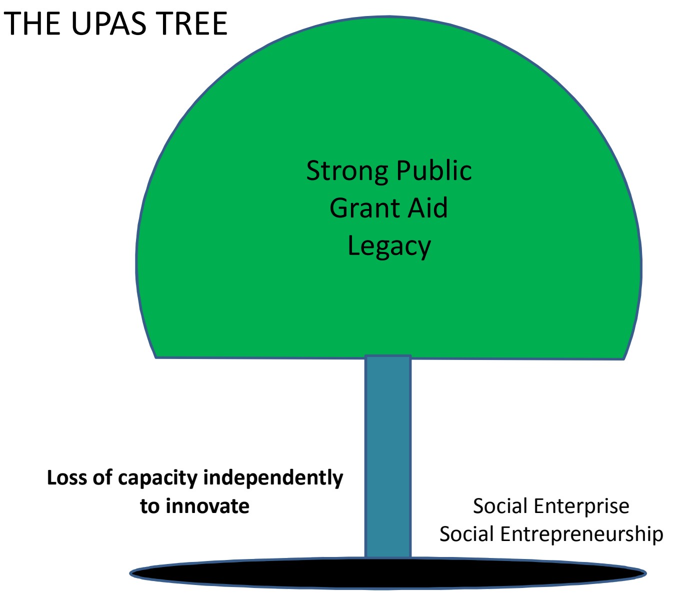
What can be extracted from the iceberg metaphor is the hypothesis that only a small proportion of the social economy can expect to found "above the waterline" – that is with the sort of revenue earning and/or asset base that puts its occupants within the range of investment financing (social or otherwise). Below the waterline is a population of unknown - but undoubtedly regionally and locally highly variable - social economy organisations or social enterprises. Our discussion of the legacy consideration is founded on the notion that Northern Ireland has a very particular configuration for its "iceberg" and this would suggest that it has a particularly large population of what Figure 1 describes as "community-based" organisations - grant-aided bodies with little realistic expectation of rising to a position of revenue-sustained financial security. What is not empirically known - but what needs to be established - is whether there is also a cohort of social economy organisations (perhaps those larger ones operating of the basis of service level agreements to provide public services) sitting just below the waterline for which close attention to management skills development and investment readiness would produce an effective response.

There is no easy way to find the answers to questions such as these but the deployment of the BRIAN tool in Northern Ireland under the auspices of Building Change Trust (via Charity Bank, ORTUS and the Ulster Business School) is beginning a process of in-depth exploration[2]. The importance of gathering this kind of knowledge about the contemporary situation is to begin to capture an appropriately sophisticated perception of the challenges facing the social economy and more critically to guard against "throwing out the baby with the bathwater". A cuts programme that does not have the requisite sophistication to deal with complexities of the "crowded platform" of organisations at risk of funding reduction could end up raising the long run costs to government as support for civil society in the most deprived places and groups becomes diluted in an unstructured way.

A second simple Figure (Figure 2) enables us to explore another important legacy component that has been hinted at earlier. This is the Upas Tree effect. It relates to a real African tree whose density of foliage is so intense as to cut out sunlight at the ground level virtually altogether. The symbology was originally employed by the economic historian Sydney Checkland to describe the situation in Glasgow at a time of extreme dominance by the shipbuilding industry and its associated trades. The essence of his argument was that this condition of over-dominance led to the observed shortage of SMEs and in particular to entrepreneurial ventures that could not experience "daylight" under the shadow of the dominant industry.

[2] BRIAN is a formative self-diagnostic tool introduced 10 years ago that facilitates a combined process of non-judgmental evaluation and active learning through the medium of structured discussion with social economy organisations.

Figure 2: The Upas Tree Hypothesis



The hypothesis of interest to us in relation to the social economy is to wonder whether there might be a similar influence exerted in assisted regions like Northern Ireland from the legacy effect of that dominant culture of public grant aid described earlier. Is it the case that – apart from the few "bumble-bee" exceptions – there is a lower generic capacity in the province independently to innovate in the social economy? There appears to be no real evidence to suggest that is the case for the mainstream SME sector in Northern Ireland. Perhaps some form of paired comparison study might shed light on the question. If the Upas Tree hypothesis is accepted, however, this might suggest that it may turn out to be even harder to find organisations that can make the transition from dependency to self-developed trading, revenue earning and asset accumulation. Like so much in relation to the social economy we are sadly left in the realms of speculation and "gut-feel" where the evidence to explore the reality is so lacking. The Upas Tree stands as no more than a hypothesis for reflection.

Alternative Approaches to Social Economy

The growth of social investment and the London hub

Even under current circumstances and in the right places it appears that for social economy and social enterprise (above the "waterline" at least) the last decade has been little short of revolutionary. The recent growth in interest and activity in developing a UK social investment market - the UK being considered a world leader in this field - is significantly concerned with servicing that cohort of social enterprises that is characterised as having scale and high growth potential. Easily the most significant development over the last 6 years has been the growth of loan, equity and venture funds building on the double and triple bottom-line funds that were so popular in the US in the middle-2000s. A variety of financial instruments is now designed to attract ethical investors (donor-advised and charity funds) as much as to seek out a market return[3]. Despite this more social turn, however, the investment process still tends to be *hard-edged and selective* with a tendency to favour asset backed investments and property-secured loans - even though it is in some cases softened by charitable foundation giving and government first-mover 'experimentation' offsets (for example by promoting a more flexible attitude to due diligence, risk and the return on investment).

The previous UK government made a decisive move in the social finance direction by providing central funds to kick-start a social finance market – a process of "de-risking" for those wary of getting into it at the outset. What is now being aimed at by the Coalition is a "new 'third pillar' of finance for social ventures and the creation of a "new 'asset class' to connect social ventures with mainstream capital". The Big Bank - mobilising dormant bank accounts - has been rolled into the process to give it scale. In all this the London hub has become a recognised preserve for a new supporting group of successful entrepreneurs, financiers and fund managers who have migrated into social investment looking for potentially lucrative solutions to social and environmental problems.

The point we have to make here though is that this is a very special set of circumstances – highly successful and rightly to be regarded as a major asset – but probably *not readily transferable* to other places and contexts. Like the City of London from which it feeds it is probably a metropolitan one-off. Nevertheless, it still has more than a little significance for places like Northern Ireland. The hub operates across a UK-wide and wider space as a source of social finance and expert advice – looking for opportunity anywhere. The key point is that, there is a booming national and international marketplace for social finance instruments if there are the right social enterprises in place to make use of it. For Northern Ireland to benefit it needs a seedbed and an expanding stock of investment-ready social enterprises with growth potential. Some we know exist already but this is less the point than what the future flow of these sorts of enterprises might be – perhaps from among those just below the waterline in the iceberg analogy. The trick as was said earlier is to work on the demand side to find them or to begin a programme of supporting activities to grow them out of the existing stock - knowing that they may represent a small but important part of the overall set. It may be that the crisis will present an opportunity as much as a threat – Schumpeter-style – with creativity finding a way out of a destructive phase.

The importance of hybrid forms

Relating back to the earlier discussion about the Third Sector, the real buzz of the best parts of social enterprise internationally seems to come from *hybrid forms*. These tend to work not just within one sector but across the *interfaces* between all three sectors – the public, private and non-money (household). Hybrid enterprises tend not be too precious about who they team up with or take money from - though what absolutely defines them as social enterprises is their sense of social, ethical or environmental

[3] The latest entrant is Deutsche Bank with a 10 million UK fund for what it calls "social businesses".

mission. Mindset is once again critical – having the freedom to find a solution to a problem without having to seek it out within a given policy or a received "single-track" practice framework. The mirror-image of this hybrid attitude is presented on the supply-side in social investment finance – with the creation of new combinations of social finance solutions which in their turn open the door to creative ways of tacking social and environmental problems. The revolution is in the movement to mobilise social investment and ethical finance – opening a doorway to leverage investee funds to the social enterprise and its mission. At its most ambitious the authors of the *social innovation* movement – Geoff Mulgan and Robin Murray – perceive this as a bold move to "transform the mainstream" around a completely new notion of social economy.

New metrics and SROI

A second major development of the last 6 years has been the emergence of a rapidly expanding community of interest in Social Return on Investment (SROI). In essence it seeks to address the critical question raised earlier – what is the real social impact of an organisation or activity. But inevitably this is an arena of much conflict and debate not least as such a disarmingly simple statement carries within it a deep philosophical debate about what constitutes *value* – ethically, socially and politically constructed. Even if this conundrum were resolvable we would still be left with a tricky question of metrics. Nevertheless SROI is being promoted widely as a framework for measuring a concept of "inclusive" value - inclusive in the sense that it encompasses the social, environmental, and economic dimensions. More controversially, it is deemed to be able to use money as the common unit to represent all three types of value and since it is argued the costs of funding various projects are known; it can be used for calculation of cost-benefit ratios. In its more militant formulations (see Hunter 2009) it seeks to "channel funding streams that are directed by measurable performance rather than feel-good stories, habits of giving and rank sentimentality". In this way it is seen by some as delivering to social investing; "the potential (yet to be realised) to advance a selection process that either forces poor performers to evolve and improve, or weeds them out."

Part of the debate about SROI and metrics is a family of popular new ideas about how to get better social value for public spend on service delivery - payment by results, commissioning for outcomes and so on. The essence here is to achieve greater efficiency and effectiveness where arm's length providers (regardless of sector affiliation) are used to carry out public programmes. This recognises what was said earlier about using hybrid forms but since it then turns to the instrumental solution of contract commissioning on a programme of payment by results it may open one door while closing another. Like the drive to push social enterprise along a pathway to readiness to invest; payment by results and commissioning for outcomes have a clear value but the balance of where and when they should be employed is one that has to be got right. The apparent simplicity of the metric cannot be allowed to turn the approach into the dominant driver regardless of the context and the real complexity of the value question.

Social Impact Bonds

Payment by results can work through new social investment vehicles such as Social Impact Bonds. These are designed privately to finance the costs of early intervention and preventative measures in return for a slice (cost plus return on investment) of the departmental saving arising. To this end, a recent report commissioned by the prime minister has recommended that the government should promote (and

it is expected to do so) early intervention funds that will raise £200m from investors to finance "schemes that steer children from paths leading to crime and alcohol and drug abuse"[4]
The structure of these bonds is highly complex and the active example of young offender programmes in Peterborough remains stubbornly the only quoted example of practice. What is of interest in relation to SROI is that it creates a fund specifically for the purpose of delivering *defined societal benefits*. The delivery is expected to be through a government contract, probably with a preferred supplier and prime contractor, but then routed through organisations with a track record of delivery in the required form intervention[5]. While the social economy is diverse and this will not be suitable for all, it will present an opportunity for some.

A focus on results, along with a requirement for better clarity over social purpose, sees the planned interventions fit under particular thematic domains (for example mental health, drug addition, sports therapy and so forth). Having the necessary background, standing and operational capacity in the targeted domain is a key characteristic in having access to the funding and is itself a strong measure of risk for the funds provider. Once again it will be the *intrinsic properties of the delivery agent* – certainly ethos and mission but also quality expressed in some acceptable measured form that will be the hedge against risk for the bond holder that will open the door for such things as charity bonds and donor advised funds. Investees will need to show they have the capacity to generate a *financial and social return* over a set timeframe that matches the investment fund profile.

Hard Choices and Future Policy Directions

Taking a balanced approach
The discussion of alternative approaches points up a simple truth. Notwithstanding the points made earlier about the potentially small share of these “above the waterline” organisations and enterprises in the total social economy population – there is still a genuine opportunity for Northern Ireland to open a new front under the social economy heading. What opening this new door does not do, however, is make it less critical to ask such difficult questions as; “What should we do with our existing social economy legacy?”; “What should we privilege?”; “What might we be able to discard?

If it is the case that public funds may be down for perhaps as long as a decade, it is evident that short-term fixes and the salami-slicing of grant programmes is not going to bridge the gap and preserve the essential value of ethical approaches and the social economy. The paper has been clear that the social economy and social enterprise can and do still make a major contribution in Northern Ireland but expectations are perhaps already too high for it quickly to become investment-ready and able to tap new social investment funds. Overall, what is needed is a *judicious mix* of future strategies that retains the best of the old and that introduces a significant element of the new.

[4] Financial Times 'Isa savings plan aims to help poor' July 3, 2011.

[5] This sort of arrangement is already applied in the English Work Programme where largely private sector providers are offered regional franchises to deliver the 18-24 year olds into sustainable jobs. The funding package in biased toward sustainability with serious payments only made for candidates in work for three years.

There is clearly a serious public policy debate to be had but a key issue for this is that well-judged answers are going to need a lot more knowledge about the *shape and internal configuration* of the Northern Ireland "iceberg" and the truth or not about the Upas Tree hypothesis. There is also a need for the organisations of the social economy individually to raise their game in measuring the social return they actually generate. A quid pro quo for this would be for the public funders themselves to begin a process to make it clearer what social return they are interested in underwriting or commissioning from the social economy. Both together would represent a more ordered way to answer those difficult questions about what to privilege going forward as an antidote to cost-driven rationalisation.
One outcome that might have to be entertained is that re-configuring and re-invigorating the social economy in Northern Ireland may turn out to be long-term project. A seedbed approach may be required that needs to allow new enterprise hybrids to emerge and that needs to work on the roots of social entrepreneurship.

Creating a new space for a focus on social finance and risk capital
One strategic proposition that does seem to emerge is that what might be needed in Northern Ireland is a new *"space"* from which to launch a different kind of social economy and social enterprise discourse. Debates about how to deal with the rationalisation and re-positioning of the existing stock of publicly-funded organisations will have their own challenging agenda and may be as much political as economic and social in content. This is probably as it should be. But it would be unhelpful if all debates about the future of the social economy were refracted through this one lens. There is a pressing need to open the hearts and minds of those in the sector to the raft of other possibilities that may be available for them without this being tied in directly or even discursively to some real or threatened cuts agenda.
What would be a particularly useful feature of such a new space is that it would be one where the boundaries of sectors could be cast aside and where – so long as the focus is on ethical and social missions – the interfaces between first, second and third sectors could be opened up for exploration.

Geoff Mulgan suggests that what he calls social innovation should position itself to perform as the "R&D wing of the welfare system". This emphasis on R&D is important in that it sets an agenda dedicated primarily to *innovation*. It has already been said that to do this best an ability to look at hybrid activities and organisations *across and between sectors* is vital. Such a space should also be one dominantly for *facilitation* and as an open source for new kinds of supporting instruments whether on the demand-side or supply-side. An *outward and forward looking* ethos is also critical – offering networking into the London hub and to cognate activities in the rest of the UK, ROI and internationally.

The purpose of this facilitative activity would be – to keep the metaphor going – to "float the iceberg" as far as possible. The suggestion here is that the best means to do this would come from within – from the social economy organisations and social enterprises themselves. Reading the game in relation to potential future pubic funding scenarios, the best of them would quickly see the need to become ready to contract, ready to borrow and ready to invest. They would understand the need to build capacities to diversify their sources of revenue; to trade; to find new opportunities in publicly commissioned service delivery and to build up assets and use them effectively.

Another role for the new space would be the *promotion of social innovators* but doing this by looking across the system as a whole (not just "the sector" but also in the public and private spheres). The task here is to tackle the leadership constraint (if it exists) and put in place systems to sponsor, develop, train and mentor a new cohort to carry forward the social economy agenda.

Finally, the emerging social innovation agenda sees *distributed networks* as one of the key pillars of its hoped for transformation of the mainstream – a process pushed by the fast-moving broadband and social networking revolutions. Somewhere in the mix of activities to be promoted would be a dedicated attempt to make better (efficient, creative, open) use of those social economy networks of intermediaries and support bodies that have grown so explosively over the last decade or so.

In the end we have to accept that for the social economy we live in revolutionary times. There are clear threats and some very hard choices to be made. The crisis is probably systemic and long-term and returning to and re-inflating the old system is not a sensible option even for the long term. The paper accepts, however, that the legacy is real and valuable and must be sensitively handled to avoid losing those capacities that took decades to build. But there are exciting opportunities too and the suggestion is that now is also a moment to buy into models that depend less on the public purse and that go with the flow of the new turn to social investment. One other thing is clear; others' solutions are hard to borrow out of context when it comes to the social economy. "Home built and home informed" should be a primary requirement.

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