

Critical Learnings Social Economy

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Social entrepreneur Sheila Smyth created a community-based music studio that offers access to equipment and a relaxed setting in which to record music sessions.

Age organisations can make use of market mechanisms to resist welfare reductions and support the resilience of the most excluded old.

Called “social economy,” this approach provides an opportunity for the age sector in Northern Ireland and beyond to reduce its dependence on grant funding while providing new skills to the people they are serving.

Developing an economy for and by older people will require new cultures, skills, finance and organisational formats. But an investment in this area has already shown that it is possible.

Background

Traditional funding sources for age-based nongovernmental organisations are dwindling and age organisations need to find other forms of finance.

An alternative to traditional funding such as government and philanthropy support is something called the “social economy.” The social economy operates and behaves like the private economy in that it trades in goods and services for profit but it uses profits not to reward investors but for social benefit.

In 2009, The Atlantic Philanthropies funded a social economy age programme to create a more sustainable and resilient sector.

Social Economy in Practice

The Bryson Charitable Group has provided social economy-based services for older people and others for the last 100 years. Bryson re-invests profits in a range of energy, care and environmental programmes that benefit older people.

Atlantic has supported Bryson to develop a home improvement service as a social enterprise. The business should help older people live in their homes for longer, feel safer and enable them to be discharged from the hospital quicker.

What Was Accomplished?

An evaluation¹ of the social economy age programme funded by The Atlantic Philanthropies found that the work led to the following key outcomes:

New ability to secure loans

Charity Bank is an independent not-for-profit bank that makes loans to charities and social enterprises. Atlantic provided £400,000 in capital, which the bank could then leverage to make loans of up to six times that amount or £2.4 million.

The capital funding is a long-term investment that is allowing the bank to increase lending to nongovernmental organisations in the age sector as well as the wider community and voluntary sectors in Northern Ireland.

New financial skills for age sector enterprises

Organisations and programmes provided models and standards to strengthen financial management in the age sector.

As one example, the first Advanced Diploma in Sustainable Investment for the Third Sector was launched by the University of Ulster in 2011. The programme aimed to develop knowledge and skills to enable the age sector to increase their financial resilience and operational independence. In all, 103 participants took part in the programme. Additionally, 80 people participated in a social enterprise training programme and another 75 organisations were trained in trading and social economics.

New abilities for older people to secure mainstream employment

Belfast GEMS provided mentoring, training and skill development to increase the economic security of older workers as well as promote age positive employment practices.

For example, between 2009 and 2012 the Kestrel project delivered by Belfast GEMS registered 246 people, 107 of whom completed formal training and 94 of whom are now in full or part-time employment (see “Unemployed Construction Worker Lands Position through Kestrel”). The programme led to a reduction of welfare benefits by £1.1 million and new full-time wage income of £6.1 million and part-time wage income of £0.9 million over five years.

New social enterprises to benefit the age sector

Participants in the UnLtd Ignite project received one-on-one mentoring to develop a social business capable of delivering a service, product or facility in the interest of older people. An analysis showed that the grant had the following outcomes:

- Some 6,452 people benefitted from these projects
- Some 38 per cent of participants were over 60 years old
- Some 121 social enterprises have been created and 37 full time equivalent jobs have been created.

New alternative economies such as age-specific Time Banks

Time Banks are a system of exchange in which people or organisations trade skills, resources and expertise through time. For every hour participants “deposit” in a Time Bank they can “withdraw” equivalent support for themselves.

Three pilot Time Bank projects are underway in a range of settings in which older people are the primary giver or receiver of local services.

¹ Brendan Murtagh, The Atlantic Philanthropies Northern Ireland Ageing Programme, Cluster Evaluation, The Social Economy Age Programme, January 2013.

Challenges

While the social economy approach holds promise for the age sector to become more sustainable and resilient, it also holds some key challenges. Those challenges include:

→ **The age sector often lacks the skills to become involved in more specialist areas of social finance, investment planning** and the use of different types of lending starting with small loans and continuing up to equity finance to develop large scale projects.

People in this sector often lack professional skills in areas like business planning, project and financial management and obtaining and managing loans, which are essential for participating in the social economy.

→ **The sector is still too dependent on grants from government and philanthropy** and is not developing the skills to diversify its funding even though a reduction in public spending and philanthropy funding is already starting to take place.

→ **Government has been slow to build the infrastructure (e.g., preferential laws, finance and skills support) to enable the social economy to develop.** In the past, Northern Ireland had a social economy strategy, which served as a framework to help the nongovernmental sector develop businesses, make use of favourable lending policies and obtain preferential treatment when competing for contracts against the private sector. Today, no such framework exists.

→ **Funders can have unrealistic expectations about how quickly the age sector can adopt a social economy approach.** It is difficult and time-consuming to gain the organisational and professional skills and then learn to create social enterprises, Time Banks and other such schemes. While trying to master these new skills, the sector can face unwarranted pressure to create profits or reduce dependence on grant funding.



Dr. Tim Wyatt speaking at Kestrel conference "Retirement (as we know it) isn't working."

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Unemployed Older Construction Worker Lands Position through Kestrel

"Hugh" is aged 55 and worked for 30 years in the construction industry as a finishing foreman. He was out of work for two months when the Careers Service referred him to the Kestrel programme. At first he simply wanted help putting together a CV. However, in the initial assessment Kestrel staff were able to identify specific training needs and opportunities they could offer to build his confidence and enhance his employability.

Hugh successfully completed a 17 week IT training programme and a Security Guard Training course, among other education. He also developed a professional CV, which he has used to apply for jobs. Hugh obtained a full time permanent position with a large construction company as a security guard.

"Without Kestrel's help, I don't know where I would have been," Hugh commented. "Kestrel kept me sane through a very difficult time of unemployment."

Action Steps

Moving forward, the age sector can take more advantage of the opportunities of the social economy in the following ways:

- 1. Develop a stronger culture of learning from each other and other sectors** to share expertise, lessons from both success and failure and to advocate for more effective policies, laws and funding programmes. Consider establishing a formal network that brings together all of the nongovernmental organisations involved in social enterprises to exchange ideas.
- 2. Collaborate with others in the age sector to win contracts and compete together for projects that meet the needs of older people in Northern Ireland.** Rather than view others in the age sector as competitors, look for ways to come together to compete against private sector enterprises to deliver needed services to older people such as nursing home care and handy man services. Collaboration NI is one organisation that helps facilitate such cooperation.
- 3. Create sustained advocacy to develop new legislation, social finance and more effective programmes that give social enterprises a fair chance to compete with for-profit providers.** Laws that enable the age sector to develop these new ways of working are vital. Such laws can include preferential contracting to nongovernmental organisations to provide services to people in need.
- 4. Take the time to develop a stronger understanding of how social economics helps to strengthen the independence of the age sector to advocate for the rights of older people.** Consider holding seminars and conferences and commissioning research to better understand why social economics can be valuable, especially in helping the sector become more independent.
- 5. Experiment with new fundraising approaches such as crowd sourcing that use the web to collect small donations for a particular cause, such as providing group transport, or community shares to back particular projects.** Organisations can raise donations in small amounts from a large number of private citizens, which can be easier at times than raising large funding from a single source.

For more information on Social Economy, go to <http://bit.ly/socialec>



Department for Social Minister Nelson McCausland MLA with Aileen Graham GEMS NI chatting with other participants at Kestrel conference

Cafés That Employ People with Mental Illness Enjoy Success

“Colin” retired from a mental health NGO due to ill health but used his expertise to establish a social economy café in Ards hospital in North Down. The café was successful given its captive market and a degree of empathy as it was staffed with people with various degrees of mental illness.

Colin established two more cafés, which were also financially successful. His accomplishment is an illustration of how a social firm model might compete with private approaches and create profits for the benefit of the older community.