

## CONSULTATION RESPONSE FORM

**Question 1** - The table in part 5 provides an overview of the proposals under each of the EU 2020 headings – Smart, Sustainable and Inclusive – matched against the relevant thematic objective and investment priorities. Do you think the investment priorities are the most appropriate ones for the activity suggested?

We feel that there is a gap in terms of the role that social enterprise can have. The social enterprise sector is playing a key role in addressing many (if not all) of the themes mentioned in the document, however their impact within this has not been recognised. Social enterprise could be seen as a distinct investment priority in a number of the themes, but specifically within:

- Building competitiveness
- Innovation
- Financial engineering instruments (see below)
- Low Carbon and
- Resource Efficiency

Further to this, there are a number of community groups working to bring broadband and ICT to their communities, and social enterprise employees are a growing percentage of Scotland's workforce.

In terms of Financial Engineering Instruments (FEIs), no investment priorities have been mentioned. Social Enterprises find access to capital from traditional lenders challenging. Social Investment Scotland, and other CDFIs, has for the past 13 years filled this gap, supporting social enterprise access finance that they would otherwise not be able to access, supporting the growth and development of the sector. While we have made significant impact within the sector, much more could be done to ensure that the social enterprise and third sector has access to the type of finance they need to realise their growth ambitions.

The role of investment finance in the third sector should be an investment priority.

**Question 2** – Section 6 sets out the linkages between Structural, Rural and Fisheries Funds as well as linkages to other EU Funding Programmes. We would welcome stakeholder comments on these linkages in order to help us develop this thinking further

**Question 3** - Do you think the new proposals will have a positive or negative impact on the protected characteristics and wider issues of inclusion and participation?

More of an impact could be made with a specific and targeted focus on the role of the social enterprise sector.

**Question 4** - If you think there will be a negative impact on the protected characteristics or inclusion and participation please provide suggestions as to what could be done differently to diminish this impact.

**Question 5** - Please provide your views for improving the process for design, procurement, delivery, monitoring and evaluation to strengthen delivery of sustainable development.

It will be important to be cognisant of existing process and infrastructure already in place, using these funds to strengthen and build upon existing infrastructure.

**Question 6** – Do you have any further comments on the proposals outlined in this document?

There is very little mention of social enterprise in this document, specifically the role that social enterprise can play in achieving the EU expectations of the UK on key target areas, namely:

- Building competitiveness and innovation
- Tackling high levels of unemployment
- Developing an environmentally friendly and resource efficient economy

While SMEs are specifically mentioned under competitiveness, our own impact measurement we conducted with our customers over 2013 (with a response rate of 96%) shows that there is a strong expectation of growth, including innovation, in the social enterprise sector (82% of respondents anticipating an increasing in the next year). Further to this, social enterprises are businesses that through their social and environmental impact are addressing key challenges facing Scotland today. If we are able to support these businesses in their growth ambitions, this will have a direct impact on the three target areas. More can and should be done to address the challenges facing this sector, with funds provided to support these organisations realise their potential. This would have significant impact on the priorities reaffirmed through the shadow Strategic Delivery Partnership process and is in line with Europe 2020.

The social enterprise sector provides a holistic response to all key areas mentioned within the document however, as mentioned, there has been no recognition of this fact in the document.

Social investment, a key building block in supporting growth of the social enterprise sector through access to repayable finance, is also not represented. Point 10 under Part 3 of the document talks about the 'large number of small projects means fragmented outputs and limited impact from the funds'. It goes on to talk about small organisations not being equipped to manage the audit burden to draw down EU funds. While we appreciate that this is the case, no mention has been made of the role that intermediaries such as Community Development Finance Institutions (CDFIs) can play in overcoming these challenges through carrying the burden of reporting themselves, while being able to support multiple projects through repayable finance.

While membership of the Partnership Agreement and Monitoring Committee (PAMC) has not been finalised, is there, or is their intention for there to be, representation from the social enterprise sector generally, or the social investment sector specifically?

The Scottish Government has actively supported the current infrastructure of the third sector in Scotland, and in particular the financial mechanisms that have been built to support this structure. They were an active participant in the establishment of Social Investment Scotland, and provided nearly £32 million in terms of new investment into the sector in 2008 in the form of the Scottish Investment Fund. This fund has been incredibly successful in building the social enterprise sector, both in terms of its impact, but also its ability to seek and acquire additional investment finance. This fund has now been fully allocated.

These EU Structural Funds could play a part in strengthening this infrastructure, further building the resilience, sustainability and growth of the sector, however, this would entail social enterprise and social investment to be a distinct priority area.