

If not for profit,  
for what and how?

S O C I A L  
E N T E R P R I S E

# How do public policy and programs enable social innovation activities that contribute to more sustainable forms of local and regional development?

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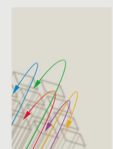
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## ABSTRACT

*In the context of enabling public sector policies and programs, the role of social innovation activity in fostering more sustainable forms of local and regional development is explored in this paper. Research conducted for a Doctorate study is drawn on, and an early representation of some of the themes that will be explored in the full thesis is presented. The role of diverse economic agents and processes in social innovation activities are highlighted, and connections between these and the cultivation of sustainable forms of local and regional development are established.*

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# 1. SUSTAINABLE LOCAL AND REGIONAL DEVELOPMENT

Local and regional development programs can be deeply connected to the people and places that are impacted by complex social and environmental issues. Local actors and assemblages have the capacity to drive adaptation to globally disruptive change (Pike et al, 2011, p.1) and to shape resilient and diverse communities. However, historical approaches to local and regional development reflect a predominance of 'market-economic' strategies (MacCallum et al 2009, p.1) that privilege for-private-gain models of activity, at the expense of broader wellbeing objectives. These approaches narrowly interpret 'development' through traditional economic growth parameters and promote competitive advantage as the primary concern of economic development (Bristow 2005, p.285).

Competitiveness strategies provide clear performance objectives for individual firms, but places are much more complex. In effect, place-based competition strategies can have significant long-term negative consequences for regional development (Bristow 2011), particularly when competitiveness is sought through low cost. Tax incentives, bidding wars and the like deprive local and regional authorities of resources to invest in the quality of public services and amenities, and often place a controlling interest in the hands of profit-only-motivated stakeholders (such as 'absentee landlords'), at the expense of building local capacities.

Competitiveness-based strategies are increasingly under attack for concentrating on the promotion of a place's assets, rather than their development; for over-simplifying complex issues for the sake of policy agendas; and for promoting one-dimensional, for-private-gain approaches that fail to account for longer term impacts (Bristow 2011, p348-349). Pike et al note, however, that whilst there continues to be a diversity of opinion about what local and regional development should seek to achieve, that a broadening awareness of the limitations of the longstanding 'economic and quantitative' focus in local and regional development is generating interest in ". . . sustainable social, cultural, political and environmental dimensions and more qualitative, even subjective, concerns about . . . quality of life and wellbeing" (2011, p.3).

To begin to address the imbalance, and reflecting this growing interest, models of innovation, entrepreneurship and enterprise that contribute to sustainability are attracting attention. This paper positions social innovation as a key strategy for enabling sustainable approaches to local and regional development. In the context of the research, sustainable local and regional development is defined as people-centred, environmentally responsible and economically diverse.

## 2. SOCIAL INNOVATION AND PUBLIC POLICY

Innovation is a complex, much debated concept in the literature and in practice. Following Schumpeter, it is understood to come from within the economic system, embodying the process of creative destruction that generates economic development (2010 [1943], p.71-75).

Social innovation is a similarly complex concept that combines all the vagaries of innovation processes with the messy nature of social issues and outcomes. Increasingly it is accepted that social innovation works on two levels – addressing issues in social relations (also called process changes), and addressing social needs by establishing or strengthening social markets (also called outcomes changes). In this, sustainable forms of development are generated, with both the 'ends' and the 'means' implicated - social innovations being 'good for society' whilst also improving the capacity of citizens to act.<sup>1</sup>

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<sup>1</sup> This summary is based on Nicholls & Murdock (2012) and Mulgan (2012).

Drawing on developments in practice, policy interest in social innovation is growing as it is identified as having the potential to work as a 'sixth-wave' of modern macro-innovation<sup>2</sup> in response to complex issues. Commentators suggest that the current period can be likened to that of the 1930s (Perez, 2009), where economic and social crises acted as a 'hinge between an old world and a new' (Murray 2009, p.5).

In this way recent (and ongoing) crises can be seen as creating openings in the prevailing economic discourse (Gibson-Graham 2006), making way for a 'wave' of creation and innovation that is concerned with reconfiguring social and political relations, reducing environmental impacts, and contributing to building inclusive and resilient economies (in some combination). The resulting social innovations<sup>3</sup> are generally pragmatic in focus, and are being driven from within all sectors and by individuals (Murray 2009, p.17) – they are both 'good for society' and 'improve the capacity to act'.

Capacity to act is influenced by the structure of social relations (through inclusivity, engagement, voice, governance) in any given place, and people's interest in and capacity to act is influenced by whether social market needs (for example - equitable access to education, health care, housing, transportation, employment etc) are met. When social market needs are not met, it impacts people's capacities to act to address those same needs. This interdependency is at the heart of social innovation processes and illustrates why engaging with complexity must be the foundation on which enabling policies and programs are based.

The inherent tensions at play in social innovation enabling processes are similar to the complexities Latour identifies in his work on re-assembling the social. He argues that the process is ". . . in large part a painful oscillation between two opposite poles, one more structural [eg. public sector] and the other more pragmatic [eg. civil society actors]. . ." (2005, p.168). Latour describes this as a forced migration between the sites of local interaction [eg. local communities and citizens] and global context [eg. public sector policies and programs], and argues that the focus should be on tracing connections between 'the controversies' and registering the links between 'unstable and shifting frames of reference' (Latour 2005, p.23-24). This attention to the oscillation between micro-macro processes is foundational to working with and through complexity.

Murray describes an emerging economic landscape - driven at least in part by a wave of social innovation activity - that will be made up of 'small units and large systems', illustrating how complexity-informed approaches may translate into practice (Murray 2009, p.9). He suggests that the relationship between 'centres and peripheries' needs to be transformed, to create 'distributed systems' that are capable of pushing complexity out to the margins (eg. households, service users, local managers and workers) and away from centrally controlled systems geared to standardise and simplify.

The public sector (governments, at all levels) is in a unique position to drive sustainable forms of local and regional development<sup>4</sup>, through purposefully enabling social innovation activity. However, as many of the case examples discussed below intimate, this will require a repositioning of the core role of public policy and programs, and a rethinking of the relationships between centres and peripheries.

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2 The previous five waves are considered to have been driven by innovations in: 1780s-1840s - iron, cotton mechanisation, steam power; 1850s-1890s – railways, steel, coal, steam motors; 1890s-1930s – electric power, chemicals, synthetic materials, early combustion engines; 1940s-1970s – electrical and light engineering, petrochemicals, motor industry; 1970s on – electronics, information technology (Pike et al 2006; also see Nicholls & Murdock 2012, p.1).

3 See Murray et al (2010) for a multitude of examples.

4 At least in part, to achieve this, trust and confidence in relationships between the public sector and a broad assemblage of actors needs to be rekindled. What it means to work in the public service and to be a public servant, needs to be revitalised; these roles engendered with a sense of purpose and excitement, and intrapreneurs supported to find ways to further public interest issues - but that is not the focus of this paper.

### 3. RESEARCH AIMS

A key aim of the research is to highlight the diversity of economic agents and processes that are involved in social innovation activities, and through this contribute to sustainable forms of local and regional development. Within this, the research focuses on examples where a public sector entity/s has played an enabling role. Through exploring the participating examples it seeks to make these activities more real, credible and viable (Gibson-Graham 2008, p.618) and to position public sector social innovation enabling work more effectively within a policy and programs context.

By exploring alternatives to the dominant model, which assumes that growth and competitiveness must be, and are the primary, driving forces in local and regional development the aim is to give “. . . what is nascent and not fully formed some room to move and grow” (Gibson-Graham 2008, p.620), deepening small and emerging pathways in the field. The project has ‘interest in learning rather than judging’, in ‘experimenting’ rather than confirming what is already known (Gibson-Graham 2008; Gibson-Graham & Roelvink 2009). In this, the focus is not on assessing ‘good’ or ‘bad’ examples of policy and programs, but rather on generating energy and insight around attempts to enable social innovation to establish, survive and thrive.

The conceptual framework and research methods are considered well suited to the social innovation context as they are attuned to the ‘social plasticity’ outlook at its core. By exploring approaches to policy and programs through a lens that sees society as engaged in its own creation, that believes discovering improvements will come through experimentation not deduction, and that the world is amenable to reform (Mulgan 2012, p.36), the capacities of a diverse array of actors are unleashed.

This study builds on three previous papers (McNeill 2009, 2011, 2012) and a book project (Kernot & McNeill, 2011), and also draws on the author’s professional experience which, most recently, includes designing and managing the Social Enterprise Development Program at Parramatta City Council in Sydney.

### 4. METHODS

The overall research project is being undertaken in two stages, with the first stage providing the foundations for the second stage<sup>5</sup>. This paper draws on the stage one field research, which involved undertaking 44 semi-structured interviews with 53 representatives of 20 social innovation activities, located in eight countries. The majority of participants were interviewed face-to-face, and a small number were interviewed using Skype. To provide some triangulation of perspectives interviews with several key informants from each example were sought, and this was achieved for 16 of the 20 example cases.

Participants were identified through desktop research and snowballing professional networks, including reaching out to over 70 key social innovation enabling organisations world-wide.<sup>6</sup> The focus in identifying participants was on examples where the public sector has enabled (in some way) an assemblage of actors in specific regions or local communities to engage in social innovation activities that involve diverse economic agents and processes.

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5 In stage two, the typology will be used to engage Australian public sector practitioners around their policy and programs work. A forum will be held, seeking to: test the typology; build capacity around concepts and language; and use ‘adaptive cycle’ concepts to generate recommendations with participants. It is anticipated that this will assist with strengthening emerging activity, and potentially generate interest in further collaboration. A second forum, involving residents and enterprises in a local area, will also be held. This research activity will seek to: improve understanding of what it takes to build capacity to engage with social innovation concepts amongst citizenry; gauge support for and barriers to use of enabling policy and programs; and develop evidence to whet political appetites. A paper synthesizing the findings across stage one and two has been accepted to the TEPSE, NESTA et al conference to be held in London in November 2013.

6 A source contributed through this process was a forthcoming OECD LEED Working Paper, which is included in the reference list.

## 5. TYPOLOGY ASPECTS

To meet the research aim of contributing to positioning public sector social innovation enabling more effectively within a policy and programs context, a 'typology' is in development. By highlighting the following three aspects, the aim is to make more visible characteristics of the activity that contribute to public policy and program objectives. Creating language around social innovation activity that makes sense within a public policy and programs context will assist with strengthening enabling approaches.

### 5.1 Diverse economic agents and processes

The Diverse Economies Framework developed by Gibson-Graham and the Community Economies Collective<sup>7</sup> provides the first aspect of the typology, highlighting the diverse economic agents and processes involved in social innovation activities. The framework is grouped around the traditional categorisations of labour, transactions, property, enterprise and finance. The type of economic activity possible within each of these categories is then further broken down into mainstream market, alternative market and non-market. The focus here is on alternative market and non-(traditional)-market activity within each of the five categorisations - examples of these characterisations include:

- Labour: work for welfare, in-kind, volunteer, self-provisioning
- Transactions: local currencies, barter, household sharing
- Property: publicly owned and/or managed assets, assets owned by nonprofit organisations, community land trusts, open-source intellectual property, creative commons
- Enterprise: public-sector owned enterprises, social businesses, workers cooperatives, social enterprises, nonprofits
- Finance: social procurement, social investment, community bonds, microfinance, interest free loans, grants, crowd-funding

### 5.2 Dimensions of social market activity

To illustrate how establishing and supporting social markets can assist with addressing social needs, and thereby generating social outcomes, the activity is then characterised according to Schumpeter's five dimensions of innovation, as related to social innovation by Nicholls & Murdock (2012, p.11-12). These are:

- Introduction of a new product or service or an improved version of an existing product or service
- Introduction of an improved method of production or service delivery
- Development of a new market or entry into an existing market for a new player
- Development of a new source of supply or supply chain
- More efficient or effective organisation of any industry or sector (model)

### 5.3 Ways of organising

To assist with understanding the social relations (or process) attributes of the social innovation the 'ways of organising' that contribute to the activity are also characterised. Verweij et al identify four ways of 'organising, perceiving and justifying social relations' – egalitarianism, hierarchy, individualism and fatalism (2011, p2-3). The first three of these are the focus of this study, and there is particular interest in identifying where all three ways of organising are evident. As suggested by

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<sup>7</sup> See <http://www.communityeconomies.org/Home/Key-Ideas>

Taylor (2012), mobilising these three key sources of social power generates more robust responses to tackling complex issues, whilst also navigating the inherent tensions between them.

## 6. DEVELOPING THE TYPOLOGY THROUGH THE CASE EXAMPLES

For the final thesis each of the 20 case examples will be explored in detail, and an exploration of the overall patterns and themes emerging from the rich data will be undertaken. For the purposes of this paper, insights from the experiences of ten of the case examples are drawn on to illustrate the three aspects of the typology. Summary descriptions are provided for each of these, in a preliminary form that will be expanded in future material.

At this stage of the overall study process (interviewing for the first stage was just completed on 31<sup>st</sup> May 2013), a simplified approach has been taken to presenting the typology aspects and the work of the case examples. For example: just one of the dimensions under each aspect is discussed (in reality, many cases are active in multiple dimensions); the interconnected relationships between each of the aspects still need to be considered; the connections to sustainable local and regional development are treated lightly; and relating the examples back to the literature has yet to be undertaken in any substantial form. There are also a number of participating case examples (including some of those discussed below) that work at an 'infrastructure' level of development, interacting with public sector policies and programs in co-production style relationships. All of this is the subject of the overall thesis and remains to be explored.

### 6.1 Northamptonshire Libraries

As a result of significant reductions in local authority budgets in the UK, Northamptonshire's Library Services were reviewed in 2011. Whilst the need to reduce the budget was clearly identified, the community rallied behind its library services and the Council committed to finding a way to keep the libraries open and to retain the level of services provided. As part of this it also saw the opportunity for the library to take on a more strategic role within the Council system through working more closely with the council's contact centre and digital platforms. It saw the libraries' potential to sit at the heart of its relationships with local people. The approach developed has been applied to all 36 static library sites across the county. The local authority continues to fund the service and to provide professional staff into each library, but on a reduced basis and with volunteers providing add-on and wraparound support. There are now over 820 volunteers supporting 26 Libraries Friends groups. The libraries work closely with a wide range of community and local business organisations, and host many of their activities. Through their expanded roles and the increased involvement of community members, the Northamptonshire Libraries are becoming true community hubs.

Table 6.1 – Northamptonshire Libraries

<b>Diverse economic agents / processes</b>	Labour	By working closely and respectfully with a willing non-market source of labour, the Council has succeeded in turning a threat to its service delivery into an opportunity. A 'time bank' model is central to the approach, and care has been taken to design roles that cover a wide range of volunteering motivations. Volunteers are also offered free adult learning opportunities.
<b>Dimension of social market activity</b>	New / improved product / service	Access to a number of services within the County have been improved, for example: libraries now open at hours that local residents can use them (weekends and after work hours); libraries now offer a range of courses and training opportunities; and a range of other Council services are being delivered through the libraries (eg. collection of parking permits).
<b>Ways of organising</b>	Individual residents did not want to lose their local libraries, and lobbied the Council to look for creative options; they were also willing to donate some of their time to keep the libraries open. Various parts of the community, including nonprofit organisations and some local businesses, have worked together to design and implement a solution that provides outcomes for the whole community. Volunteers are gaining skills and experience, and are working together to initiate and deliver local projects. They now have a strong voice in library decision-making, as their involvement is central to the libraries remaining open. The Council was open to looking at alternatives to closing or reducing the library services. It facilitated a process that engaged local communities in the decision making, and was willing to work with a model that reduces its control and requires it to prioritise respectful and supportive relationships with its communities.	
<b>Sustainable local &amp; regional development</b>	Council and local community members have succeeded in not just retaining their libraries, but improving access to them and other services whilst at the same time reducing costs. The library sites are becoming community hubs, and interactions between people are increasing. Other organisations in the area are utilising the library spaces, contributing to revenue generation and also creating opportunities for collaboration between services and participants around issues like employment and training. Spin-off projects are emerging, such as a re-use shopfront that is raising funds for the libraries and is proving attractive to younger people in the community. The libraries model is rejuvenating public assets and empowering local citizens to act in the interests of their communities.	

## 6.2 ITNAmerica and the ITN Affiliates

ITNAmerica Affiliates provide low-cost rides in private vehicles with door-through-door, arm-through-arm service to thousands of seniors and vision-impaired people nationwide. The service may be used for any purpose, twenty-four-seven. It aims to provide an efficient and financially sustainable solution to the transportation needs of seniors and their families, by bringing together tailored information technology systems and local grassroots delivery. ITNAmerica is a national organisation created to help communities start an ITN Affiliate in their local area, providing the only national nonprofit transportation system for America's growing ageing population. The establishment process for local Affiliates varies according to the different local and state laws and regulations in the area. In some



communities it has meant having local laws amended, or clarifying language in existing laws. For example, laws and regulations that govern offering nonprofit rides; accepting donated or traded cars; and insurance availability for both paid and volunteer drivers have had to be considered and in some cases changed. For Kentucky-based affiliate ITNBluegrass to operate a Bill had to be passed that added an exemption to a specific piece of state legislation.

Table 6.2 – ITNAmerica and ITN Affiliates

<b>Diverse economic agents / processes</b>	Labour	Drivers volunteer their time and receive an in-kind return in the form of 'ride credits'. They also use their own cars which accesses an underutilised resource to meet a social market need.
<b>Dimension of social market activity</b>	New market/ new entrant	ITN Affiliates are new entrants into the existing market of personal paid transportation, a market which is traditionally captured by private taxi companies or publicly funded options, access to which is limited by strict criteria (eg's. medical visit only, or income level). The service fills a social market need that is not being met by commercial operators or public sector programs.
<b>Ways of organising</b>	Senior citizens and vision impaired people want to retain their independence and are willing to pay for the service; other community members volunteer their cars and time and earn 'ride-credits' for their future use or use by an eligible family member. Their individual involvement provides the resources needed to address a social need experienced by many. The founders developed the model as a social enterprise, which protects the interests of vulnerable groups and facilitates additional social capital benefits (eg. building connections within the community). Various state and local laws have been amended or created to facilitate the establishment of ITN Affiliates.	
<b>Sustainable local &amp; regional development</b>	The ITN service is designed around the needs of a part of the population that often experiences dependence. It provides flexibility, choice and freedom to senior citizens and also keeps them active in the economy – many rides are taken to shop, visit hairdressers or medical appointments with private providers, and to participate in community activities. Interactions between drivers and riders, and riders and other riders (when rides are shared), builds a sense of community and combats isolation. The ride-credits system generates an in-kind return that allows volunteer drivers to 'bank' for their future use of rides (as they get older themselves) or to make these available to a family member (who they may not be able to support on a day-to-day basis). An already existing under-utilised private asset is being turned into a commons-like resource that is servicing a rapidly growing social need.	

### 6.3 Guifi.net and Guifi Foundation

Guifi.net is a free, open, neutral and mostly wireless telecommunications community network, with over 18,000 operational nodes and about 33 000 km of wireless links – the largest globally. The underlying principles of operation are based on the Wireless Commons License and the network is owned by all who join. Guifi.net is improving internet access for individual citizens (including in remote areas), and is also being used by public authorities (for example in libraries and in schools). The majority of the nodes are located in Catalonia in Spain, but the network is growing. It is self-organized and operated by the users through unlicensed wireless links and open optical links. The nodes of the network are contributed by individuals, companies and administrations that freely

connect to a true open network of telecommunications and extend the network wherever the infrastructure and content might not otherwise be accessible. Guifi.net is supported by the Guifi Foundation, which has been registered as an operator with the Spanish Telecommunications Market Commission (CMT) since April 2009. The first deployment of optical fibre started the same year, covering about 2 km and linking dozens of farms and farmhouses in the town of Gurb.

Table 6.3 – Guifi.net and Guifi Foundation

<b>Diverse economic agents / processes</b>	Transactions	The usual dependence on private Telecommunications companies is disrupted, through self-organised transactions that connect households and other users to a community network of internet nodes. As each node contributes to widening the network, consumers also become prosumers.
<b>Dimension of social market activity</b>	New source / supply chain	Guifi.net provides a new and mainstream-market alternative source of supply, and in some areas is the only provider available. It is meeting a market demand for access to quality internet access, which facilitates a wide range of participation by users.
<b>Ways of organising</b>	Individual users want access to quality internet connections and, either dissatisfied with the service and pricing of mainstream providers or having no coverage in their area, self-organise to establish their own networks. The founders established Guifi.net as a community generated and owned model, and the Guifi Foundation's purpose is enshrined in its constitution, ensuring it will always act in the interests of the network. Local authorities are providing planning assistance and, in some cases, access to land or buildings on which to establish relay towers. A number are also members, delivering internet services into libraries etc through Guifi.net.	
<b>Sustainable local &amp; regional development</b>	Internet access is becoming recognised as central to freedom of expression and opinion, and other fundamental human rights. It also facilitates social and economic participation. Guifi.net was founded by a group of citizens who wanted internet access, but couldn't get it from the mainstream market in their area. In acting to satisfy their own need, they created a model of use to a much broader group. Community members in each area drive the implementation of the network in their own community, developing both their own internet capacity but also their capabilities around organising, project delivery and influencing local decision-making (for example). Challenging the mainstream market providers creates diversity in the system, and opens a channel for influencing much larger scale decision-making around market pricing, equitable access legislation and the like.	

## 6.4 e-Adept

In 1999 Stockholm City Council declared its intention to become the most accessible capital city in the world. Initially, investments were made into physical adaptations of pedestrian crossings, bus stops, playgrounds, installing ramps or hearing devices in public buildings. Yet these 'easy access' measures failed to meet the needs of the visually impaired, and the local community petitioned to find better solutions. Data that was previously only available to the public sector departments was used to digitise the pedestrian road network and led to the development of the e-Adept navigation aid, which is delivered through mobile phones. Involving the citizens helped to design the solution around their needs and brought to light their many capabilities. For users, the solution has broken a long history of dependence. Opening up access to the Council's digital property facilitated creative use of the data, which was already collected and maintained under other programs.

Table 6.4 – e-Adept

<b>Diverse economic agents / processes</b>	Property	Opening up access to digital data held by the City Council enabled the development of a mobility system with a very high degree of accuracy (safety) and a simple user-interface. Ongoing data maintenance is not an issue as the data sets are already being updated constantly, and with all sorts of details only available to the Council.
<b>Dimension of social market activity</b>	New product / new service	The e-Adept system is based on digitised pedestrian and cycle road network data, delivered through a mobile phone application, GPS receiver, pedometer and digital compass. Active and passive alarms are built into the system, ensuring the user can get help if they need it. The combination of these elements provides a new product, through which a new service is delivered to an underserved part of the population, allowing independent mobility.
<b>Ways of organising</b>	Individual users and their representative organisations were vocal about the need for more than hard infrastructure improvements to assist visually impaired citizens. Many donated their time to the reference group and testing activities. The partner organisations all contributed financing to the project, but went well beyond this in the time and expertise they allocated to the project. Several public authority entities collaborated closely on the project, acting on the requests of their vision impaired community. The approach developed ensured the community was widely consulted on all aspects of the design and testing. Significant financial and time resources have been invested to date.	
<b>Sustainable local &amp; regional development</b>	Increasing the independent mobility of vision impaired citizens facilitates their social and economic participation. It also frees up personal and funded carer time to engage in other activities. The system encourages users to walk and use public transport, rather than be driven. All project partners are keen to find a delivery model that will ensure it is available to all affected citizens, and not just to those who can afford to pay. The e-Adept system is meeting a social need that is otherwise unaddressed, and that has strong replication potential elsewhere in Sweden and internationally.	

## 6.5 The Scottish Land Fund

The Scottish Land Fund (SLF) supports rural communities of up to 10 000 people to become more resilient and sustainable through the ownership and management of land and land assets. It provides practical support and funding to enable local people to work together to develop their ideas and aspirations and to plan and complete viable land and land assets acquisition projects. The original SLF program spent nearly £14m in five years on 239 community buyouts ranging from a community forest in the Borders, and a village shop on Uig in the Western Isles, to the purchase by its residents of the idyllic but then impoverished Hebridean island of Gigha. The fund has been relaunched in an effort to expand co-operative ownership across rural Scotland, with an additional £6m committed by the Scottish Government. The structure of the fund recognises that community ownership doesn't just happen - the right skills, the right tools and resources are needed. The SLF supports Scotland's land reform movement, which seeks to support local social and economic development - more than 500,000 acres of land is now in community ownership.

Table 6.5 – The Scottish Land Fund

<b>Diverse economic agents / processes</b>	Property	The SLF provides both financial resources and expertise to assist rural communities to assess viability, purchase and long-term manage land and land assets.
<b>Dimension of social market activity</b>	New market / new entrant	The SLF assists local communities to enter the land and property development market, from which they were previously excluded as a result of limited resources and lack of a mechanism to facilitate cooperation between community members.
<b>Ways of organising</b>	Individual community members wish to see the land and land assets in their area returned to productive use that will benefit the community. The process requires a high degree of participation from the community and generally a small number of people invest considerable personal time and resources into both planning and ongoing management. The intention of the SLF is to return land assets into community hands, and for long term community benefit. The Scottish Government and its statutory development arm Highlands & Islands Enterprise have responded to community interest in taking on the management of land assets by creating the SLF, and ensuring that support is provided to communities to assist them in taking up the opportunity (ie. more than just finance).	
<b>Sustainable local &amp; regional development</b>	In its rural areas, particularly in the Highlands and Islands, Scotland has a high percentage of absentee landlords, along with communities struggling to remain viable in the face of declining populations. Under the SLF a number of communities have successfully purchased land and land assets and are seeing increased sustainability as a result. Local enterprises have been established, local employment created, and people are returning to live in the rural areas. Community energy projects (wind farming) are a common enterprise, generating revenue to sustain other projects; in some areas woodlands are being reclaimed from mono-culture forestry practices; and some communities are investing in affordable and quality housing. The high level of community involvement required by the SLF process means collaborative approaches are needed, and many community members develop a wide range of new skills in the process. The purchased land and land assets are covered by requirements that ensure their value remains in collective community hands.	

## 6.6 KOMOSIE

KOMOSIE manages two reuse and energy saving brands in Belgium, De Kringwinkel and Energiesnoeiers. De Kringwinkel is the shopfront brand for a federation of 31 Re-use Centres across the Flanders Region of Belgium, who jointly established KOMOSIE as a membership-based advocacy and coordination entity. With the support it is able to provide to the members, the Re-use Centres now have a network of 118 high quality, well designed and laid out shops selling used goods. KOMOSIE and its members invest strongly in the De Kringwinkel brand and the shops have evolved from being seen as 'dusty' unpopular second hand shops to young and on trend. Over many years the Government of Flanders, through its Work & Social Economy and OVAM (waste management) Departments, has established a range of policies and programs that enabled the establishment of the Re-use Centres as robust and sustainable enterprises that assist the government to deliver on its policy objectives around waste reduction and employment. KOMOSIE's coordinating role is seen as

critical and support for this is built into the model. Combined, the De Kringwinkel and Energiesnoeiërs enterprises make KOMOSIE Europe's largest social franchise.

Table 6.6 - KOMOSIE

<b>Diverse economic agents / processes</b>	Enterprise	Through creating designated areas for each of the 31 Re-use Centres and requiring the local authorities in each area to work with them the Flanders government has created the conditions for a robust social enterprise network to establish and flourish.
<b>Dimension of social market activity</b>	More efficient/ effective (model)	The KOMOSIE network allows the government to deliver on its policy objectives around both waste and employment, delivering an effective and efficient model for increasing the level of reuse (and decreasing landfill) and creating sustainable employment opportunities for people in the 'most distant from labour market' category.
<b>Ways of organising</b>	Individuals donate items to the re-use centres and individuals engage with the employment opportunities provided by the KOMOSIE network. Both KOMOSIE and the individual Re-use Centres are established as social enterprises, ensuring a primary focus on increasing social and environmental impact, which continues to grow and develop. Each Re-Use Centre is its own entity, and they are all members of the KOMOSIE network - this combines the strength of grass-roots knowledge and participatory decision-making, with a coordinated and professional approach. Together the Department of Work & Social Economy and OVAM (Waste Department) within the Flanders Government have supported the development of the KOMOSIE network. By supporting KOMOSIE as the coordinating entity for the network of Re-use Centres it also ensures an efficient approach to contract management and other operational concerns.	
<b>Sustainable local &amp; regional development</b>	The Re-Use Centres and shops employ around 5 000 people, and over 80% of these were previously long term unemployed or with limited education levels. The model also diverts over 59 000 tons of reusable material a year from landfill, has 3.6 million customers, and a turnover in excess of €28.5 million. Identifying the potential for a connection between social and environmental outcomes has led to the creation of a sustainable model that delivers on both sets of objectives. This is now being refined further, to identify ways to continue to improve the outcomes being delivered.	

## 6.7 SAIATU 'HOSPICE AT HOME'

The SAIATU 'Hospice at Home' program provides an example of the embedded and collaborative approach to social innovation evident in the Basque Region of Spain. The SAIATU program, operating since early 2011, aims to provide a set of in-home social support services to complement clinical palliative care, in order to improve comprehensive care for people with advanced and terminal illness and provide support to their families. It is developing a model that supports traditional primary care services for palliative patients, focusing on the complementary aspects of healthcare - social welfare and companionship. Early evaluation focuses on comparing the difference in the intensity of health care provided to end-of-life patients under traditional models and under the SAIATU model. Results to date are promising, and a rigorous evaluation program continues.

Table 6.7 – SAIATU ‘Hospice at Home’

<b>Diverse economic agents / processes</b>	Enterprise	Increasing demand for complementary palliative care services is creating the opportunity to establish social enterprises to deliver these services. Working closely with the existing medical infrastructure, these enterprises are delivering on the opportunity to both improve care and free up the time of core medical staff.
<b>Dimension of social market activity</b>	New market / new entrant	The SAIATU project is demonstrating demand for a new social market, one that complements but doesn't replicate the existing palliative care services offered. Clients and families are reporting the benefits of accessing the new service, which over time has the potential to develop a new sector of the care services economy – one which improves end-of-life conditions for patients and their families, creates new employment opportunities, and reduces expenditure on health budgets.
<b>Ways of organising</b>	Palliative care patients and their families need assistance in the last 100 days of life, and are supporting the pilot of the program. Out of work medical staff are keen to re-enter the workforce and are taking up the opportunities. By working closely with existing nonprofits to establish a social enterprise delivery model the interests of citizens are at the heart of the program, reducing the potential for cost-savings to become the core driver. The program is being coordinated by BIOEF (the Basque Country Foundation for Health Innovation and Research), which is a nonprofit foundation created and financed by the Health and Consumer's Affairs Ministry of the Basque Government to oversee the research and innovation activities carried out within the Basque Health System.	
<b>Sustainable local &amp; regional development</b>	The pilot program seeks to define a specific portfolio of services, which will allow the creation of new professional profiles to carry out this type of work. By professionalising the new care roles the potential for the model to be 'mainstreamed' is increased. The pilot project is demonstrating that the creation of a reserve of appropriately trained home care professionals can lead to a more community-based model of healthcare that better meets patients' needs whilst also resulting in more efficient expenditure of the total resources used in the integrated care process. The pilot program also employs people with a background in the care industries, but who were out of work due to the economic climate.	

## 6.8 The Centre for Social Innovation

The Centre for Social Innovation (CSI) is a social enterprise with a mission to catalyse, inspire and support social innovation. Building on the success of its first leased space, CSI decided to buy a building but experienced a problem common in the nonprofit sector. Despite being a successful organization with a strong reputation and deep networks it had no assets to leverage and practically no money. The CSI Annex building would cost \$6.8 million to purchase and renovate. A loan guarantee was provided by the City of Toronto, securing a mortgage for 75% of the projected value of the building after renovations, rather than 65% of the purchase price (as offered by the banks). With a \$2 million gap remaining to realise the project CSI decided to leverage the only asset it had – its community. The result is its social finance innovation, the Community Bond. This financial tool allowed CSI to offer a Registered Retirement Savings Plan-eligible investment opportunity to its network of supporters. In four-months \$1.4 million was raised (and eventually the full \$2 million), the

deal on the new property signed. Whilst the City of Toronto is no longer offering loan guarantees to nonprofit organisations, its support at the crucial time allowed CSI to offer an attractive financing model to its networks and secure an asset base, which underpins its sustainability.

*Table 6.8 - The Centre for Social Innovation*

<b>Diverse economic agents / processes</b>	Finance	The CSI Community Bond offer provided a way for its strong network of supporters to contribute to the growth and sustainability of the organisation, and provided an alternative to mainstream financing which was prohibitive due to its limited reserves and nonprofit status.
<b>Dimension of social market activity</b>	New / improved product / service	The Community Bond offered by CSI was a new financial product, one that was structured to protect its social purpose whilst also meeting its growth and sustainability needs.
<b>Ways of organising</b>		Individual community members invested in the Community Bonds and joined as members of CSI. Many use the rooms and facilities, and attend events and activities at the Annex, contributing to operational revenue generation also. The co-working space and its many programs are designed to facilitate collaboration on social purpose projects. The City of Toronto provided a loan guarantee on the building purchase, which allowed the Community Bond offer to be structured in a viable and attractive way, and in a timeframe that meant the project could proceed. A range of business partners are now also involved, sponsoring various activities and spaces (eg. specific meeting rooms).
<b>Sustainable local &amp; regional development</b>		The CSI Annex provides affordable and collaborative space to social purpose start-ups, acting as a critical piece of infrastructure in stimulating the local social economy. Over 300 organizations work out of the space. It also acts as a community hub, facilitating connections and interactions within the community it is located in. The Centre's Café prioritises locally sourced produce, and provides some employment opportunities. A second space has recently opened, along with a new Centre in New York.

## 6.9 Neighbourhood Management Funds

The Neighbourhood Management Funds (NMF), part of Berlin's Socially Integrative City program, provide several funding pools that are allocated through Neighbourhood Councils. Funds are allocated to neighbourhoods identified as meeting specific social and economic exclusion criteria. An independent non-profit entity is engaged in each area to act as the Neighbourhood Management Team, which includes providing coordination support to the Neighbourhood Council. The Neighbourhood Council is made up of local residents and organisations, and this group wholly assesses projects in two of the fund categories against the priorities established for each region, which are developed in consultation with them. The NMF program takes funds allocated for development work in the prioritised neighbourhoods, and devolves aspects of the decision-making to the local neighbourhood level. Through this, the aim is to stimulate stable and sustainable social and economic development, and to encourage civil society participation and the inclusion of marginalised groups.

Table 6.9 - Neighbourhood Management Funds

<p><b>Diverse economic agents / processes</b></p>	<p>Finance</p>	<p>Grants are a form of non-market financing that are widely used by governments at all levels as a tool to assist with achieving policy objectives. However, the process for accessing grant funding can be laborious and decisions are often made without engaging those impacted. Increasingly, grant funding agreements are closely specifying output-level results, which limits the opportunity for innovation. The NMF devolves some of the budgetary decision-making on local expenditure of funds to the neighbourhood level, investing in a structured but highly collaborative model.</p>
<p><b>Dimension of social market activity</b></p>	<p>Improved method / delivery</p>	<p>Devolved decision-making on the allocation of grant funds to the local level in the participating neighbourhoods has improved the method and delivery of financing for social projects.</p>
<p><b>Ways of organising</b></p>	<p>Individuals bring forward projects for funding consideration, and take responsibility for delivering these within their neighbourhoods. Community members, including some local business people, also devote their time and expertise to the Neighbourhood Councils. Representatives of local community organisations and institutions (eg. schools) participate in the Neighbourhood Councils and also propose projects for funding. The collaborative approach is facilitated by a Neighbourhood Management Team. The approach also ensures collaboration with the local authorities in the Neighbourhood Management areas, as the funds allocated bring much needed resources into their jurisdictions. Berlin's Department for Urban Development &amp; Environment provides the financing for both the Neighbourhood Funds themselves (grant monies) and also for the Neighbourhood Management Teams. , ensuring the expertise and time is available at the local level to make decisions that best meet community needs.</p>	
<p><b>Sustainable local &amp; regional development</b></p>	<p>The aim of the NMF program is to facilitate a bottom-up participatory process by utilising top-down funding, and encourage civic participation in the process. Those participating in the Neighbourhood Councils develop skills and experience in organising, project assessment and community leadership. Projects brought forward by community members and local organisations generate a high degree of ownership, both in the delivery and in the outcomes. A wide range of social program and social infrastructure projects have been delivered into high-needs areas. Berlin is a very multi-cultural city with a long history of migration into its central neighbourhoods (that once bordered the Wall). Those involved with the NMF suggest that over the years the program has helped mitigate against potential conflict issues forming in these highly concentrated communities.</p>	

## 6.10 Fusion21

Fusion21 is a social enterprise that promotes public procurement as a means to save money and create social outcomes. Working across the UK, Fusion21 connects spending programmes across numerous organisations (primarily housing authorities, so far), to the creation of training opportunities and sustainable jobs for local people. By allocating 1% of the savings generated through the procurement process, Fusion21 is able to fully fund its training and employment programmes ensuring that the model is not reliant on public funding and is wholly self-sustaining.



The seven housing authorities that founded Fusion21 saw the opportunity to structure the transactions required to maintain housing stock in such a way as to generate a wide range of social benefits, whilst at the same time saving money. Through the Fusion21 model member organisations are freed from needing to develop specialist capabilities in employment and training program delivery, but can ensure they are achieving quality and sustainable outcomes that meet their own objectives in these areas.

Table 6.10 – Fusion21

<b>Diverse economic agents / processes</b>	Finance	Social procurement is an innovative approach to financing social purpose programs. In its simplest form, social clauses are built into contracts, ensuring a social return alongside the delivery of the services already being purchased. In the Fusion21 case, 1% of the cost savings are allocated to employment and training, ensuring a sustainable delivery model.
<b>Dimension of social market activity</b>	Improved method / delivery	The Fusion21 model is a highly sophisticated approach to social procurement that is delivery quantifiable social outcomes for the communities of its clients.
<b>Ways of organising</b>	Individuals engage in the training and employment opportunities created through Fusion21's approach. Seven municipal housing authorities founded Fusion21 as they saw an opportunity to generate social outcomes for their constituents, at the same time as saving money. Established as a social enterprise, the social purpose is core to everything it does. The founding organisations and other public sector customers continue to purchase through Fusion21's framework, ensuring the success of its social procurement model.	
<b>Sustainable local &amp; regional development</b>	Fusion21 manages over £500 million worth of joint procurement contracts for over 130 clients, and its model has delivered over £45 million in cash savings to these clients. At the same time it has created over 1 000 jobs, provided training opportunities for thousands of local people, and injected around £29 million back into local economies. At the core of Fusion21's model is the recognition that the best terms it can get for its public sector clients aren't just about securing the lowest price and the highest quality service. Every pound spent helps to create jobs for local people and supports small businesses in nearby areas. Fusion21's model also supports the wide range of specialist nonprofit partners it works with across the country to create and deliver innovative programmes aimed at reducing unemployment and creating sustainable jobs in specific place-based communities.	

## 7. CONCLUSION

As illustrated through the examples discussed above, public sector enabling of social innovation activity spans a wide spectrum. It can occur in small ways, and in large ways, and the actual enabling policy or program can be long term or short term in application. However, it is important that any enabling of social innovation activity is engaged with based on the understanding that it will generally not generate quick fixes to social needs. Engaging with complexity quickly shifts thinking away from 'solving social problems' or 'scaling' solutions, language which is common in the public policy sphere. Instead Mulgan suggests that ". . . policy should create generative rules rather than detailed top-down prescription . . . it should allow evolution and adaptation to local conditions . . ." (2012, p.42-43).

Through the case examples explored here, it is clear that social innovation activities have potential to transform social relations processes while working through locally appropriate responses to social needs. However, successful social innovation is complex as it is highly context-specific, involving a multitude of actors that require time and support to build trust and confidence. From discussions with the interviewees it is also clear that social innovation is always in a state of flux – change is constant, and what looks like success today may look like something else tomorrow. So enabling social innovation is an ongoing task, not a once-off activity. These concepts will inform the next stage of the overall Doctoral study, and assist with continuing to explore the relationship between social innovation and sustainable local and regional development.

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