

Investment Board

Date	<i>19 June 2023</i>
Report title	<i>Social Economy Growth Programme – Phase 1</i>
Portfolio Lead	<i>Clr Brigid Jones, Portfolio Holder for Levelling Up</i>
Accountable Chief Executive	<i>Laura Shoaf, Chief Executive, WMCA</i>
Accountable Employee	<i>Ed Cox, Director of Strategy, Integration and Net Zero</i> <i>Charles Rapson, Strategic Lead for Social Economy Growth</i>
Report has been considered by	<i>WMCA Executive Group</i> <i>Investment Panel – 22 May 2023</i>

Recommendation(s) for action or decision:*

The Investment Board is recommended to:

- (1) Approve the investment from the Commonwealth Games Legacy Fund of £2 million to start the process of investment in the Social Economy Growth Ecosystem in two key areas:
 - Specialist Business Support (peer learning) programmes (£1,743k)
 - Place based development ‘clusters’ (£400k)
- (2) Note the supporting activity that underpins these actions (£42k), including to
 - Endorse the Risk & Investment Appraisal recommendation to carry out comprehensive monitoring and evaluation

1. Purpose*

This investment is the first phase of an overall plan by WMCA to double the size of the social economy within 10 years. This represents <10% of the total investment required, estimated at c.£20 million.

- The Business Support programme provides opportunities for Social Economy organisations to improve their business skills and confidence to grow, secure investment and public sector contracts. This programme will support over 160 of

the c.8000 Social Economy organisations in the region. Selection of the provider organisations will be by open tender. The Social Economy growth strategy is closely aligned with the mainstream Business West Midlands programmes. Two members of the Business West Midlands team are involved in the Social Economy Advisory group and the Social Economy Growth Lead is in regular contact with the wider team to ensure continued alignment and secure referral routes between both activities. Ongoing dialogue will continue, and the two areas will shortly come under the same directorate.

- For the Place Based Development Clusters programme, 7 areas will be selected in partnership with the 7 Metropolitan local authorities where there is evidence of social economy activity and potential for growth. A lead organisation in each locality will receive a development grant of £50k to facilitate bringing together the local community, organisations, and stakeholders to create a development plan that addresses local need and links social enterprises and trading VCOs with wider opportunities and markets locally and across the region. The outcome of which will be an action plan and business case that can attract additional investment. (*Note: There is an 8th 'cluster' which is funded by our partners, Power to Change – Witton Lodge Community Association for Perry Barr.*)

2. Background*

The proposals set out in this paper is the result of the workings of a Social Economy Task Force, set up by the Mayor in 2018, to identify the key drivers and eco-system that would support growth of the Social Economy. A paper, "*Growing the social economy in the WMCA area – A Framework for Action*", was published and approved by WMCA Board in 2021. This initial phase addresses two of the 10 eco-system elements – Business Support and Place Based Clusters – but also starts to address other aspects such as access and sources of finance, procurement readiness and sector awareness.

3. Strategic Aims and Objectives

Social Economy organisations are an important element in securing Inclusive Growth and the development of a circular economy. This supports the WMCA aims that:

- Promote inclusive economic growth in every corner of the region.
- Ensure everyone has the opportunity to benefit.
- Secure new powers and resources from central government.
- Develop our organisation and be a good regional partner.

The £2.225m investment is projected to deliver a Social Return on Investment (SROI) of between £5.9 million (lowest outcome 1 year) and £35 million (best outcome after 5 years). This SROI, based on data from 3,000 participants from similar programmes, from several sources, and is limited to increased revenue, jobs created and volunteering value. It does not include the even greater impact on the 100,000 plus disadvantaged individuals supported by these organisations.

4. Financial Implications

The total available from the CWG Legacy Fund for the Social Economy is £2.0m revenue grant funding for 2 years through to March 2025, subject to receipt of the final grant award letter for the Commonwealth Games Legacy funding from DCMS and accepted by WMCA. This funding is supplemented by £150k secured funding from WMCA and £75k secured funding from Power to Change.

The intended use of the total £2.225m funding is £1.743m for Specialist Business Support (peer learning) programmes, £400k for Place-based development 'clusters', and the remaining £82k on communication/engagement, monitoring/evaluation and contingency.

Of the total investment, the majority (c.£1.385m) will be payable ahead of activity commencing whilst c.£840k is payable in arrears on delivery of milestones. As the grant will need to be claimed in arrears from DCMS, WMCA will need to cashflow this delta which is as much as £0.6m across the lifetime of the project.

5. Legal Implications

WMCA Legal Teams will currently not sign off the ITT and spend without the full terms and conditions from DCMS who have approved the retention of underspend (£7 million). They currently won't accept draft terms (albeit this is under discussion). This is a timing issue as this is a time limited funding stream with long duration programmes that must be completed and evaluated by March 2025.

6. Single Assurance Framework Implications

A significant aspect with these programmes is the collection of impact data. The organisations contracted to deliver these actions will be required to collect key impact data at various points in the journey. This will enable action if progress is not to the level expected and will provide a sound impact data set to help inform future actions and investment. In addition, provision is made to undertake a separate independent evaluation.

The limitation of this fund is the end date of March 2025 which does not allow for more meaningful longitudinal evaluation.

Future phases of the 10-year Social Economy Growth plan will include deeper longitudinal evaluation.

Provider organisations and Cluster lead organisations will be required to produce a risk register and there will be regular monitoring meetings. Any variance will recovery a recovery plan, more significant variance will be flagged with the relevant Executive lead, plus there will be a Social Economy Advisory group established to oversee plans and delivery.

However, further guidance will be sought from the Business Improvement Team on how best to develop this before contracts are awarded.

7. Equalities Implications

The social economy is a very diverse sector and targets are set for levels of inclusion from organisations led by minoritized groups.

8. Inclusive Growth Implications

This programme feeds directly into the Inclusive Growth Framework as it builds capacity with organisations and communities whose purpose is to address social and environmental issues and inequality. Social Enterprises work with disadvantaged people and communities. Targets will also be set for participation from environmental focused organisations which make up c20% of the social economy. The local 'Clusters' element will also involve engagement with local communities.

9. Geographical Area of Report's Implications

The Business Support element will be open to any social economy organisations operating across the entire West Midlands geographic region albeit the bulk of promotion (and hence participation) will be within the 7 constituted local authority areas.

The Clusters element will be restricted to the 7 constituted local authority areas. There will be an 8th Cluster in Birmingham, funded by Power to Change.

10. Other Implications

No other resource implications are envisaged.

11. Schedule of Background Papers

- Business Case Justification – Social Economy Growth
- Growing the social economy in the WMCA area – A Framework for Action
- Social Return Model