



WMCA Board

Date	9 February 2018
Report title	Social Economy Taskforce
Portfolio Lead	Cohesion & Integration – Councillor Steve Eling
Accountable Chief Executive	Deborah Cadman, West Midlands Combined Authority email: deborah.cadman@wmca.org.uk tel: (0121) 214 7552
Accountable employee(s)	Henry Kippin, Director of Public Sector Reform email: henry.kippin@wmca.org.uk tel: (0121) 214 7880
Report to be/has been considered by	WMCA Programme Board – 26 January 2018

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note proposed approach to establishing a Social Economy Taskforce.
- (2) Support the draft next steps set out in the paper.

1. The WMCA Social Economy Taskforce

- 1.1 The “social economy” covers different types of organisations united by a clear social purpose – including the voluntary and community sector, social enterprises and charities. A definition is offered in [2.1] below.
- 1.2 The West Midlands Combined Authority is committed to driving a model of inclusive growth for the region that benefits all of its residents. This means being bold about the scope and pace of growth, enshrined in our commitment to an uptick of GVA per head of 5% above the national average by 2030.
- 1.3 But we are equally bold about how inclusive this growth needs to be. Ambitious social metrics (such as a closing of the healthy life expectancy gap) are embedded within our Strategic Economic Plan, and we have committed to producing an Industrial Strategy which takes seriously the need to look at productivity across the whole spectrum of the West Midlands economy.
- 1.4 We are establishing a Social Economy Taskforce to look specifically at the role that the social economy sector can play within this inclusive growth picture, and ask how the WMCA can support and enable opportunities for the sector that will benefit our residents and communities. We are doing this because we feel a vibrant social economy sector is a critical component of an inclusive and balanced economy, and recognise that the agenda risks being underplayed without specific, concerted action.
- 1.5 Our focus is therefore on creating a blueprint for progress based on three outcomes:
 - *A clear articulation of the difference that the WMCA can make to the strength of the social economy in the West Midlands – drawing out specific short, medium and long-term actions based on insight and input from within the sector and beyond.*
 - *A clear steer on the role the WMCA can play to recognize and promote the role of charities, social enterprises and community organisations in delivering public service outcomes – with a specific focus on the sectors and services which offer the biggest opportunities, and the areas in which the WMCA can add value.*
 - *A development plan for the areas in which social economy organisations can help the WMCA and its partners address some of the region’s most pressing problems – and an understanding of how collaboration between the public, private and social sectors can enable this.*
- 1.6 We are mindful that this agenda is cross-cutting, and that we will need to take care to work with our partners (local authorities, NHS, police and other public service bodies) to make sure we are aligning with their views on the appropriate role and purpose of social economy organisations within their public service systems.

- 1.7 This taskforce is therefore *not* about the WMCA developing and mandating a position; but rather, exploring areas where we could generate better social and economic value that would be of mutual benefit. We will also ensure that the Taskforce is identifying areas where the WMCA adds value to the work that is already happening within local authorities. We would seek to ensure this balance through appropriate public sector representation on the taskforce, as well as incorporating any steer the WMCA board is minded to give.

2. Background

- 2.1 We are defining our scope as including charities, social enterprises and community-based organisations, noting the OECD definition of ‘social economy’ which denotes

“A segment of the economy (that is) composed of entities that aim to increase social inclusion and reduce inequalities, while simultaneously creating economic value. Such as different types of co-operatives, associations, foundations, mutuals and social enterprises (which are businesses of various legal forms using an entrepreneurial approach in order to respond to an increasing number of social and environmental challenges).”¹

- 2.2 There is an established and international evidence base making the case for a diverse economy that mixes economic growth with social purpose, as the following snapshot examples show:

- *From business* – such as Harvard academic Michael Porter’s ‘Shared Value’ agenda, and the work of Social Enterprise UK (SEUK) and others demonstrating the economic and social value add of social purpose business in the UK.
- *From government* – such as efforts by the Labour government to boost the capacity of ‘third sector’ organisations to deliver public services, to the Conservative government’s promotion of mutuals and co-operatives.
- *From academia and thinktanks* – such as the recent focus on Inclusive Growth promoted by organisations like the RSA, the Joseph Rowntree Foundation (JRF) and, internationally, by the OECD and World Economic Forum.
- *From the social sector* – because social business is proven to better reflect the diversity of the UK population in its staffing, governance, and areas of focus.²

- 2.3 The wider social sector itself (at a national level) is in transition – adapting to significant changes its operating context. Drawing on research from ACEVO, NCVO, Social Enterprise UK, the National Association of Voluntary and Community Action (NAVCA), University of Birmingham’s Third Sector Research Centre and others, the following issues are germane:

- A period of austerity within the public sector, which has seen many voluntary sector organisations lose grant funding and re-calibrate their activities accordingly

¹ <http://www.oecd.org/cfe/leed/social-economy.htm>

² <https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=a1051b2c-21a4-461a-896c-aca6701cc441>

- A rise in contracting over grant-making and payment-by-results models, forcing many charities to look at more commercial operating models, including partnership
- An increasingly complex social landscape in which many funders are looking to enact 'system change' approaches as well as small-scale interventions
- Successive governments encouraging a plural approach to public service provision, which has opened up opportunities for social sector organisations (including mutuals and co-operatives)
- Changes in the fundraising, campaigning and communications space – including digital tech – which are requiring new ways of working within the sector
- Ongoing issues around access to finance, funding for growth, and the extent to which public sector contracting enables a level playing field in relation to business with a more straightforward bottom-line.
- National government is supporting elements of the social economy, for example by funding work to move public services into new mutual organisations.

3. The Social Economy in the West Midlands

3.1 The West Midlands has an active social enterprise, voluntary and community sector, and through this Taskforce we will be seeking a deeper understanding of its drivers, characteristics and potential relevant to the social economy outcomes we set out. Initial snapshot data suggests that:

- The voluntary sector in the region contains over 11,000 organisations, with a combined income of £2,197 million, and an asset base of £2,804 million (see fig. 1 in appendix).
- Funding is primarily from individual and government/public sector sources, with around 30% of voluntary sector income coming from government (see fig. 2).
- The voluntary and community sector delivers a high proportion of substance misuse services across the region, as well as enabling engagement with disadvantaged and vulnerable groups across a range of social outcomes and support.
- The social enterprise sector is significant. For example, the Coventry Social Enterprise Forum (formed in 2016) estimates that “a core of circa 50 active social enterprises that are trading, scaling and sustainable” within the city. Coventry and Digbeth have been designated as “social enterprise places” by Social Enterprise UK.
- The West Midlands has the most vibrant social enterprises outside the South East in terms of “births” of social enterprises and existing social enterprises’ optimism for the future (see figs 5 and 6) with a wide spread across the region (fig 7).
- There is a strong academic body of research on the state of the social economy in the region which we will seek to unlock and “join up” as part of this work, in partnership with the West Midlands Combined Universities (WMCU) and others.
- CIPFA and HM Government data suggests that the ‘public service mutuals’ sector is relatively under-powered by comparison to some other regions – and we would want to explore this data further via the Taskforce and with OSCI/DCMS.

4. Focus of the Taskforce

- 4.1 The Taskforce will be solution focused – spending time to understand the state of play today, but principally focusing on ways in which we can influence the local, regional and national context to enable West Midlands-wide change. This will centre on two main work-strands:

STRAND 1 – SUPPORTING THE SOCIAL ECONOMY

- 4.2 This strand will focus on the contribution of the social economy to WMCA economic and social outcomes, and how the WMCA and its partners can create the conditions for social enterprises, voluntary and community based organisations to thrive. It will look specifically at:
- (a) *Social Value Procurement* – exploring the opportunity of social value commissioning and procurement, and the potential for anchor institutions to leverage social value frameworks more purposefully within the region.
 - (b) *Growing the Social Economy* – exploring new ways of capitalising and growing social purpose business, particularly in key sectors such as skills and social care. This will include work to scope a Mayor’s Community Bond.
 - (c) *Social Sector Innovation* – exploring areas where the WMCA could support innovative business models, particularly where they focus on solving shared social challenges within the region.
 - (d) *Identifying Opportunities* – including areas where new ways of delivering public services with the social economy sector might realise opportunities to improve outcomes and manage demand.

STRAND 2 – INFLUENCING THE WMCA’S DELIVERY AGENDA

- 4.3 This strand will focus on how the WMCA can be more open to the influence of social sector organisations across its outcome and delivery agendas. It will look specifically at:
- (a) *Creating better dialogue and engagement* – including the ways in which social economy organisations are engaged in WMCA policy agendas, and the potential for clearer influencing, including within the WMCA’s emerging inclusive growth agenda.
 - (b) *Sector representation* – ensuring that the social economy is represented in future WMCA commissions and agendas, and exploring the right mix of local, regional and national engagement.
 - (c) *Celebrating the social economy* – exploring the ways in which that City of Culture, Commonwealth Games and other cultural and place milestones could support social economy organisations to thrive within the region.

5. Composition and Activities

- 5.1 We expect the Taskforce to be a 9-month process, chaired by an independent social economy sector leader appointed by the Mayor and Portfolio Holder. The taskforce will expire after reporting but an evaluation and delivery plan will be made and scrutinized by the taskforce.

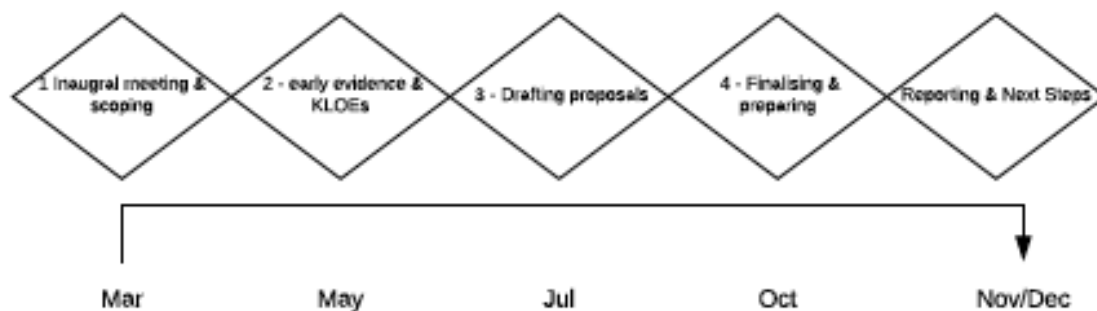
5.2 The Taskforce will generate solutions from a group of people combining strong roots in the region, a close understanding of the current context, and with nationally recognized innovation and expertise. As such, we expect the composition to include a mix of the following influences (some through representation and others in an advisory capacity):

- Strong local social economy sector representation – including from Coventry, specifically, as a ‘social enterprise city’, and from the VCS sector locally
- Public sector representation – including councils, NHS and blue light
- Central government – represented by the Office of Civil Society and Innovation
- National sector influence – such as Social Enterprise UK and ACEVO
- Academic expertise – such as through our regional university partners.

5.3 We will be engaging with partners to provide:

- a) A secretariat function for the Taskforce
- b) Funding for activities, including some survey and/or deliberative work

A potential timeline is below:



6. Recommendation of Next Steps:

6.1 We recommend that, subject to board approval, the following next steps be taken:

- Identification and appointment of Taskforce chair by the Mayor and Portfolio Holder.
- Working with the chair, identification and recruitment of Taskforce members.
- Finalisation of activities, timeline and budget.
- Kick-off of Taskforce activities with an initial meeting in March 2018.

7. Resources & Portfolio support

7.1 Cllr Eling and Henry Kippin are responsible for this work, working collaboratively with the Mayor’s policy team, and the WMCA’s economic growth portfolio led by Cllr Ward.

7.2 We will seek to resource this with external contributions from the private, not-for-profit and university sector (both financial and in-kind), and as such do not anticipate making additional demands on the WMCA’s PSR budget line.

8. Legal implications

8.1 There are no immediate legal implications arising from this report.

9. Equalities implications

9.1 There are no other equalities implications arising from this report.

APPENDIX – supporting snapshot data on the social economy sector in the West Midlands

Fig.1 – a stock take of the voluntary sector within the West Midlands. Source: adapted from ACEVO 2017 Almanac data

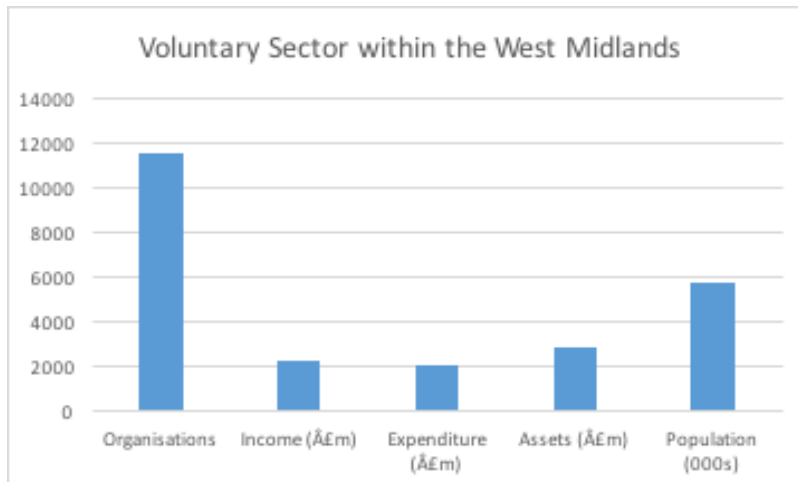


Fig.2 – breakdown of voluntary sector income sources by region. Source: ACEVO Almanac

Regional income sources 2014/15 (% of income)

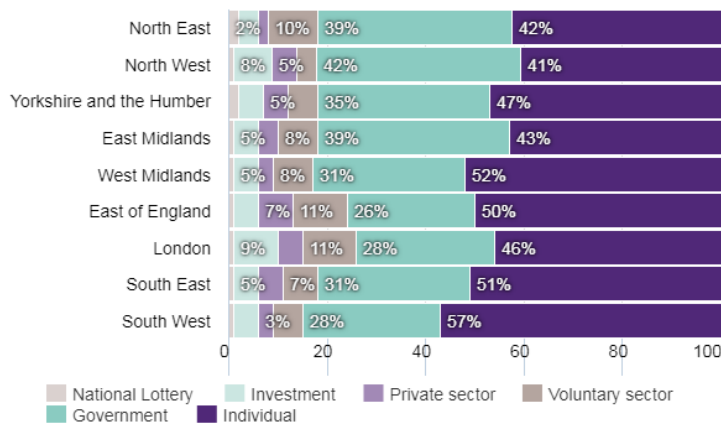
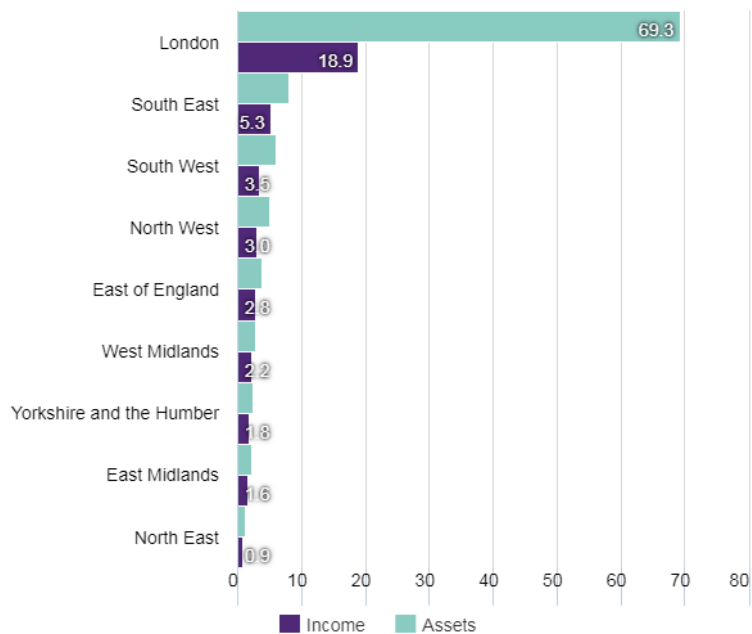


Fig.3 – Breakdown of voluntary sector assets and income by region, Source: ACEVO Almanac (2014/15 data)

Sector income and assets across regions, 2014/15 (£bn)



NCVO UK Civil Society Almanac | Built with Highcharts

Fig.4 Public service mutuels by region. Source: CIPFA & HM Government [https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/666028/Research_into_the_Public_Service_Mutuals_CIPFA_February_2017 .pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/666028/Research_into_the_Public_Service_Mutuals_CIPFA_February_2017.pdf)

Region(s) served	Respondents	
	Count	%
South East	14	24%
East of England	13	22%
London	12	21%
South West	11	19%
North West	10	17%
Yorkshire & the Humber	10	17%
West Midlands	8	14%
East Midlands	7	12%
North East	6	10%
Other	11	19%

Number of respondents: 59

Where stage of mutualisation is 'operationally live mutual'

FIGURE 12: BUSINESS OPTIMISM BY REGION & NATION: PERCENTAGE OF SOCIAL ENTERPRISES THAT ANTICIPATE AN INCREASE IN TURNOVER OVER THE NEXT 12 MONTHS

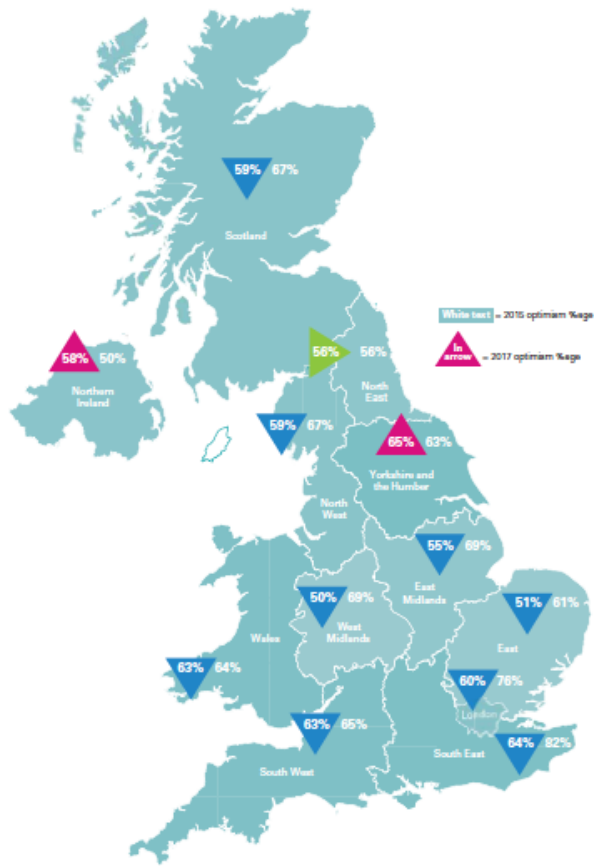
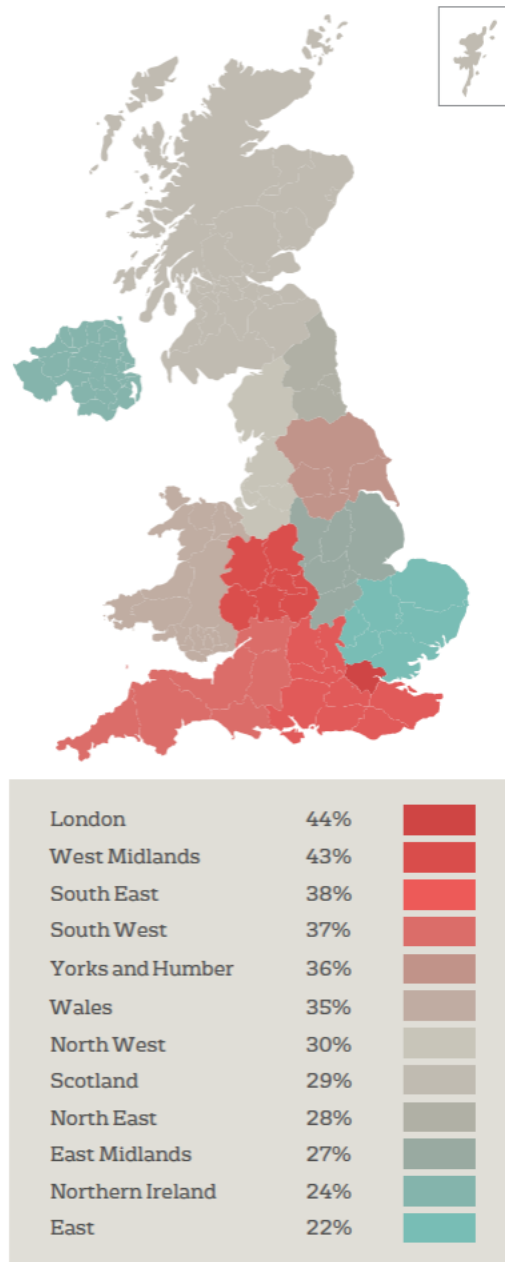


Fig 5: Percentage of social enterprises that are three years old or less

Figure 2: Percentage of social enterprises that are three years old or less by region and home nation

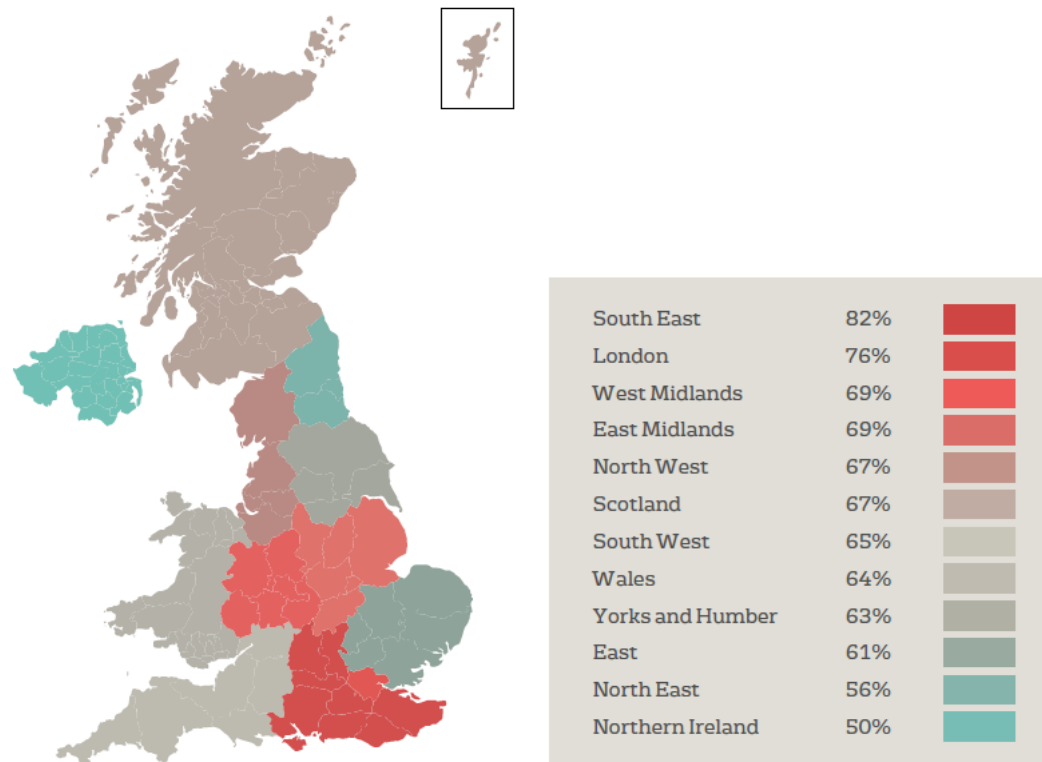


Source:

<https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=828443a9-2f80-4c2a-ab2b-81befed6ed05>

Fig 6: Business optimism: percent of social enterprises that anticipated an increase in turnover

Figure 13: Business optimism by region and nation: percentage of social enterprises that anticipate an increase in turnover over the next 12 months

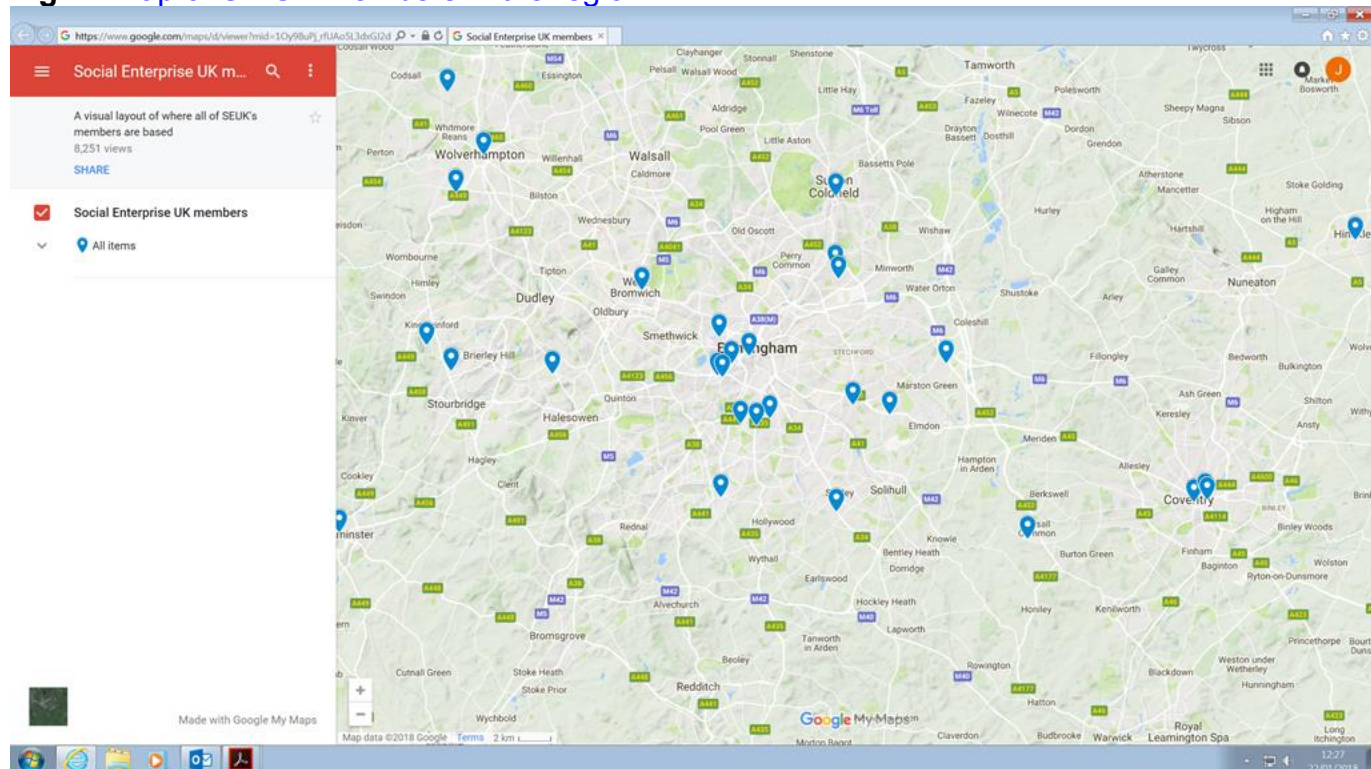


12 BMG Research (2015) 'Small Business Survey 2014: SME Employers' Department for Business Innovation and Skills

Source:

<https://www.socialenterprise.org.uk/Handlers/Download.ashx?IDMF=828443a9-2f80-4c2a-ab2b-81befed6ed05>

Fig 7: Map of SE UK members in the region



Source:

https://www.google.com/maps/d/viewer?mid=1Oy9BuPj_rfUAo5L3dxGJ2dQDZ4A&ll=52.46138255702719%2C-1.8063136741828884&z=11