

# Growing the social economy sector

## Final report from the WMCA Social Economy Taskforce

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## Background

WMCA Board established the Social Economy Taskforce in February 2018 to understand the contribution that the social economy sector could make to the region's commitment to inclusive growth, and to understand WMCA's role in the following:

1. Strengthening the social economy.
2. Helping charities, social enterprises and community businesses to deliver public service outcomes.
3. Creating a development plan for areas where public, private, and social sector collaboration can help to meet the region's challenges.

There is a long history of collaboration between the public and social economy sectors. Social enterprises work in parts of the economy where they can add significant social value and many serve disadvantaged communities. They are heavily represented in education and training, health and social care, employment support, and community development and regeneration. Some are long-established '*community anchor*' organisations which help bolster local centres as well as providing employment opportunities in surrounding neighbourhoods.

The priority of the Social Economy Taskforce was to assess where WMCA can add value to this work. This report lays that out clearly, and makes suggestions for how that support should be structured and resourced. But it also challenges the social economy sector to overcome its fragmentation, to build on the great initiatives that allow social enterprises to trade, scale, and collaborate. Social enterprises are not the only contributor to the social economy, and it is important to understand the overlaps and the differences between the spaces and support that both the trading and non-trading elements need to thrive.

The Social Economy Taskforce was led by two independent Chairs with long experience of growing and supporting social enterprises, backed by a team of social enterprise experts from across the region, and supported by Social Enterprise UK.

[Pictures of Gillian Morbey and Carole Donnelly]

<b>Gillian Morbey</b> <b>Former Chief Executive of Sense and Sense International</b>	<b>Carole Donnelly</b> <b>Social Enterprise City Manager, Coventry University Social Enterprise</b>
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<b>Phil Beardmore</b>	Co-operatives West Midlands
<b>Meena Bharadwa</b>	Locality
<b>Brian Carr</b>	BVSC
<b>Councillor Tristan Chatfield</b>	Birmingham City Council
<b>Sarah Crawley</b>	iSE
<b>Peter Cunnison</b>	Lloyds Bank Foundation
<b>Portfolio Holder for Public Service Reform</b>	Sandwell Metropolitan Borough Council
<b>Hayley Hand</b>	Big Society Capital
<b>Richard Harries</b>	Power to Change
<b>Alderman Tony Kennedy</b>	Birmingham City Council
<b>Martin Levermore</b>	MDTI
<b>Councillor Kevin Maton</b>	Coventry City Council
<b>Melanie Mills</b>	Big Society Capital
<b>Charles Rapson</b>	School for Social Entrepreneurs West Midlands
<b>Alun Severn</b>	Birmingham and Solihull Social Economy Consortium

The Mayor and WMCA would like to thank everyone involved for the expertise, time and care they have invested in this piece of work – and particularly to Power for Change for funding it.

## Plan on a page

The Social Economy Taskforce has taken a simple approach to the challenge laid down by WMCA: uncover the barriers that are preventing the social economy growing and having impact, and devise a small set of recommendations to overcome those barriers. However, Taskforce members agreed that one unifying goal would help to drive change, and would tie those recommendations together:

### **WMCA should aim to double the size of the social economy in £s by 2029.**

With a clear target, the Taskforce has created a set of recommendations that will help the region to achieve, and hopefully exceed, the headline goal.

<b>1. Boost the collective identity of social enterprise by strengthening and growing its platforms.</b>
<b>2. Develop a collaborative, ten-year business case for social enterprise business support.</b>
<b>3. WMCA Office of Data &amp; Analytics to develop and disseminate a consistent approach for data collection on social enterprises.</b>
<b>4. WMCA will use its convening role to encourage all regional public sector bodies and publicly-funded projects to spend at least 5% of their commissioning and procurement budget with social enterprise.</b>
<b>5. WMCA to support a campaign to encourage closer links between social enterprises and the wider private sector.</b>
<b>6. Work with social finance and investment partners to assess gaps, barriers, and improvements that could boost the impact of social investment, as well as increasing demand.</b>

## Introduction

WMCA is building an economy wherein all its activity is focused on the best life outcomes for our citizens – inclusive growth – and a strong, resilient social economy is vital to achieving that. This report lays out the beginnings of what WMCA’s commitment to supporting social enterprise should look like, focusing on recommendations that are specific, realistic, and achievable. In so doing, it reflects the priorities outlined in the Leadership Commission<sup>1</sup> and in *‘The Mayor and Faith Action Plan’*<sup>2</sup>, and when delivered, will contribute to the region’s commitment to inclusive growth. The region’s local authorities, universities, support organisations, and many others have a long history of supporting social enterprise and shaping the social economy. As such, the role of the WMCA here is to bolster, scale, and add value to that work.

Social enterprise is not a new concept, and has deep roots in this region. We only have to look to Bournville in Birmingham to see this: George Cadbury’s vision of a ‘factory in a garden’, where the lives of his workforce and their neighbours mattered as much as the work they did. His commitment to high quality housing – for people on low incomes as well as steady ones – created an outstanding place to live and work, which it remains to this day.

[CASE STUDY – Bournville]

Today, the social economy is less dominated by the values of a small clutch of wealthy men, and is all the more inclusive, exciting and dynamic for it – hundreds of social enterprises across the region, with over 500 in Birmingham alone. While the social economy is a blend

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<sup>1</sup> ‘Leaders Like You – A report from the WMCA Leadership Commission 2018’:

[https://www.wmca.org.uk/media/2218/leadership-diversity-in-the-west-midlands\\_-002.pdf](https://www.wmca.org.uk/media/2218/leadership-diversity-in-the-west-midlands_-002.pdf)

<sup>2</sup> The Mayor and Faith Action Plan: <https://www.wmca.org.uk/media/2174/mayor-and-faith-conference-action-plan.pdf>

of trading and non-trading entities, many social enterprises start as citizens organising and volunteering for social good.

### National perspective

There are around 100,000 social enterprises in the UK which collectively contribute £60bn to the UK economy and employ 2m people – equal to 5% of all UK employment.<sup>3</sup>

### The regional perspective

While much more needs to be done to build the evidence-base for the region's social economy, good work has been done in the past and partial data exists.

Research by the Black Country Consortium suggests that there are around 1,400 social enterprises in Sandwell, Dudley, Walsall and Wolverhampton, with the greatest concentration in Sandwell.<sup>4</sup>

Birmingham and Coventry – the region's two 'social enterprise cities' – represent the other greatest concentrations of social enterprises in the WMCA area. In the Birmingham & Solihull area there are at least 500 social enterprises, with a combined turnover of at least £180m and employing over 14,600 people.<sup>5</sup>

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<sup>3</sup> The Hidden Revolution: Size and scale of social enterprise in 2018, SEUK 2018: <https://sewfonline.com/wp-content/uploads/2018/09/The-Hidden-Revolution-FINAL-1.pdf>.

<sup>4</sup> See: Black Country LEP Social Enterprise Prospectus: [https://www.blackcountrylep.co.uk/upload/files/Social%20Enterprise%20Prospectus/BCLEP\\_prospectus\\_WEB.pdf](https://www.blackcountrylep.co.uk/upload/files/Social%20Enterprise%20Prospectus/BCLEP_prospectus_WEB.pdf).

<sup>5</sup> Data derives from a baseline survey conducted jointly by The Digbeth Trust and BSSEC for the Greater Birmingham & Solihull Local Enterprise Partnership and published in March 2014. Unlocking the Power of Social Enterprise in Greater Birmingham, GBSLEP, March 2014.

In addition, the co-operative economy in Birmingham is worth at least £23m a year and over 49,000 people are members of co-operatives – such as the giant co-operative retail societies Central England Co-operative, Midcounties Co-operative, and The Co-operative Group.<sup>6</sup>

In Coventry there are around 250 social enterprises and of these it is thought that a core of 50 have good potential to scale up in the longer term. The main trade sectors represented are health and wellbeing, digital, retail, food and environmental.<sup>7</sup>

Both Birmingham and Coventry have been awarded ‘*Social Enterprise City*’ status by Social Enterprise UK<sup>8</sup>. These cities contain the greatest concentrations of social enterprises in the WMCA area, and probably the greatest areas of concentration outside London. Some localities contain especially high concentrations of social enterprises. For example, over 50 social enterprises have clustered in Digbeth, driven in part by access to relatively cheap ex-industrial premises and partly by access to specialist support provided by organisations like iSE, BVSC, and others. While this is a great success story, it also has an uncertain future – the arrival of HS2 means that the days of cheap premises are numbered (perhaps already gone), and there will need to be a concerted effort to ensure that there continues to be space for social enterprise.

In Coventry, the Coventry Social Enterprise Forum (CSEF) was formed to bring together the social enterprise sector in the locality and develop greater market opportunities and closer partnerships with public sector organisations. Following this, a survey of the ~250 social enterprises<sup>9</sup> believed to exist in the CV postcode area was undertaken, which indicated that

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<sup>6</sup> See ‘Co-operative enterprise in Birmingham’ on the BSSEC blog <http://bssec.org.uk/co-operative-enterprise-in-birmingham/> and also <http://www.cooperatives-wm.coop>.

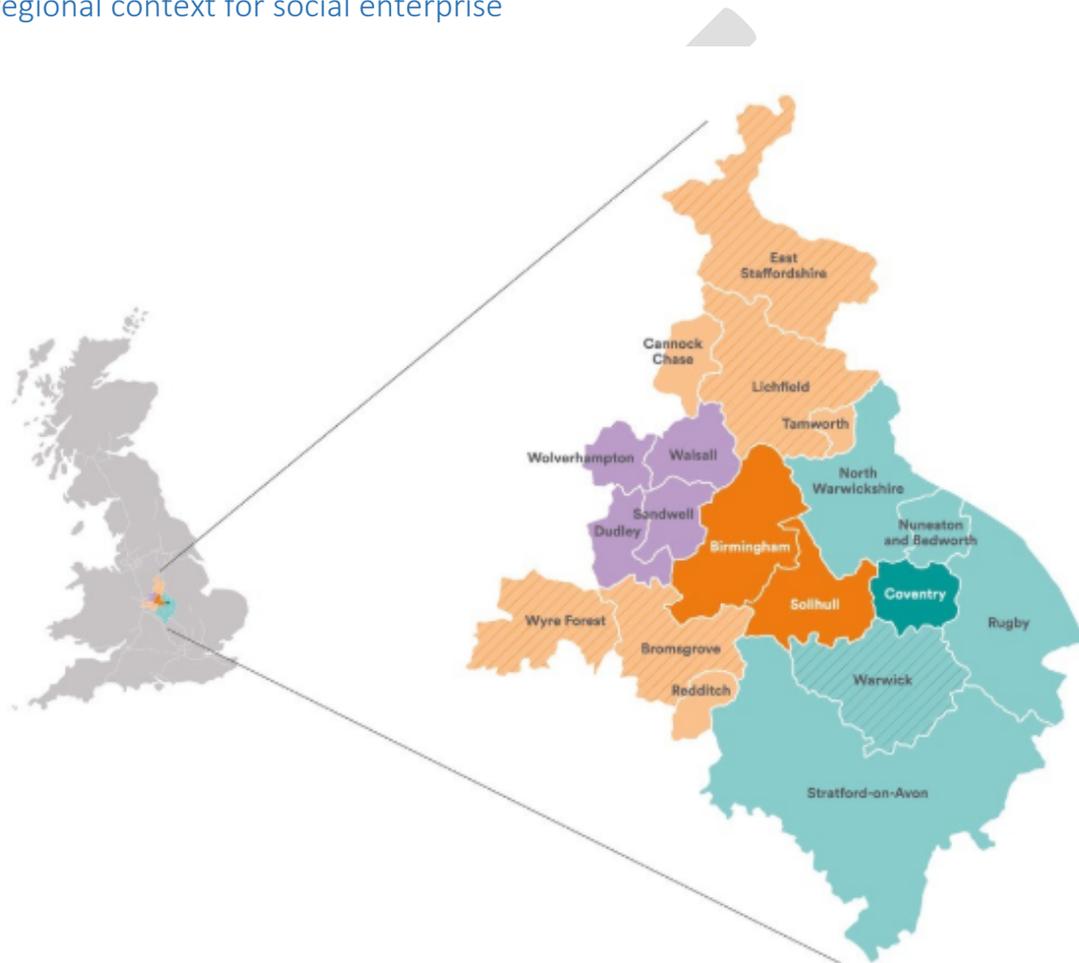
<sup>7</sup> Data derives from a 2016 survey undertaken by Coventry Social Enterprise Forum (CSEF).

<sup>8</sup> SEUK’s Social Enterprise Places programme, supported by NatWest, recognises hotspots of social enterprise activity. See: <https://www.socialenterprise.org.uk/Pages/Category/social-enterprise-places>.

<sup>9</sup> Research conducted in 2017 indicated around 250 social enterprises in the CV postcode area. See: <https://www.socialenterprise.org.uk/coventry>.

within the sector there is a core of ~50 active social enterprises that are trading, scaling and sustainable. The main area of service is the health and wellbeing sector, but with many emerging digital, retail, food and environmental social enterprises.

### The regional context for social enterprise



WMCA is delivering an £8bn investment programme that spans housing, transport, energy, and events of regional significance, such as Coventry City of Culture and the Commonwealth Games. It is also shaping a programme of public service reform, in service areas such as mental health, childhood obesity and criminal justice – sectors in which social enterprises are already very active.

This investment is intended to strengthen the region's economy so that it serves its cities, towns and neighbourhoods for decades to come, and puts the West Midlands on a par with its international competitors for economic strength and quality of life. This means adopting a different economic model, inclusive growth:

***A more deliberate and socially purposeful model of economic growth – measured not only by how fast or aggressive it is; but also by how well it is created and shared across the whole population and place, and by the social and environmental outcomes it realises for our people.***

All West Midlands citizens should feel like this economy is theirs: made of their talents and values, involving their efforts, and benefiting them, their families and their friends. Building such an economy is a mission, one we have not yet been successful in. The West Midlands economy is growing, but for too many people, work is no longer a route out of poverty. It is draining, insecure, and lacking in purpose and progression. This economy is not theirs, and does not value or safeguard the things that matter to them.

This is why WMCA has committed itself to delivering *inclusive growth*, a model of growth which suits social enterprises, which are driven to grow, scale, and thrive by a desire to meet social need, and deliver social value and community benefit. It follows, then, that a simple objective to increase the size of the social economy will make a positive contribution to inclusive growth.

### [What is the social economy?](#)

The social economy is made up of a combination of social enterprises and other voluntary, charitable, and community organisations. Social enterprises undertake trading activities for a social purpose, with surpluses reinvested in the business and in the achievement of that purpose. Profits serve that social purpose.

Interestingly, the perception of what constitutes trading is not unanimous across social enterprise. A recent baseline survey undertaken on behalf of the Birmingham Social Enterprise City<sup>10</sup> steering group indicated that a significant number of social enterprises which win contracts for service delivery do not consider that to be trading per se. In considering how best to support the growth and strength of social enterprise in the region, this is important insight.

[CASE STUDY | SSE Match-Trading]

[INFOGRAPHIC – types of social enterprise] The social enterprises and community businesses<sup>11</sup> that make up the social economy take many forms and include: Community Interest Companies (CICs), Co-operatives and Community Benefit Societies, charitable Companies Limited by Guarantee, some employee-owned companies, newer public service mutuals and other third sector organisations that have adopted trading models as a means of delivering social benefit and diversifying income sources.

Increasingly the social economy also includes the activities of a wider spectrum of more conventional '*for profit*' enterprises whose business models include ethical, social or environmental aims in addition to shareholder profit. This increases the opportunities for growth in the social economy and offers new routes to creating social value and community benefit

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<sup>10</sup> Birmingham Social Enterprise City Baseline Survey: <http://www.i-se.co.uk/wp-content/uploads/2019/07/Birmingham-SE-City-Baseline-Survey-Report-v3.1-final.pdf>

<sup>11</sup> Community businesses are a subset of social enterprises that are rooted in, and directly accountable to, the people living in a specific local place. As with other social enterprises, they have a business model built around trading and re-invest any surpluses back into the community. See: [www.powertochange.org.uk](http://www.powertochange.org.uk)

## Why focus on the social economy?

Putting social values at the heart of a commercial business is not just a nice-to-have: it is increasingly *expected*. Businesses which put their values at the heart of their purpose perform better, and are more attractive to customers and employees alike.

We need only look to our younger generations of workers to see how important it is that we get this right. In its latest global survey of millennials, Deloitte noted that “*young workers are eager for business leaders to be proactive about making a positive impact in society*”<sup>12</sup>. Businesses in the West Midlands must deliver on social values in order to attract the workers they want, and this needs to be happening now. Social enterprises do this by design, and can show the way.

Other research<sup>13</sup> shows that social enterprises exhibit other beneficial characteristics that further add to the social value they create:

- **HIGH START-UP RATE** | The social economy sector has a greater proportion of younger enterprises: nationally, 25% of social enterprises are under three-years old, three times the proportion of start-ups compared to other businesses (8%). This figure is even higher in Birmingham: 41%<sup>14</sup>.
- **MORE LIKELY TO GENERATE A PROFIT** | Compared to UK businesses overall, more social enterprises generated a profit over the last year.
- **STRONGER GROWTH** | Social enterprises have a better track record of growth when compared to conventional businesses: 47% of social enterprises grew their turnover in the last twelve months, compared to 34% of UK businesses.

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<sup>12</sup> 2018 Deloitte Millennial Survey: <https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html>

<sup>13</sup> *Hidden Revolution: Size & Scale of Social Enterprise in 2018*, SEUK 2018. <https://www.socialenterprise.org.uk/the-hidden-revolution>.

<sup>14</sup> Source: Birmingham Social Enterprise City: A Baseline Survey of Social Enterprise in the City of Birmingham, Social Enterprise City steering group/iSE, June 2019

- **SOCIAL MISSION LEADS TO SUCCESS** | Businesses that embrace social priorities on average perform better.
- **BETTER SURVIVAL RATES** | The survival rates of social enterprises is better than that of traditional/private sector start-ups, and improves significantly if the right support is in place. Over 50% of traditional/private new business start-ups fail within the first five years. Social enterprise survival rates are significantly higher: two-thirds will survive beyond five years, increasing to 85% where quality learning and development support is accessible<sup>15</sup>.
- **MEETING NEED** | Social enterprises are working where they are most needed and can have the greatest impact: around 28% are based in and serve the most deprived communities in the UK.
- **DIVERSE AND INCLUSIVE** | Social enterprises are more diverse and more inclusive. 89% of social enterprise leadership teams have a female director and 41% of leaders are women, significantly ahead of both mainstream SMEs (20%) and big business (7% of FTSE 100). 34% have BAME representation and the proportion of social enterprises led by a BAME person is 12%, much higher than SMEs more widely (5%).
- **UNLOCKING VOLUNTEER RESOURCES** | Research in Birmingham<sup>16</sup> reveals that social enterprises were reinvesting nearly £30m a year in delivering their social mission. They were supported by over 2,760 volunteers who were donating 468,888 hours a year – equal to £5.6m a year<sup>17</sup>. Similar baseline social enterprise research conducted in Digbeth<sup>18</sup> further revealed social enterprises' ability to unlock social value. In addition to a wide range of social purposes and community benefit, 82% of social enterprises in Digbeth were also found to be utilising the efforts of volunteers. Around 970 volunteers were found to be donating some 84,000 hours a year, at a value of around £840,000<sup>19</sup>.

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<sup>15</sup> Source: School for Social Entrepreneurs 20th anniversary external evaluation.

<sup>16</sup> Source: Birmingham Social Enterprise City: A Baseline Survey of Social Enterprise in the City of Birmingham, Social Enterprise City steering group/iSE, June 2019

<sup>17</sup> Calculated at an hourly wage of £11.95.

<sup>18</sup> Two reports have been produced for the Digbeth Social Enterprise Quarter: *A Profile of Social Enterprise Activity in the Digbeth/Highgate Area* (2014) and *DSEQ Profile & Action Plan* (2014). They are both available here: <http://digbethsoentquarter.co.uk/digbeth-social-enterprise-survey/>.

<sup>19</sup> Calculated at the Average Gross Hourly Wage for residents of Birmingham of £11.95. See Average Earnings 2018, Birmingham City Council. [https://www.birmingham.gov.uk/downloads/file/2867/average\\_earnings\\_2018](https://www.birmingham.gov.uk/downloads/file/2867/average_earnings_2018).

## Meeting the needs of social enterprises

To reach and exceed that target the Taskforce addressed four major issues:

### 1 | The need for improved knowledge of social enterprise

- **Better data:** ensuring that institutions investing public money have a shared definition of social enterprise, so that they can track their commissioning and procurement spend with those businesses as a subset of the overall SME category;
- **Business support:** traditional business support does not meet the needs of most social enterprises, and providers of support need to understand when to signpost interested entrepreneurs to specialist support;
- **Higher profile:** ensuring that people seeking to start or join a business understand the potential of social enterprise;

### 2 | The need for specialist support to start, embed, and grow social enterprises

There is a correlation between the availability of appropriate, high quality specialist business support for social enterprise and the size and health of the sector at the local level. This is evidenced by the concentration of social enterprises, and by the above-average percentage of new social enterprise start-ups in those localities – e.g. Birmingham, Solihull, and Coventry – where good support has historically been available.

It is important that individuals and organisations seeking to start or grow a social enterprise can access support irrespective of where they may be in the WMCA area. It is also important that we design support that is inclusive of older social enterprises – the recent baselining undertaken by the Birmingham Social Enterprise City steering group shows that the region appears to have a smaller percentage of social enterprises that have been trading for over

10 years<sup>20</sup>. The region needs to create the conditions for the new start-ups of today to survive in the long term.

### 3 | The need for a stronger relationship between the social economy sector and other sectors; with more peer and shared learning.

By enabling more private sector businesses to learn from the social economy sector's focus on social outcomes, the region will build up an economy which is aligned to the priorities and needs of citizens – as well as providing employment and other opportunities for them. Furthermore, the skills and experience in the wider economy can be used to help social enterprise businesses to stay at the cutting edge of innovation, enabling them to be more productive.

The Birmingham Social Enterprise City baselining indicates the social enterprises already buy from other social enterprises, spending just over £2.2m per year. Getting to a place where the public and private sectors had the same level of interest and insight into their spend with social enterprise would be significant progress.

### 4 | The need to ensure availability of the right finance, the right funding, and stimulating demand for social enterprise products and services.

The social finance and investment ecosystem is specialist and complex. Taking on repayable finance is still a relatively new option for the social economy to explore. The 'Good Finance' website<sup>21</sup> was set up as way to demystify social investment for charities and social enterprises. It has now been accessed by over 63,000 users. SEUK reports that social enterprises are still seeking to use investment and new finance to grow (development capital) to operate (working capital), but also to purchase property or equipment: this has risen from 35% in 2015 to 41% in 2017, whilst the other two have remained high.

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<sup>20</sup> Birmingham Social Enterprise City Baseline Survey: <http://www.i-se.co.uk/wp-content/uploads/2019/07/Birmingham-SE-City-Baseline-Survey-Report-v3.1-final.pdf>

<sup>21</sup> See: [www.goodfinance.org.uk](http://www.goodfinance.org.uk)

Cashflow is one of the top three barriers for social enterprises of all types, and demand for working capital remains high. Indeed, access to appropriate finance remains the biggest barrier for start-ups and established social enterprises. 34% sought finance in the previous 12 months, putting them significantly ahead of their mainstream SME equivalents. There is significant demand for smaller deals with over half seeking finance under £100,000, and over two-thirds below £250,000.

There is still much more work to do to raise awareness and understanding of the role of social investment – and of what is on offer and on what terms and in particular to support board members and Trustees with managing the risks around taking on debt in order to support and/or scale the creation of impact.

The same piece of Birmingham Social Enterprise City baselining indicates that relatively few social enterprises in the city have turnover in the £400,000-£1m bracket, and a significant percentage do not yet employ staff (39%), suggesting a need for more support when it comes to taking on finance or investment. Conversely though, the city performs well on the number of social enterprises with turnover of more than £1m. It is important that the whole region starts to build on the approaches taken by the Birmingham Social Enterprise City steering group so that this complexity can be better understood – some social enterprises can and should scale, but others may want to remain small so that the social entrepreneurs can fit their work around other life commitments. Both are important in an inclusive growth approach.

## Recommendations

Each of these recommendations works to address the goal of doubling the size of the social economy in ten years. Delivering these recommendations will require some coordination from within WMCA, ideally with one person having overall responsibility.

What does this mean in practice?

**Within three months:**

1. WMCA should work with Social Enterprise UK to explore resourcing a local secondment from the social enterprise sector to lead this work.

1 | Boost the collective identity of social enterprise by strengthening and growing its platforms.

What will this achieve for social enterprise in the region?

This recommendation is about building greater understanding of social enterprise, and strengthening the links, support mechanisms, and platforms that already exist for social enterprise and its leadership. The Taskforce is clear that strengthening and scaling successful initiatives is preferable to starting something from scratch.

What does this mean in practice?

**Within three months:**

1. WMCA representatives to meet with the organisers of CityDrive, Coventry Social Enterprise Forum, BSSEC, the graduation ceremony for the School for Social Entrepreneurs, and any other key social enterprise events to assess their future plans, how those plans will be funded, and where WMCA can provide or seek support or resource.
2. WMCA representatives to meet with organisers of key SME events in the region – such as Venturefest West Midlands<sup>22</sup> – to assess their appetite and bandwidth to do more to distinguish and promote social enterprise.

**Within six months:**

1. WMCA and its partners will have identified what is possible in terms of support and resources, and creates a short paper to outline its commitments. This *could* include some or all of the following:

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<sup>22</sup> See: <https://www.venturefestwm.co.uk/>

- Using WMCA media channels and contacts to raise the profile of these social enterprise events, businesses, and campaigns;
  - The Mayor, Portfolio Holders, and senior officers to support key events by participating as keynote speakers, panellists, and judges;
  - Allowing WMCA staff – particularly budget-holders and those from Procurement – time to attend key events, and to meet people who run social enterprises.
  - Direct sponsorship of elements which are relevant to WMCA’s goals in the region – for example, an event which explored built environment social enterprises, which can both contribute to the region’s wider capital programme and invest into local citizens by enabling them to develop those skills through placements or employment.
2. WMCA to use the paper to help assess implications for its cyclical business planning.

***Within one year:***

1. Commitments as outlined in the paper are delivered on.
2. Process is enshrined into ‘business as usual’ via the business plan, and the previous year’s activity is used to inform the following year.

2 | Develop a collaborative, ten-year business case for social enterprise business support.

What will this mean for social enterprises across the region?

There are some excellent programmes for supporting social enterprises to start, grow, and sustain, but they are relatively small scale, and vulnerable to shifts in their funding portfolios. The region needs a funded business plan on the same timescales as its overall goal to ensure that business support for social enterprises is both adequate to growing the sector, and targeted to ensure that it reaches people who need it most.

What does this mean in practice?

***Within three months:***

1. WMCA to commit to enshrining this goal in the Local Industrial Strategy (LIS) delivery plan.
2. WMCA to meet with existing providers of social enterprise business support to understand their current resource base and existing business plans.
3. WMCA or a representative to meet with providers of existing business and employment support – including Local Enterprise Partnerships (LEPs) – to assess their understanding of social enterprise and social enterprise business support.

***Within six months:***

1. WMCA and social enterprise partners have developed an estimate of the business support 'gap', the starting point of the overall business plan.
2. WMCA to enter into discussions with BEIS, DCMS, and the Office for Civil Society to broker a Government contribution to this plan, in line with the West Midlands Local Industrial Strategy.
3. WMCA to enter into discussions with Trusts, and philanthropic funders to broker additional contributions to this plan.
4. WMCA to enter into discussions with the social finance and investment sector, which directly benefits in pipeline deals coming forward as a consequence of the provision of business support, but typically does not fund support services.

***Within one year:***

1. WMCA Board to have approved a ten-year business plan for social enterprise, which will draw resources from a variety of sources, including Government, LEPs, Trusts and philanthropic funders, and social funders.
2. The first investments into social enterprise business support are made as a consequence of the ten-year business plan.
3. Providers of existing business support will know what a social enterprise is, and will know where to signpost them.
4. Any implications of the ten-year business plan for social enterprise will be worked into WMCA's cyclical business planning process, and into its capital programme.

3 | WMCA Office of Data & Analytics to develop and disseminate a consistent approach for data collection on social enterprises.

What will this mean for social enterprises across the region?

As it stands, any target relating to measuring public sector spending with social enterprise, or the size of the overall social economy, is nearly meaningless because there are multiple definitions of social enterprise, and data is not consistently collected. Defining and collecting the right data will ensure that the headline commitment – to doubling the size of the social economy – can be delivered. It will also ensure that social enterprise business support can be targeted appropriately.

What does this mean in practice?

***Within three months:***

1. WMCA Office of Data & Analytics (ODA) to have met with SEUK, ONS, and the organisations collecting data for local baselines such as the Birmingham Social Enterprise City steering group (including BSSEC and iSE) to establish the right balance between comprehensiveness and resource intensity with regards to collecting data on social enterprises.
2. WMCA ODA to have had an initial meeting with the ongoing Social Value Taskforce, which involves public sector procurement leads from across the region, to get a sense of what would help public bodies to collect the right data.

***Within six months:***

1. WMCA to be measuring its own procurement spend with social enterprise, applying the measurement retrospectively where possible.
2. WMCA ODA to report a notional figure of the size of the social economy in the West Midlands.

***Within a year:***

1. WMCA procurement spend and overall size of the social economy to be reported to WMCA Board and Overview & Scrutiny as part of the overall monitoring of this report.

2. Social Value Taskforce members to be measuring their procurement spend with social enterprise, and will have started using their local social value policies to push this approach to measuring social enterprise spend further down their supply chains.

4 | WMCA will use its convening role to encourage all regional public sector bodies and publicly-funded projects to spend at least 5% of their commissioning and procurement budget with social enterprise.

What will this mean for social enterprises across the region?

Public bodies and large, publicly-funded projects and events will spend more money on social enterprise products and services, and as a consequence, will deepen their understanding of what it is possible to buy from social enterprise. This will serve some key priorities: helping people to overcome addiction, supporting people with multiple and complex needs, contributing to the built environment, boosting the circular economy, and in the creation of those '*foundational*' businesses which bolster local centres, and provide employment opportunities for the people who live there. These opportunities could span education, social care, asset-based community development, regeneration, and creative / digital media – all areas where social enterprise is strong.

What does this mean in practice?

**Within three months:**

1. As above, WMCA ODA will attend a meeting of the Social Value Taskforce to get a sense of the challenge of measuring social enterprise spend. The Social Value Act has enabled public sector bodies to use their commissioning to boost local businesses, but currently – as a rule – do not differentiate between SMEs and social enterprises.
2. WMCA Social Value Taskforce to reflect on the practicality of this goal, and its implications for small and large commissions (i.e., below and above OJEU level).

**Within six months:**

1. If required, the Social Value Taskforce will update the WMCA Social Value policy to reflect the specific commitments on social enterprise spend and social value impact.

2. WMCA Inclusive Growth Unit to embed this target into any piloting of inclusive growth approaches in Town Centres and other regeneration programmes. This could include social enterprise incubators and coworking spaces.
3. By agreement, Social Value Taskforce members will sign up to the target, and will start its own plans to meet, or exceed it<sup>23</sup>.

**Within a year:**

1. WMCA and other public bodies will be implementing plans to meet the 5% target, with progress reported to WMCA Board and Overview & Scrutiny.
2. WMCA will be confident that its social value policies are robust enough to derive maximum social value from the investments it is responsible for.

5 | WMCA and partners to lead a campaign to encourage closer links between social enterprises and the wider private sector.

What will this mean for social enterprises across the region?

More businesses will more purchase products and services from social enterprises, and there will be opportunities for private sector businesses to learn from social enterprise, and vice versa. Given that social enterprise leadership tends to be more diverse, this is an opportunity for social enterprise to help WMCA deliver the Leadership Commission recommendations. In short, this is about ensuring that social enterprises and the broader private sector can more regularly operate collaboratively, in the same spaces.

What does this mean in practice?

**Within three months:**

1. Leadership Commission Delivery Co-ordinator to brief the Mayor and his team on how existing delivery around the Inclusive Leadership Pledge could support this campaign, and to highlight any risk areas.

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<sup>23</sup> Note that without the consistent measure of social enterprise spend, it is impossible to know how close different public bodies are to meeting or exceeding this target, and it will be 'stretched' if appropriate.

### **Within six months:**

1. WMCA to work with business support organisations to design a campaign that encompasses the following:
  - Commissioning and procuring from social enterprise, including the 5% pledge that the public sector will be working towards;
  - Bringing more social enterprises into private sector supply chains.
  - Seconding private sector staff into social enterprise and vice versa;
  - Social enterprise representation on corporate boards, and vice versa;
  - Business opportunities for social enterprise intermediaries to broker these relationships;
  - Other support as deemed appropriate.
2. WMCA Marketing and Communications to work with social enterprise and business support organisations to design and deliver a Communications plan to support the campaign, bearing in mind the need to ensure alignment with other business engagement work.

### **Within a year:**

1. Case studies and other good news stories start to emerge as businesses and social enterprises participate in the campaign, and are shared at events like CityDrive.
2. Businesses start to sign up to the 5% spend with social enterprise target.

6 | [Work with social finance and investment partners to assess gaps, barriers, and improvements that could boost the impact of social investment, as well as increasing demand.](#)

What will this mean for social enterprises across the region?

Social enterprises do not always have the confidence to seek investment, or to borrow money to scale up. Part of the answer to this lies in Recommendation 2 (business support), but it is also ensuring that the right financial products are out there, and that each business is able to assemble the 'capital stack' that suits their development needs. This work will ensure that we understand where WMCA should convene social finance partners to 'fill the

gap', and where it is necessary to remove barriers to existing products. This work has already started.

What does this mean in practice?

**Within three months:**

1. WMCA to build on plans and conversations with social finance and investment partners to establish to turn the gaps and barriers that have been identified via the Social Economy Taskforce into a specification for a piece of detailed work on boosting demand for social finance, and for 'bridging the gaps'. This could include the following elements:
  - A revolving loan fund;
  - A fund to underwrite community and co-operative share issues;
  - A fund to enable WMCA and any future partners to act as an institutional investor;
  - A 'Community Bond', a proposal for which has already been developed by members of the Taskforce<sup>24</sup>.
2. Commission an appropriate social finance and investment partner to undertake that work.

**Within six months:**

1. Work to have been reported back to PSR and WMCA Boards, and provided to Overview & Scrutiny. WMCA Board will assess any risks involved in the next steps of setting up or otherwise coordinating the creation of investment funds.

**Within one year:**

1. Social enterprise confidence in taking on investment or debt is boosted via business support, improved signposting, and by closer relationship with corporates.
2. A start date for investments from any new funds is known.

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<sup>24</sup> See: Appendix 1

## The future of the Taskforce

[Inside back cover]

The Social Economy Taskforce has undertaken a time-limited piece of work, and it was always intended that it should cease meeting in its current form once its recommendations were reported back to WMCA Board. However, many of the recommendations require collaboration between WMCA and the social economy, and as a consequence, there may be some value in an ongoing advisory group.

This could be an existing group – for example, the steering groups behind the Birmingham and Coventry Social Enterprise Cities. If a new group, or a smaller version of the Taskforce proves to be the best option, then it should be closely linked to the delivery of the business plan and social finance work.

## Appendix 1

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