

WMCA Board

Date	26 July 2019
Report title	Boosting the Social Economy in the West Midlands
Portfolio Lead	Public Service Reform & Social Economy - Councillor Yvonne Davies
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Report has been considered by	Programme Board - 12 July 2019

Recommendation(s) for action or decision:

The WMCA Board is recommended to:

- (1) Note that the Social Economy Taskforce has made six recommendations for how the West Midlands – through the WMCA and as a wider partnership – can double the size of the social economy in ten years.
- (2) Agree to receive this draft report, with a view to launching formally with a full response to those recommendations at the WMCA Board meeting of September 2019.

- (3) Thank the members for the Social Economy Taskforce for investing time, effort, and expertise into this work.

1. Purpose

- 1.1 This report¹ shares the work of the independent Social Economy Taskforce, with a view to seeking WMCA Board's permission to make a formal response to that work at its next meeting on September 13th – and to then formally launch the report and WMCA response.
- 1.2 We are iterating the report in this way in order to strengthen the collaboration, engagement and buy-in across regional partners that will be needed to enable delivery of its recommendations. It gives the WMCA Board the chance to make substantive comment on the response we give as a region; and asks Members to reflect on the implications in their own areas and networks.
- 1.3 The focus of the report is doubling the size of the social economy in the West Midlands (in absolute rather than relative terms) within ten years, and the six recommendations are designed to deliver that goal.
- 1.4 If agreeable to WMCA Board, the formal response will encompass all seven recommendations, and will assess our capacity as a region – including WMCA, councils, and Local Enterprise Partnerships – to enable those recommendations to be achieved within the timescales suggested by the Social Economy Taskforce. It will also reflect on how that deliver will be held accountable, in a way which is inclusive of the social economy sector without over-burdening it.

2. Background

- 2.1 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:
 - Strengthening the social economy.
 - Helping charities, social enterprises and community organisations to deliver public service outcomes.
 - Creating a development plan for areas where public, private, and social sector collaboration can help to meet the region's challenges.
- 2.2 The social economy is inclusive growth in practice: businesses and community organisations collaborating around shared social and environmental goals, led by diverse citizens, the people who most need these enterprises to succeed. This is backed by research by Social Enterprise UK: social enterprises are more likely (when compared to other businesses) to be led by and to employ women, people from BAME backgrounds, and to be based and focused on areas of multiple deprivation. To boost the social economy is to deliver inclusive growth.
- 2.3 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. All members of the taskforce invested their time free of charge, to the benefit of the region as a whole.

¹ Appendix 1

Taskforce Chairs		
Gillian Morbey Former Chief Executive of Sense and Sense International		Carole Donnelly Social Enterprise City Manager, Coventry University Social Enterprise

Taskforce Members	
Phil Beardmore	Co-operatives West Midlands
Meena Bharadwa	Locality
Brian Carr	BVSC
Councillor Tristan Chatfield	Birmingham City Council
Sarah Crawley	iSE
Peter Cunnison	Lloyds Bank Foundation
Hayley Hand	Big Society Capital
Richard Harries	Power to Change
Alderman Tony Kennedy	Birmingham City Council
Martin Levermore	MDTI
Councillor Kevin Maton	Coventry City Council
Melanie Mills	Big Society Capital
Charles Rapson	School for Social Entrepreneurs West Midlands
Alun Severn	Birmingham and Solihull Social Economy Consortium
WMCA Portfolio Holder for PSR	Sandwell Metropolitan Borough Council

- 2.4 Research and policy support was provided by Social Enterprise UK. This was kindly funded by Power to Change, an independent and UK-wide social funder supporting community-led business and social enterprise. The Taskforce has benefited from engagement and advice from a number of other regional stakeholders, including our LEPs, the WM Growth Co, the Office of the Police and Crime Commissioner, our Universities, and of course from a wide number of people and organisations within the sector itself.
- 2.5 There is a long history of collaboration between the public and social economy sectors. Social enterprises work in parts of the economy which generate significant value: helping people to overcome addiction, working with people at risk of exploitation to build agency and prosperity, 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.
- 2.6 The priority of the Social Economy Taskforce was to assess where the region 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 lead by example on the region’s social missions – such as designing out homelessness – and to build on the great sector-led initiatives that allow social enterprises to trade, scale, and collaborate.

2.7 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. Given its focus on doubling the size of the social economy, the Taskforce focused most of its recommendations on social enterprises in particular. However, the Board should note that any policy response can include the broader social economy, and should – at least – consider how support and space for social enterprise could also benefit the wider social economy.

3. Summary of recommendations

3.1 The Social Economy Taskforce has made six recommendations, all of which contribute to the overall goal of doubling the size of the social economy within ten years. For each recommendation, the Taskforce has indicated its expectations of what should be invested and achieved within three months, six months, and one year.

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

- 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 believes that strengthening and scaling successful initiatives is preferable to starting something new.

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

- 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. This recommendation proposes a funded business plan for social enterprise business support.

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

- As it stands, any target relating to measuring public sector spending with social enterprise cannot be put in place because there are multiple definitions of social enterprise, and data is not consistently collected. The Taskforce suggests that a consistent measure across the region will ensure that the overall goal is deliverable.

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.

- Recognising the regional commitment to the '*community wealth building*' approach, the Taskforce suggests that a target will enable public bodies to spend more money on social enterprise products and services, will deepen their understanding of what it is possible to buy from social enterprise - but will also require the sector to be proactive in taking advantage of these procurement opportunities.

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

- This recommendation is about ensuring that social enterprises and the broader private sector can operate collaboratively, in the same spaces. This will also enable businesses to include more social enterprises in their supply chain, and more people from social enterprise on their boards.

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.

- Social enterprises do not always have the confidence to seek investment, or to borrow money to scale up. This recommendation 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.

4. Financial Implications

- 4.1 There are no financial implications in passing this report, but the response in September 2019 will indicate whether WMCA will be required to invest current or new resources into the delivery of agreed recommendations. In a number of recommendations, the Taskforce recommends using an overall business plan for the social economy to inform WMCA's own cyclical business planning process.
- 4.2 Existing funding streams and delivery will also need to be aligned in order to deliver the recommendations. The financial implications and risks of this will be assessed in detail as part of the WMCA's response to the recommendations

5. Legal Implications

- 5.1 There are no legal implications in passing this report, but any 'intermediaries' created to boost social enterprises may create such implications in the future, if WMCA is part of the governance or financing of those.

6. Equalities Implications

- 6.1 Boosting social enterprise should have positive equalities implications, given that social people with protected characteristics are more likely to be led by, employed by, and served by social enterprises. However, any future business plan for social enterprise growth will need to make its intentions clear as to how people with protected characteristics will benefit from the available support.

7. Inclusive Growth Implications

- 7.1 This work is inclusive growth in practice – putting social and environmental missions at the heart of economic activity – and is relevant to three of the four inclusive growth tests: Future Generations, Locking in Wealth, and Sharing Power.

8. Geographical Area of Report's Implications

- 8.1 While there are clusters of social enterprise activity in Digbeth and central Coventry, this report is intended to strengthen the social economy across the region, particularly in areas where the 'foundational' economy needs to be boosted and strengthened. As such, this is of relevance to every neighbourhood and every local centre.

9. Other Implications

- 9.1 None.

10. Schedule of Background Papers

- 10.1 February 9th 2018: Social Economy Taskforce².

² See: <https://governance.wmca.org.uk/documents/s1221/Report.pdf>