

WHAT THIS PAPER IS ABOUT

This paper is a business case approved by the WMCA Board in November 2021. The context is as follows.

In February 2018 the WMCA Board established an independent Social Economy Taskforce to help the combined authority understand the contribution that the social economy could make to its commitment to foster inclusive growth in the region. In January 2020, the WMCA published six recommendations arising from this work, each designed to contribute to the goal adopted by the WMCA of doubling the size of the region's social economy – from around £3.5bn to £7bn – over the next ten years. Following this valuable exploratory work, WMCA commissioned a team of sector experts to develop a plan that would enable social economy growth of this scale to be achieved. For further information about WMCA objectives in growing the social economy see the following:

This plan, *Growing the Social Economy in the WMCA area: A Framework for Action*, was published in November 2021 and is available at the links below:

‘Launch of new strategy to help create a better place for everyone across the West Midlands’, WMCA blog post, 25/11/21: <https://bit.ly/3Dp8HfD>

Growing the Social Economy in the WMCA area: A Framework for Action (June 2021) – full report: <https://bit.ly/3DqggCF>

At the same time as the social economy growth plan was adopted, four more detailed business cases proposing specific actions were also agreed. These business cases cover the following:

- Developing and supporting social economy clusters in the region.
- Establishing a new regional social economy development fund.
- Establishing a regional social enterprise support programme.
- Using WMCA regional investment programmes to stimulate social economy growth and new markets.

WMCA
31/03/22



Strategic Outline Case: Developing Social Economy Clusters in the WM Region

1. Overall

The strategic rationale for all of the social economy investment is to deliver inclusive growth by investing in people and businesses which put social and environmental outcomes at the heart of what they do.

In February 2018 the WMCA Board established an independent Social Economy Taskforce to help the combined authority understand the contribution that the social economy could make to its commitment to foster inclusive growth in the region, with particular reference to WMCA's role in:

- Strengthening the social economy;
- Helping charities, social enterprises and community businesses 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.

In January 2020, the WMCA published six recommendations arising from this work, each designed to contribute to the goal adopted by the WMCA of doubling the size of the region's social economy over the next ten years.

Interventions designed to create more favourable conditions for the social economy and stimulate its growth are important because:

- Social economy organisations contribute to helping communities be entrepreneurial, and to starting, sustaining and growing organisations and businesses that help people and places to live well. Many operate in and serve the places and communities where health outcomes are poorest.
- Social economy organisations trade in order to fulfil a social mission and in so doing enable people to turn their passion into purpose, and to make a success of it. Many social economy organisations have improved mental health as an aim or have well-documented mental health benefits.
- Social economy organisations contribute economically, socially and environmentally to local communities and local economies. They enable and encourage volunteering and citizen action, help create local economic and social opportunities and make it easier for people to access amenities and opportunities in their neighbourhoods. Many operate in and serve the most disadvantaged communities where poverty, child poverty, labour market barriers and market failures hold people back.

- Investment in and support for social economy organisations targets people who are under-represented in the wider economy.

WMCA's commitment to growing the social economy has been given additional impetus by the impact of the global COVID-19 pandemic. The pandemic has had a profound impact on all parts of society and on all communities but its disproportionate impact on the most economically excluded groups – black and ethnic minority communities, people with disabilities, those in low paid and insecure occupations whose work has put them at risk – has revealed deeply entrenched inequalities which have been further exacerbated by the pandemic. The social and economic contribution that the social economy makes to some of the region's poorest neighbourhoods and weakest local economies is now more important than ever, as is its potential to help support inclusive growth and an inclusive recovery.

In addition, the huge array of actions and strategic interventions needed in order for WMCA to meet its climate change obligations¹ also have widespread implications for the social economy and opportunities exist to ensure that maximum linkages exist between the combined authority's #WM2041 net zero goals and the social economy sector. If ways can be found to achieve these linkages the social, economic and environmental benefits will be multiplied because:

- The efforts of social economy organisations, which are already at the forefront of contributing to improved social outcomes, health and wellbeing, and to creating social value and community benefit, will be more closely aligned with the region's net zero goals;
- WMCA will be further utilising organisations that already pursue a social, economic and environmental outcomes and whose other practices and working methods are amongst the least environmentally damaging and most beneficial.

As a consequence of the earlier work undertaken by the WMCA Social Economy Task Force and of the consultancy contract awarded by WMCA in October 2020, the combined authority has agreed that in the first instance a limited number of strategic business cases should be produced which taken together offer specific, achievable interventions that have the potential to make a real difference to the strategic growth and direction of the social economy sector in the region. Four separate but complimentary business cases are being produced. These are:

1. Developing and supporting social economy clusters in the region – **the subject of this business case**
2. Establishing a new regional social economy development fund.
3. Establishing a regional social enterprise support programme.
4. Utilising WMCA regional investment programmes to stimulate social economy growth and new markets.

¹ As set out in: #WM2041 Five Year Plan: Technical Report and WMCA Circular Economy Route Map Baseline Analysis.

² Some of these building blocks operate at the micro-level (personal confidence; awareness and understanding of the social enterprise model; social entrepreneurial skills and mindset); others are aspects of the wider support

2. Identifying details

2.1 Name of project

Developing and supporting social economy clusters in the West Midlands region.

The aim of this business case is:

1. To identify and pump prime social economy high business growth locations where organisations and individuals can benefit from dedicated support, peer learning, access to market opportunities and access to finance. These locations will have varying local economies and be of differing sizes but will all have the potential to fast grow social economy businesses and will be called social economy clusters.
2. To propose a framework of operation for the social economy clusters that can be utilised in any area or location within the WMCA should it meet identified criteria that will enable the social economy cluster to be successful.

2.2 Organisations that are accountable for delivering and supporting the project

Each nominated Cluster will have a lead agency that is responsible for the development of a cluster steering group comprised of key local stakeholders. This steering group will collectively develop a cluster action plan aimed at growing the social economy in that place.

The lead agency will report annually to the lead officer in the WMCA. In addition, there will be a network of clusters where learning will be shared and models of replication encouraged. This will be called the West Midlands Social Enterprise Network. We are aware of a number of social enterprise hubs currently being developed across the region that would benefit from this network to extend and develop their work.

2.3 Geographical / digital location(s) of project

We have developed the following criteria for identifying places where potential exists for the formation of Social Enterprise Clusters:

- Evidence of existing social enterprise activity in the area – e.g. at least 10 VCSEs that can or do form a cluster and are keen to grow.
- Access to dedicated SE business support (i.e. this could be from a CVS-type organisation but should be in addition to whatever local Growth Hub provider offers).
- A lead/anchor organisation that takes on the co-ordination of the development of the social enterprise place. Criteria for this role would include: capacity to take on the development of the cluster, evident commitment to the social economy sector, premises where the cluster can meet, ability and capacity to income generate, some experience of capacity building and be open to community influence.
- Evidence of specific market opportunities that would be ideal for VCSEs to have access to. This was modelled by USE-IT which provides a good example of connecting social economy to large investments as well as stimulating social economy growth.

- Commitment of local key stakeholders to support the development of the social enterprise cluster. (This could include: local SEs large and small, Local Authority/Borough Council, University, LEP, Private sector, residents, social finance, commissioners etc.)

Based on these criteria we are proposing four locations for the development of social enterprise clusters. However, other locations across the region could be identified and even nominate themselves if they meet the criteria above and have a commitment to place-based social economy development:

Potential Locations	Rationale for Inclusion
Ward End, Birmingham	<p>The area is part of the East Birmingham Regeneration Zone which has a commitment to social enterprise activity and growth. The Anchor Organisation Network supported by CLES is identifying new marketing opportunities through procurement. There is existing social enterprise activity; Norton Hall and Dolphin Centre are key stakeholders in the area and could be the lead/anchor organisation to lead the activity. iSE, a social enterprise development organisation, has been supporting social enterprise development in the area.</p> <p>The area has some links to the Inclusive Growth Corridor 3 identified by WMCA.</p> <p>There is some existing EU funding for the next year to grow social economy activity in Ward End.</p> <p>This area falls within the geography of ‘Birmingham Social Enterprise City’ (recognised under the SEUK SE places scheme) which provides good strategic support. GBSLEP have made a commitment to encourage social enterprise business growth.</p>
Walsall (St Matthews Quarter/location of Enterprise Zone)	<p>Commitment by Black Country LEP to social enterprise growth. Existing social enterprise activity includes: The Vine Trust Group, St Matthews Quarter Forum, European Welfare Association CIC, Nash Dom CIC, Urban Hax . The Vine Trust CEO is also a Board Member of Black Country LEP.</p> <p>Potential for Urban Hax CIC or The Vine Trust to act as lead/anchor organisations for this cluster.</p> <p>Key stakeholders, including Walsall Council are supportive of the social enterprise sector. Lord Wei is also engaged in the social enterprise sector in Walsall.</p> <p>Key opportunities include: the development of an Enterprise Zone, significant regeneration initiatives including the development of St Matthews Quarter. Inclusion in WMCA’s Town Centre programme and Town centre Taskforce.</p> <p>Links to Inclusive Growth Corridor 1 identified by WMCA.</p>
Smethwick	<p>Smethwick was part of the original USE-IT! project and would be ideal to launch as a social economy cluster therefore benefitting from more support to grow its social enterprise activity. The work would build on the existing inclusive growth activity in Sandwell and would have support from the Black Country LEP. Existing social economy</p>

	<p>organisations include: North Smethwick Community Development Trust, Smethwick CAN, Chance Heritage trust, Sandwell Asian Family Support (SAFS), St Albans Community Association. There is an existing Social Economy Action Plan, developed by local people and organisations, that focuses on growth of the VCSE sector in Smethwick. This location has links to Inclusive Growth Corridor 4 as identified by WMCA.</p>
<p>Wolverhampton (City centre and environs)</p>	<p>There has been vibrant VCSE activity in Wolverhampton for many years, much of it located in the city centre. Organisations include: Access to Business, All Saints Action Network and Black Country Make CIC. Work is in development to create a Social Enterprise Centre, with a building identified with the support of Wolverhampton Council. There is an active partnership for this work. The recently relocated Ministry of Housing, Communities and Local Government to Wolverhampton will create new business opportunities for VCSE over the next few years, as will the redevelopment of a number of prime sites in the city. There will be opportunities to access supply chain business using the Social Value Act.</p> <p>Black Country LEP is committed to social enterprise growth which could assist this potential cluster.</p> <p>There are also links to Inclusive Growth Corridor 1 as identified by WMCA.</p>

It should be noted that while very initial conversations have taken place with Ward End, Wolverhampton, Sandwell and Walsall to test responses to the concept detailed above, discussions would be required with local stakeholders in order to ensure buy-in in these or any other locations eventually decided on. Social enterprise clusters will need to grow organically and in response to local conditions and opportunities. It is intended that the clusters should reflect local need and circumstances and will therefore differ in style and intention from place to place.

It is also proposed that social economy clusters are developed more broadly across the region (after those listed above) in a staged process, with those places that most closely meet the criteria invested in first (this may be the list highlighted above or other areas that meet the criteria), with learning and development reviews embedded in the development process in order to refine the concept and support learning between the clusters. In areas that might need additional support to meet the criteria this would provide the time to have those discussions, agree commitments and make the connections required.

2.4 Location(s) of intended beneficiaries of project

Initially Ward End, central Walsall, Sandwell and central Wolverhampton with the opportunity for other locations to become social economy clusters through finding their own resources but linking to those already established. It is also proposed that supportive links are made with existing social enterprise places within the WMCA.

2.5 Estimated costs and indicative funding sources

Three-year pump-priming funding per location (4) is proposed, as follows:

Year	Amount per locality	Total for 4 localities	Total for 3 years
Year 1	20,000	80,000	240,000
Year 2	10,000	40,000	120,000
Year 3	5,000	20,000	60,000
TOTALS	35,000	140,000	420,000

Notes to budget:

1. It is proposed that of the available resources, the lead/anchor organisation in each locality should retail 20% of the allocation to fund its role as co-ordinator/facilitator. Therefore, over the three-year period each lead organisation would receive a total of £7,000 for co-ordination.
2. The balance to be used as an operational budget for activities and development.
3. These figures are based on the experience of both the Digbeth Social Enterprise Quarter and Birmingham Social Enterprise City.

There would be an expectation that during the funded pump-priming period and especially beyond this each cluster should be responsible for seeking additional funding to further develop and deliver its action plan. Resources could be sought from grant and regional investment funding. Sources could include: Power to Change, Barrow Cadbury Trust, National Lottery, Shared Prosperity Fund, regeneration funding. (Experience in Birmingham and elsewhere indicates that there is also potential for private sector funding and collaboration through sponsorship, co-branding and partnership.)

Social Enterprise Scotland has identified that it costs £50,000 per year for data collection/impact measurement to enable a fuller understanding of social enterprise growth, impact and development across the region. It would be similarly helpful to understand the impact of place-based social enterprise development in identified clusters in the West Midlands and more generally across the region but for the purposes of this business case these data and analytics costs have **not** been included in the present budget as we understand that WMCA plans to utilise in-house capacity via its Office of Data & Analytics or may commission integrated monitoring and evaluation separately.

3. Executive Summary

3.1 Brief description of project

This business case details the criteria for the development of social enterprise clusters in identified localities in the region – place-focused investment in a local centre where a cluster of social economy organisations and assets form the basis of place resilience and regeneration.

We would suggest that four clusters are identified based on the criteria outlined above which have been informed by local experience and the Social Enterprise UK (SEUK) ‘social enterprise places’ scheme. It is not expected that each cluster will take a uniform approach or meet all the criteria in the same way. Nonetheless we consider the criteria a useful way of understanding the elements that foster social enterprise growth in a place. The West Midlands already has three Social Enterprise Places that are recognised under the SEUK scheme: the Digbeth Social Enterprise Quarter (DSEQ), Coventry City and City of Birmingham. In addition, the Black Country LEP recognises a Social Enterprise Zone in

Walsall. The USE-IT! Project provides a good example of place based social enterprise development that connects the social economy to large infrastructure investments to stimulate social economy growth. The learning from all these places has been considerable and is reflected in this business case.

We propose that WMCA supports the identification of 4 new localities which will be the focus of social enterprise clusters. These localities will be hot spots for social enterprise and voluntary and community sector development and an environment for accelerated social enterprise business growth.

Each cluster would report annually to WMCA on progress against its action plan and on the growth of the SEs being supported. Social businesses that are part of the DSEQ report an increase in turnover of between 10-20% each year: we suggest that as part of a framework for social enterprise cluster development in the region a growth target of 15% per participating organisation per year should be adopted.

Resources provided by the WMCA would 'pump prime' the social enterprise cluster development with the aim that the cluster become independent after 3 years and that they will share their learning through a sector-led Social Enterprise Cluster Network that reaches across the region (and includes WMCA in its membership).

3.2 Rationale for undertaking it

The benefits offered by 'clustering' have long been recognised in SME support/development and over recent years have similarly become recognised as applying in the social economy too. Existing hot-spots and clusters of social enterprises, such as The Digbeth Social Enterprise Quarter, Birmingham Social Enterprise City, Soho Network [West Birmingham] part of USE-IT! and Walsall SEQ demonstrate the benefits that a place-based approach to social enterprise support and growth can bring in terms of profile, inter-trading, peer support and skills sharing, partnership and collaboration and the development of service or trade sector consortia.

Taking a place based approach enables social enterprises in specific localities where there is an ambition to grow to access intensive support and capitalise on partnership working and peer learning. This Social Enterprise Cluster programme gives the opportunity to focus an ecosystem approach to growing the social economy in the region. This recognises that opportunities in the social economy sector are driven by a complex set of interlocking (and sometimes competing) factors, and that the best chance of growth rests on harnessing these forces and enabling them to work together collaboratively for the benefit of social economy organisations and the communities they serve.²

Initiatives for economic development which include the local Industrial Strategy, Inclusive Growth Corridors, COVID19 Recovery Planning, Town Centre regeneration initiatives, often take a place based approach. This work would enable social enterprises to work together to

² Some of these building blocks operate at the micro-level (personal confidence; awareness and understanding of the social enterprise model; social entrepreneurial skills and mindset); others are aspects of the wider support environment (access to appropriate business advice and support; access to appropriate finance; access to markets); and others are associated with key public policy and other drivers that help create opportunities for the social economy (private sector supply-chain opportunities; public procurement and commissioning; Social Value in procurement and public sector reform).

provide a further vehicle to deliver smarter, targeted and inclusive solutions that recognise the different challenges currently facing cities, parts of cities, boroughs, towns and rural areas and the residents in those locations.

There are some social enterprise hot spots that occur naturally in the WMCA and these include Digbeth, Stirchley and central Walsall. Research shows that there are key factors which have supported their development. These include: a hub, a development agency or a business support organisation located in the 'place'; opportunities to trade together and provide peer support through a network; access to professional development and skilled people; market opportunities and brokerage; a range of business support and workshops; and most importantly access to sector relevant information and knowledge. The social enterprise cluster development framework proposed here fully reflects that learning and approaches that have been proven to work.

The WM social economy contributes over £3.5 billion to the regional economy while also addressing social, economic and environmental issues. To provide dedicated resources that enable this sector to enhance its growth is very important post COVID19.

This work would be underpinned by VCSE data collection on turnover, employment, sector[s], investment, social value created and impact of 'growth' interventions.

The potential for impact is high as these selected 'places' will provide exemplars for both urban and rural areas in the WMCA area, support inclusive economic development, address the disruption caused by COVID19, embrace digital opportunities and have the potential to make a significant contribution to #WM2041 climate change goals, especially in sectors already identified by WMCA as offering new market opportunities (retrofit, house building, the circular economy). This business case links with and should be seen as integral to the other three social economy business cases being presented.

4. Strategic Case

Each identified locality in which a social economy cluster is to be developed will produce an action plan that shows how the social enterprise sector will grow year on year over 10 years by 15% each year. Key building blocks of action plans funded by the pump-priming resources proposed in this business case could include:

- Establishing a development plan that addresses local need and links social enterprises and trading VCOs with wider opportunities and markets locally and across the region.
- Developing an identity for the SE Cluster and raising awareness of social enterprise in the area to encourage other sectors to work with and buy from social enterprises (e.g. Birmingham's Social Enterprise Drive).
- Co-ordinate, deliver and develop a range of support for social enterprises from start-up to growth. Connecting the social economy to large investment and anchor institutions like the Local Authority and Hospital Trusts (e.g. 'Use It' project).
- Establishment of a social enterprise hub (physical or virtual) acting as a focal point for social economy expertise and support – this could be amongst the functions of the lead/facilitating agency.

- Developing specific projects that improve access to markets – e.g. improved access to procurement opportunities; raising skills and expertise in social value reporting; consortia working etc.
- Creating links to WMCA strategic opportunities such as Town centre and High Street development plans, housing and health.
- Internal social economy cluster monitoring of its impact.

4.1 VCSE role in regional recovery from Covid-19.

Recent research highlights the role of VCSE organisations during the Covid19 pandemic and reports that the sector acted as early responders, co-ordinating local resource and support and supporting the most vulnerable and finding creative ways to keep communities together.³ As the region has begun to move into recovery there is evidence that VCSEs will be key in supporting a more localised, community-led approach to economic recovery, collaborative service delivery through “power partnerships” and to harnessing the upsurge in community spirit and mutual support.

The pandemic also highlighted and deepened regional inequality and disadvantage. The social economy clusters development programme will directly contribute to COVID19 recovery in the region by:

1. Contributing to local and regional economic development that is inclusive and based on delivering economic, social and environmental outcomes.
2. Creating access to jobs and skills within the social economy sector, especially for those who are disadvantaged in the conventional labour market.
3. Supporting WMCA’s environmental and social objectives, addressing issues in communities and helping empower local people to solve problems.
4. Investing in the resilience of places, High Streets, change of use of buildings and improvement of community spaces. This is particularly evident where under-utilised buildings and spaces are transferred to community ownership.⁴ This will also add economic resilience and diversity to town centre investment.
5. Contributing to a greener, fairer recovery.

4.2 Strategic linkages

Because of the key role that social economy organisations play in addressing labour market disadvantage, trading for social purpose and reinvesting surpluses, the economic and social opportunities created via these routes will be more inclusive and will deliver social value and community benefit across the region. Consequently, the programme described here is well-suited to supporting COVID recovery and to ensuring that new and emerging environmental markets are also open to workers seeking to retrain and/or re-enter the labour market. The social economy clusters programme is aligned with:

- COVID Recovery Plan.

³ We Were Built for This, Locality (2020) <https://locality.org.uk/policy-campaigns/leading-the-coronavirus-recovery/>

⁴ community ownership also has the potential to play a huge role in plans for local economic recovery. Community-owned assets contribute an estimated £220million to the economy each year, and bring opportunities for local enterprise, creating more training and job opportunities for local people.

- Inclusive Economy and West Midlands Inclusive Growth Framework.
- Strength in Places Fund.
- Town Centre Taskforce and funding.
- Inclusive Growth corridors.
- West Midlands Industrial Strategy.

4.3 Who and where will benefit, and via which means?

In four social economy clusters locally-led social enterprises and trading VCOs will be supported to access new business opportunities, increasing turnover, scale, reach and impact so that they are better able to serve local communities and create employment and social opportunities.

By offering learning, best practice and replicability, the benefits of the project will be both local and region-wide. It will support the growth and expansion of social economy organisations, thus increasing their ability to employ more local people and deliver greater social/community value and, to increase their positive environmental impact. There is potential to align the project with other WMCA objectives such as Inclusive Growth Corridors or existing environmental action/clusters in Wolverhampton, Dudley, Sandwell, Walsall and Birmingham.

4.4 Key risks and associated mitigations

Interventions identified to support social enterprise are not delivered in place e.g., funding, regeneration initiatives	Stakeholder group terms of reference established to address this and to work collaboratively.
Lead organisation not resourced	The role of coordinating function of lead organisation is written into funding bids/business case. Relationship building with key stakeholders.
Local Authority/Key Stakeholders not engaged	The criteria for a VCSE Social Economy Cluster explains the importance and support required of key stakeholders and will be further ameliorated by more meaningful discussion with partners in each of the cluster areas. Promotion and communication of the impact that a strong VCSE sector can have on local economies therefore important to Local Authorities and key stakeholders.
Growth interventions are unsuccessful and the VCSE sector fails to grow its turnover.	Adjustments made to the growth support programmes and improved selection of organisations likely to succeed.
VCSE are unable to meet the necessary criteria to deliver public sector contracts.	Work closely with public procurement officers to ensure all programme support is effective.
VCSE will not provide data	Communicate the business value of providing data to ultimately support the growth of the VCSE sector.

5. Economic Case

5.1 Project Delivery

Identify clusters with the support of WMCA, LAs, local VCSEs and other key stakeholders.
Identify lead agency responsible for leading and enabling a group of representative key stakeholders (SEs, LA, Universities, health, residents etc) to form a steering group. Identify responsible individual/team.
Form network of place based organisations with the purpose of identifying 'fast track' organisations for growth, supporting peer to peer support, providing information on business opportunities, and supporting consortia development. Most importantly this group will provide local information on their needs as businesses.
Establish links with non-trading VCSE in the area as the relationships between trading and non-trading VCSEs are mutually reinforcing.
Steering group to prepare an action plan (based on local VCSE needs) detailing how they will grow the VCSEs in their 'place'. Plan to be agreed by the broader stakeholder group. Plan to clearly identify the links to the other WMCA VCSE growth business cases.
Social Economy clusters 'lead' to identify if they need additional stakeholders to support the delivery of their action plan e.g. local LEP.
Work with data collection agency to undertake a baseline mapping of each 'place'.
Each place to be part of a 'peer learning network' to share learning and provide support with one another.
Each place to have a delivery programme for VCSEs at all stages of their business to include start up as well as growth to encourage the 'hot spot' itself grow and create new businesses that can access the emerging opportunities.

Develop procurement brokerage service and approach. Identify where the emerging opportunities are across all sectors public, private and third sector.
--

Provide workshops and direct support to create new consortia as business opportunities emerge.
--

Measure impact of these activities annually.
--

Outputs

1. Create 4 social enterprise clusters across the WMCA area that cluster and grow 50 VCSE organisations in each locality over 3 years, using dedicated interventions to stimulate innovation and growth and aiming for year-on-year growth of 15%.
2. To enable and create a 'hub' as the focal point in each of the four social enterprise clusters, these hubs helping provide access to:
 - Market opportunities.
 - Access to innovation processes, universities, creatives and other potential partners.
 - Product and service development.
 - Brokerage to public and private sector.
 - Growth programmes, technical support, finance.
3. To facilitate the engagement with key WMCA strategic programmes, regional procurement opportunities that enable 15% growth of social economy organisations in each cluster.
4. To refer at least 3 cluster participants (from each cluster) to the proposed Social Economy Growth Accelerator programme.
5. To refer at least 2 cluster participants (from each cluster) to the proposed WMCA Social Economy Development Fund.
6. To maximise opportunities available through public sector procurement and support direct brokerage to opportunities worth £1,000,000 across the 4 clusters.

6. Financial Case

The three-year pump-priming funding per location (4) will cost a total of £420,000 over the three-year period, as shown below:

Year	Amount per locality	Total for 4 localities	Total for 3 years
Year 1	20,000	80,000	240,000
Year 2	10,000	40,000	120,000
Year 3	5,000	20,000	60,000
TOTALS	35,000	140,000	420,000

Notes to budget:

4. It is proposed that of the available resources, the lead/anchor organisation in each locality should retain 20% of the allocation to fund its role as co-ordinator/facilitator. Therefore, over the three-year period each lead organisation would receive a total of £7,000 for co-ordination.
5. The balance to be used as an operational budget for activities and development.
6. These figures are based on the experience of both the Digbeth Social Enterprise Quarter and Birmingham Social Enterprise City and rely on in kind support from key stakeholders .

This is in line with the level of resourcing that cluster development has cost elsewhere. It has the potential to unlock additional funding from other sources and will also increase the impact and community benefit that social economy organisations are able to deliver – especially in West Midlands localities where there is significant potential for growth but the sector is historically underdeveloped.

It should be noted that this current budget does **not** include data and analytics costs as it is assumed that WMCA will be able to accommodate this requirement via its Office for Data and Analytics (possibly with the support of academic partners).

7. Management Case

Each cluster will have a lead agency that is responsible for the development of a cluster steering group comprised of key local stakeholders. This steering group will collectively develop a cluster action plan aimed at growing the social economy in that place. The lead agency will report annually to the lead officer in the WMCA. In addition, there will be a network of clusters to enable learning and good practice to be shared and encourage the formation and replication of models that can be applied elsewhere in the region. A number of localities are considering the formation of social enterprise hubs and they too would benefit from this proposed network e.g., Dudley and Wolverhampton.

7.1 What will monitoring and evaluation look like?

It is proposed that WMCA Officers will work with the WMCA Office for Data and Analytics to develop a data collection and reporting framework [or that this is a separate piece of work commissioned by WMCA], that would enable tracking against the following KPIs:

- Baseline data collection for each identified cluster/locality.
- Turnover growth per annum.
- Employee growth per annum.
- New products/services developed.
- New markets.
- Social value created. This would require an agreed approach and methodology but could include:

- Volunteering hours donated.
- No. of clients supported.
- Job creation
- Social and/or personal outcomes achieved.
- Additional social value delivered beyond core service of a contract.
- Environmental contributions (e.g. to net zero goals or other specific #WM2041 targets).

-Ends-