

What kind of eco-system is needed for a cluster or place-based approach to social economy development?

Roundtable No. 2, 12th July 2022: Questions and possible solutions Facilitated by BSSEC

1.0 INTRODUCTION

This Roundtable was the second in a series of five which are being held over the next few months. The purpose is to support the WMCA and the broader social economy sector to discuss how together we can support the social economy to double in size from £3.5 billion turnover to £7 billion over the next ten years. This aim draws directly on the recommendations made by the WMCA's independent Social Economy Task Force and the subsequent consultancy work undertaken by an iSE-led consortium of social economy agencies which produced *Growing the Social Economy in the WM Area: A Framework for Action* and four associated business cases for the WMCA.¹

The framework identifies the essential elements of an ecosystem required to grow the social economy and from this four programmes of activity have been identified and are being supported by WMCA: social economy clusters; a dedicated investment fund; a social economy growth accelerator programme; and using other WMCA investment and spending programmes to maximise social economy opportunities.

The vision is that these programmes will work together, with some funding to make it happen, alongside people to develop the work; all underpinned by data collection, sector collaboration and a shared responsibility to grow the sector.

2.0 SOCIAL ECONOMY CLUSTERS: WHAT IS PROPOSED BY THE WMCA

2.1 Context

A 'cluster' refers to places – of any size, a few streets, a High Street, a town, a city, or a county – where a group of social economy organisations already exists (typically ten or more) and are keen to collaborate to grow their businesses. They develop over a period of time where and often self-organise or have a catalyst agency that supports the organisation of the cluster. In some cases, social enterprises will choose to relocate to or start-up in a specific locality because it is already recognised as a social enterprise hot-spot.

¹ *Growing the Social Economy in the WM Area: A Framework for Action* and the four detailed business cases adopted by the WMCA Board can be downloaded from links in this post on the BSSEC blog: <https://bssec.org.uk/growing-the-social-economy-in-the-wmca-area/>.

2.2 Modest initial investment from WMCA

Initially investment will be available for up to 4 community organisations to each develop a social economy cluster, with initial pump-priming funding tapering off over a three-year period. In return these organisations will produce and deliver a plan in partnership with local stakeholders which will:

- Strengthen the social economy in their 'place', connecting different parts of the local social economy, enabling dedicated support, facilitating peer learning, providing access to markets and access to finance.
- Create relationships with public and private sector organisations to maximise procurement opportunities for cluster enterprises.
- Refer cluster enterprises to the new social economy growth accelerator programme.
- Unlock investment from the new Social Economy Development Fund.
- Create a sustainable place based social economy network for growth.

It is assumed that different places will have different requirements and that local development approaches will be flexible, reflecting local conditions on the ground.

2.3 Criteria for developing Clusters/Places

- Evidence of existing SE activity e.g., at least 10 SEs.
- Access to dedicated business support [this can be external].
- A lead/anchor organisation for co-ordination to support the development of the 'place/cluster'.
- Evidence of specific opportunities ideal for VCSEs and links to WMCA inclusive growth strategy.
- Commitment of key stakeholders to vision and actions.
- Commitment to produce a written plan which is agreed by all partners on how the network will grow the social economy and support the growth of its members and details key actions.

Existing hot-spots for VCSE activity in WMCA area

These have formed in many different ways which include sector driven, community driven, social businesses attracted by other existing social businesses being in an area, regeneration, the needs of an rural area to collaborate to get support.

- Digbeth
- Stirchley
- Central Walsall
- Dudley
- Shropshire [county wide]
- North Solihull
- Ladywood
- Soho/Handsworth
- Smethwick
- Bearwood
- Wolverhampton [City]

I'm sure there are many others!

Measures of success

- Year on year increase in turnover growth of between 10 -15%.
- 20/50 VCSE organisations brought into the cluster accessing support.
- Successful access to other sources of funding to support the network to achieve its goals.
- Data collection on employment creation, social value creation and impact of 'growth interventions'.
- Ambition that these Clusters will be exemplars for urban and rural areas, support inclusive economic development, address COVID disruption, embrace digital, contribute to climate goals and circular economy.

3.0 ROUNDTABLE DISCUSSION

The Roundtable was well attended, and it quickly became apparent that those attending were keen to discuss the topic, increase their learning and understand how they might develop and/or support clusters themselves. The burning question was: How do we turn the ambitions of the 'Framework' into reality? And in fact, one participant said they wanted 'The Answer!' Key challenges were seen as follows:

- Lack of evaluation of business support programmes that could help identify the impact of interventions aimed at stimulating growth.
- Changing operating environment/arrangements in the WMCA area for LEPs.
- Confusing place-based programmes of activity both for providers of support and for clients seeking support. There is a need to simplify, integrate and collaborate.
- Keep approaches to Cluster/Place-based development simple and understandable.
- Sometimes approaches can be two dimensional when they need to be organic and flexible enabling the ecosystem to operate. We need to be open to ideas.
- Poor take up of social finance opportunities which could stimulate growth.

3.1 Contributions by Speakers

(a) The role of business support going forward: Dan Carins, Black Country Consortium

There is a need for business support programmes to collaborate in places, however the real challenge is that there is a lack of evaluation regarding the impact of business support that supports either SMEs or social enterprises to grow. There is a need for a shared vision, everyone needs to know what they are seeking to achieve. Is it increased jobs and/or increased turnover?

Another challenge is that 'jobs don't pay enough' which results in employees not getting out of poverty. A reference is the Black Country LEP 'Economy Together Plan'. The BC LEP is currently collaborating with Sandwell Council and CLES taking a place-based approach with a particular focus on procurement. The learning so far has been that it takes a long time but if you keep it simple it is possible to have some quick wins. The current focus with this work is

food and drink and low value contracts with the aim of growing the number of opportunities over time.

The key message from Dan's presentation was 'Collaborate' to make change and to form the ecosystem.

(b) Anchor organisations and what they can contribute: Conrad Parke, CLES

CLES aims to build community wealth through working with key institutions located in the 'place' which CLES calls an Anchor Network. The Anchor network members are large employers such as Local Authorities, Universities, NHS institutions, Housing Associations, Police, Fire Service etc. An immediate need to fill job vacancies in both the NHS and the local authority [Birmingham City Council] is being met through 2 employment programmes that are targeting the Anchor Networks.

Another approach is to unlock the buying power of 7 Anchor organisations in Birmingham that have a combined buying power of £4.5 billion of which there are several low value contracts valued under £25k which are being targeted at SMEs and social enterprises. Specific opportunities include cleaning, catering, small building works, bespoke training. Conrad says the challenge is to create an ecosystem around both the Anchor network members and those they are seeking to buy from, so they maximise the benefit of the opportunities.

Messages from Conrad were the importance of a combined voice, spread of effective practice, regular meetings, and effective understanding of what is happening.

(c) Learning from existing social enterprise places: Cathy Brown, iSE

Cathy described the extensive SEUK place-based network for social enterprises of which iSE is a member in its role as facilitator for both the Digbeth Social Enterprise Quarter and Birmingham as a Social Enterprise City. She said as someone new to the sector but experienced in collaborative working, she found the supportive structure of SEUK and its meetings of places to share good practice helpful.

Very practically she felt that there were difficulties when staff involved in place based development move on as the relationships can move with them so she would like to see more joint responsibility for places/clusters going forward.

As part of the SEUK process there is a plan which has to be agreed by all the key stakeholders and this does provide a structure and something to evaluate against going forward. However there are always changes in personnel within networks so a possible solution is good handover and induction.

Key learning from Cathy included:

- The importance of shared ownership of the purpose and activities of the place/cluster and the importance of ensuring networking is an integral part of the place based approach. Avoid designing development processes or structures that are built around a 'single point of failure' (i.e., if one organisation or person drops out and an entire process or structure fails).
- Place-based approaches to development can offer a focus for action and can sometimes serve to bring together disparate social enterprises and other players that might otherwise struggle to find common purpose.
- It is also important to keep in mind that any shared effort like this ultimately revolves around people — and to ensure that people want to participate one must be welcoming, open to ideas and inclusive.

(d) More effective use of digital to bring communities together: Jonathon Bostock, 'Your Place Your Space'

Jonathon had some very practical advice regarding developing a place based approach and ecosystem. He described the importance of having the right partners, finding out what's currently going on and who is doing what with whom and where. He stressed the importance of understanding the 'place' even if its somewhere you have been working for some time. The key partners or stakeholders can be from any sector including corporates and should also include the community and residents.

Jonathon stressed the added value of using technology to track opportunities digitally and making SMEs and SE's aware of opportunities.

Key learning from him was to have a vision and ambition, commitment from all partners and understand the place you are working in.

In the USE IT project in West Birmingham completed 2018, Community Researchers were used very effectively to understand what was happening, understand community needs, community ambition, all of which combined to produce 3 Community Economic Development Plans. This approach will be replicated in East Birmingham.

(e) Social investment: Ged Devlin, Key Fund

Ged was asked whether a cluster/place-based approach to social economy development could improve the take up of social finance. The ability of social enterprises to take advantage of social investment depends on the type of organisations and their desire to take on debt finance.

From feedback from existing SEs the most attractive option is a blend of grant and loan finance.

There was some conversation on the importance of development work with SEs on social investment to remove some of the barriers to access; this should ideally include both staff

and boards and cover how social finance/debt finance works and what a difference it can make.

(f) Data Collection and evaluation: George Bramley, University of Birmingham

We need to allow organisations to collect their own evidence base, use reflective tools and provide opportunities to reflect. We need success stories. We need to evaluate with people not business support numbers against contracts but legacy, new skill sets, new products and services developed and capabilities to sustain and grow.

4.0 FINDINGS FROM THE ROUNDTABLE

- Places and clusters will only work through collaboration of key stakeholders where there is a shared vision, trust and shared objectives. It will not work if it is top down
- Marketing of social businesses is essential and therefore help to market to people and businesses the understanding of the positives of buying products and services from SE's as well as social value that is created. This is essential to any successful 'place or cluster'.
- There needs to be an understanding of the role of social investment and help for social businesses to use it.
- Root the cluster/place in reality. Use the local assets to create opportunities. The local assets could be the public sector, private sector, buildings, parks, gardens, anything. When developing the plan make the connections with those people who can release these assets.
- Make links with procurement opportunities with any sector and consider each opportunity from different perspectives i.e. is this opportunity for a single organisation or could it be for consortium?
- See the ecosystem as a living thing – it needs feeding, revising, it needs connections and from time to time needs to reform.
- Allow organisations to create their own evidence bases, use reflective tools to understand the impact that interventions are making. Evaluate with people and create legacy. Collect success stories.
- Use business support effectively, consider skill sets, capabilities and understand and utilise the impact it can have.
- Be conceptual, consider jointly what the possibilities are for the 'place/cluster'. Draw it, make a picture of it. 'This is what it will look like!'

Key words for a cluster to underpin its development

Connections, focus, patience, flexibility and understanding!

Documents and links referred to in the chat

Growing the Social Economy in the WMCA Area: A Framework for Action:

https://www.linkedin.com/posts/bssec-cic_wmca-growing-the-social-economy-framework-activity-6916260908994306048-pd5k?utm_source=linkedin_share&utm_medium=member_desktop_web

Associated business cases: <https://bssec.org.uk/growing-the-social-economy-in-the-wmca-area/>

WMCA economic growth: <https://www.wmca.org.uk/news/32-billion-blueprint-unveiled-to-kickstart-the-west-midlands-economic-recovery/>

Black Country 'Economy of Together':

<https://www.blackcountrylep.co.uk/upload/pdfs/bf9a74ce-3552-40e6-920c-fe9881ef0250.pdf>

West Midlands Business Support Review:

<https://governance.wmca.org.uk/ieDecisionDetails.aspx?AllId=5046>
<https://governance.wmca.org.uk/documents/s5731/Report.pdf>

UK Shared Prosperity Fund: <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus>

West Midlands Innovation Accelerator Programme: <https://beta.wmca.org.uk/what-we-do/economy-and-innovation/west-midlands-innovation-accelerator/>

Social Enterprise Places: <https://www.socialenterprise.org.uk/social-enterprise-places/>

Ladder of Participation (example): <https://www.commonplace.is/blog/arnsteins-ladder-of-citizens-participation-explained>

West Midlands Innovation Programme: <https://www.sustainabilitywestmidlands.org.uk/wp-content/uploads/PW-Working-Group-Update-March-2022.pdf>

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