

WHAT IS THE ROLE OF THE PRIVATE SECTOR IN THE SOCIAL ECONOMY ECO-SYSTEM? *(21st May 2024, online)*

Please see below the summary of notes from the May 2024 Social Economy ROUNDTABLE meeting focused on 'How important is the private sector to the social economy ecosystem which is seeking to grow this sector?'

FACILITATORS with our thanks for their support

- [Rachel Woolliscroft](#) | [BAYNEL](#) Co-Founder & Director, prev. [WATES GROUP](#) Sustainability Director
- [Sallie Ryan](#) | [BSSEC CIC](#) Director, Marketing & Communications Lead

SPEAKERS with our thanks for their time and insights

- [Iram Fardus](#) | [WITTON LODGE COMMUNITY ASSOCIATION](#) Head of Business Development & Performance
- [Becky Anderson](#) | [NUNEATON SIGNS](#) Sales Manager (Commercial)

INTRODUCTION

Historically, social enterprises have worked with the private sector but the relationship was largely based on the support they could receive. Since the [Public Services \(Social Value\) Act](#) came into being in 2013, there has been a more robust interest from the private sector to work and collaborate with the Voluntary Community Social Enterprise (VCSE) sector predominantly driven by the social value weighting needs within public sector tenders.

However, this is increasingly maturing as a relationship dynamic becoming less 'bid candy' and more robust founding of 'good business'. There is a growing recognition that social enterprises provide innovative goods and services that meet identified needs, are competitive within their markets, and can deliver to 'Time, Price and Quality' thereby enhancing the private sector supply chain.

Examples include: property companies creating short-term lower cost leases for social enterprises so reduce their taxation costs; social enterprises using redundant materials ([Elvis and Kresse](#) luxury retail goods created from fire service waste products) or wood for recycling from construction companies.

We are now seeing the next phase of social procurement coming through. With further key changes to [public sector contracting](#), social enterprise dynamic purchasing systems such as [National Highways](#), [Department for Transport](#) targeting Small Medium Enterprises (SMEs) in their supply chain and 1st tier suppliers. For social enterprises there are also practical reasons to seek out stronger, long-term relationships with private sector businesses.

- The reduction in grant funding, particularly since EU funding changes post-Brexit.
- The need to diversify and develop new products and services.
- Growing competition in their chosen marketplaces.
- Ambition to be more than just sustainable or an 'add on' to contracts and CSR agendas.
- Increase in the need for support and service demands from their community of benefit.

1. SPEAKER – Iram Fardus, Witton Lodge Community Association (WLCA)

Contexting the organisation:

- WLCA was started in 1994, established by local residents, in response to plans to demolish the Perry Common estate, and is a social enterprise.
- WLCA now has [multiple sites](#) principally funded via Capital Asset Transfer.
- A new Enterprise Hub is the next venue due to be launched.
- Services focus on homes and neighbourhoods, health & wellbeing, employment and skills, and is strongly 'community-led' in its solutions to social and economic challenges locally.
- WLCA a [Birmingham Social Economy place-based cluster lead](#) working with [West Midlands Combined Authority](#).

Contexting working with private sector:

- WLCA has a clear focus of working with social enterprises in its own supply chain as well as private sector businesses when needed.
- Goods and services commissioned across the private sector include IT, finance services, maintenance, mobiles, design and architectural services.
- WLCA is also commissioned by corporate organisations to provide services as part of the private sector supply chain.

Examples given of private sector engagement and contract commissioning:

- WLCA has worked with [Birmingham City Council](#) since c.2017.
- As a [trusted provider](#), this relationship has led to introductions and brokerage into private sector opportunities.

[Jaguar Land Rover \(JLR\)](#) were seeking a recruitment partner to engage locally and create sustainable employment opportunities for local people as part of their social value objectives.

- Birmingham City Council (BCC) were aware WLCA had strong relationships with the local colleges and had created bespoke programmes of support and training previously.
- WLCA took time to understand the exact nature of what JLR were looking for from this recruitment process and through a carefully curated programme successfully engaged participants in the following ways:

- Clear understanding of the different roles and responsibilities within JLR
- Single point of contact for the employment skills programme and clear communication lines.
- Online portal set up for stakeholder engagement and management during the recruitment process.
- 75% success rate into sustainable JLR employment.

[IM Properties](#) and WLCA engage as social value partners for a skills training programme for the built environment, with WLCA acting as the ‘connector’.

- The collaboration encompasses:
 - **Global Project** (providing investment).
 - **BCC** (planning approvals).
 - **DWP** (identify individuals).
 - **Local College(s)** (training course development).

Insights for engaging with the private sector:

- *As a social enterprise, be clear on your offer – ‘why choose us’.*
- *Be clear on your ask – ‘what do we need/looking for’.*
- *Collaborate within the VCSE sector – ‘how can we strengthen our relationships’.*
- *Social enterprises need to be ‘business first’ – how do we present ourselves to commissioners, investors, stakeholders, partners.*
- *Communicate using common language – Corporate Social Responsibility, social value, contracts.*

2. SPEAKER – Becky Anderson, Nuneaton Signs (NS)

Contexting the organisation:

- Signage business based in West Midlands, delivering nationally, founded as a sheltered workshop by the local authority in 1982.
- Registered as a social enterprise in 2019.
- The King’s Award for Enterprise.
- 70% of workforce have a learning or physical disability.

Contexting working with private sector:

- Realisation of being a social enterprise came through working with [Wates Group](#).
- Wates [Asset Programme](#) took NS growth from c.£2 million to c.£6.5 million in 2 years.
- Majority of customer base is within built environment sector.

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- [Public Services \(Social Value\) Act 2013](#) has been a significant influence for private sector, built environment companies looking to maximise social value in their supply chains to meet tendering and contract management requirements.
- Working with VCSE in the supply chain is now recognised as ‘good business’.

Examples and insights of private sector engagement and contract commissioning:

- NS recognise it can be hard to get into private sector organisations in the first instance.
- Once ‘in’ and trusted, existing suppliers are often asked by the private sector organisation ‘do you know someone/a social enterprise that can provide/makes xxxxxx?’.
- Larger private sector organisations and corporates often now have a Social Value Manager, ESG Lead, Sustainability Manager as a key contact to connect with.
- VCSE connections are key for raising awareness, building the sector, creating stronger relationships.
- Smaller VCSEs often find it harder to [start the procurement conversation](#) through lack of capacity, time or sometimes lack of confidence due to size of the SE v corporate.
- Social enterprises need to get better (be good at) telling ‘[our social value story](#)’ – *what does £1 invested in a social enterprise translate to as a ‘business for good’.*

OPEN DISCUSSION

Q. What is the role of relationships in the dynamic between social enterprises and private sector organisations in respect of supply chain and developing opportunities?

- IRAM (WLCA): The relationship with JLR was started by JLR approaching WLCA as a brokered conversation introduced by BCC.
 - BCC asked JLR how many local jobs were being created through skills provision element of contracts.
 - JLR had delivered a skills programme previously but wanted to improve outcomes.
 - BCC recommended a conversation with WLCA as relationships with local colleges existed and previous experience of developing bespoke, high-value skills and training programmes.
 - Building the relationship and understanding JLR recruitment and employment needs then took 6-9 months with strong focus on quality of recruitment outcomes for JLR.
 - Outcome was a more tailored training programme that met need, created better engagement with candidates through the programme recruitment process, and more sustainable employment.

Q. In relation to finance to help social enterprises scale and grow, what are the barriers in raising capital through the private sector?

- STEVE (ART Business Loans): As an example, [ART Business Loans](#), which is a social enterprise itself but as a CDFI also lends to small businesses and social enterprises initially approached UK banks but there was not mainstream 'corporate budget' available. This is now slowly emerging but for social enterprises overall financial support is much more likely to be available through specialist lenders unless have strong asset base.
 - Mainstream banks have supported the sector but more often associated to Corporate Social Responsibility budget.
 - There is more appetite from USA as they had early adoption of Social Value budget for investment lending.
 - Wesleyan were among the first private sector investors via high level connections that engaged with ART Business Loans. But that support was mainly at Board level.
 - Larger SEs could/should consider being 'umbrella organisations' for smaller SEs.
 - *EXAMPLES:* Success stories in terms of social finance locally include [Jericho](#) and [Citizen Coaching](#).

Q. What is the role of West Midlands Combined Authority in supporting private sector organisations find/connect with social enterprises?

- DAN (WMCA): The Combined Authority is focused on outcomes and providing a diverse range of [business support](#) for VCFSE sector organisations.
 - WMCA is looking to support not only public sector engagement but private sector engagement too.
 - There should be no difference between a Small Medium Enterprise (SME) and a social enterprise from an engagement perspective.
 - If a VCSE organisation '*just wants a grant*' that is not viable in terms of procurement, contracts, and business support for sustainable growth of the sector.
 - Social enterprises are an 'enterprise' first and to be competitive must contend on time / price /quality within their chosen market(s).
 - There is greater opportunity for SMEs and social enterprises to work together.
 - Complex procurement procedures need simplifying/speeding up in some instances.
 - The new Combined Authority Mayor is keen to make it easier for social value to be built into procurement and contracts.
 - Social enterprises should/must quantify their benefits as a supply chain provider and provide clear evidence to commissioners within the procurement process.

WRAP UP FROM THE ROOM

JOSIE (Access2Business): Social enterprises are often now delivering in competition with council services due to changes in public sector services and budgets. WMCA may want to consider how they might play a role in supporting a move for public sector organisations demonstrating their own social value to level the playing field.

DAVINDER (SWEDA): How can we create better B2B opportunities between private sector and corporates, and social enterprises?

DAN (WMCA): Consortia building is a good approach for the VCSE sector in terms of contract opportunity – should be established relationships to create stronger contract/tender submissions. Could WMCA play a role in developing a consortia platform to connect VCSE organisations? The West Midlands [Ownership Hub](#) just launched, is a step in the right direction.

STEVE (ART Business Loans): Social enterprises need to be self-sustaining and financially viable to be competitive in private sector markets.

IN CONCLUSION

Observations from our facilitator concluded that:

- The consortia model could be accelerated.
- Collaborative VCSE relationships open up larger and national contract opportunities.
- A ‘Business Connector’ role (similar to previous [Business in the Community](#) secondment role) could support engagement between VCSE organisations and private sector.
- Relationships are key to engaging within the VCSE sector, and for the sector with corporates.
- Have clear values, have a clear focus, have a clear ask.
- Evidence and collaboration – *Be Contract Ready!*

ADDITIONAL EXAMPLE

Since this Roundtable on 21st May 2024, social enterprise [Change Please](#) has announced a new initiative through their partnership with private sector business, [Nespresso UK](#), that may be of interest: [LINKEDIN POST & VIDEO](#)

Future social economy infrastructure organisation Roundtables will be taking place in 2024. To express interest in attending, please email [Sarah Beaumont](#).

If you have any questions about this Roundtable event, please ask, we’re happy to help.