

## Greater Manchester Combined Authority

Date: 28<sup>th</sup> July 2023

Subject: UKSPF: Commissioning of Support for the Social Economy

Report of: Councillor David Molyneux, Portfolio Lead for Resources and Investment and Steve Wilson, Portfolio Lead Chief Executive for Resources and Investment.

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### Purpose of Report

This report offers context and outlines a proposition for a two-year programme of support for the social economy in Greater Manchester. This will include the commissioning of £460,000 specialist business support activities and £365,000 for the creation of an Inclusive Ownership Platform and associated provision to support community wealth building in Greater Manchester.

### Recommendations:

The GMCA is requested to:

1. Agree the recommendations of the GM UKSPF Local Partnership Board on the strategic fit and deliverability of the UKSPF proposal for the creation of an Inclusive Ownership Platform and associated business support activity.
2. Delegate authority to the GMCA Treasurer in consultation with the Portfolio Lead for the Economy, Business and International and Portfolio Lead for Resources and Investment to agree the procurement method and subsequent award of contract(s) worth £825,000 across the following indicative allocations:
  - a. £460,000 for specialist support activities which address gaps or weaknesses in the current support available to inclusively owned businesses and
  - b. £365,000 for the creation and management of the GM Inclusive Ownership Platform, delivering the UKSPF outputs and outcomes described in this report.

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# Equalities Impact, Carbon and Sustainability Assessment:

## Recommendation - Key points for decision-makers

The GMCA is requested to:

1. Endorse the operating proposal for an Inclusive Ownership Platform for Greater Manchester derived from the co-design process
2. Note the next stages of the development of the Platform.

## Impacts Questionnaire

Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion	G	The Inclusive Ownership Platform will be accessible to all communities of identity and socially disadvantaged people, and where relevant offer targeted support to specific groups in specific business sectors. Inclusive Ownership business models offer beneficial impacts where owners are most disadvantaged and this was identified by the Independent Inequalities Commission as a tool to tackle inequality in GM. The Platform also aims to support community ownership of businesses and buildings from which services are provided in communities, by improving access to finance, business support and enabling inter trading.
Health	G	The Platform will support businesses in or moving towards inclusive ownership, with physical and mental wellbeing of employees being a key driver of inclusive ownership. The Platform will support businesses in inclusive ownership / social economy operating in key foundational economy sectors such as social care, hospitality and green energy. It might also support community-led businesses providing community transport, digital infrastructure etc
Resilience and Adaptation	G	There will be an indirect benefit in terms of the resilience of small, social businesses which might be supporting people and communities. This will allow local economies to recover from disruption more effectively. The Platform could support community-led businesses whose aim is to improve the environment and enhance green or blue infrastructure.
Housing	G	The Platform could support community-led businesses whose aim is to support people who are homeless or at risk of being homeless. It will also support community-led housing businesses in conjunction with the GM Community-led Homes Hub.
Economy	G	The Platform is the CAs flagship programme in support of the social economy. In the GMS, we have committed to support the role of social enterprises, co-ops and 'non-extractive' business which can provide wider opportunities for Greater Manchester's people and places, enabling a different pattern of wealth distribution, to the greater benefit of more of our society, including Community Wealth Building, taking a people-centred, co-designed approach to economic development, which redirects a greater sharing of wealth back into local places and benefitting local people.
Mobility and Connectivity	G	The Platform could support community-led businesses whose aim is to build and own digital infrastructure or operate community transport.
Carbon, Nature and Environment	G	The Platform could support community-led businesses whose aim is to improve the environment and plant new woodland or enhance visual amenity. It could support community-led businesses whose aim is linked to achieving net zero, for example community energy projects. However, supporting businesses to achieve NZ will also be a theme of the support offered through the Platform.
Consumption and Production	G	The Platform could support community-led businesses whose aim is linked to waste management. However, supporting businesses to reduce, reuse and recycle will also be a theme of the support delivered by the Platform.

Contribution to achieving the GM Carbon Neutral 2038 target

The Platform will enable businesses operating in the social economy to better access the tools available through sites such as Bee Net Zero, and will enable active interventions which contribute towards growth of the green sector in the social economy.

<b>Fur</b>	<b>G</b> Positive impacts overall, whether long or short term.	<b>A</b> Mix of positive and negative impacts. Trade-offs to consider.	<b>R</b> Mostly negative, with at least one positive aspect. Trade-offs to consider.	<b>RR</b> Negative impacts overall.
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## Carbon Assessment

Overall Score				
Buildings	Result	Justification/Mitigation		
New Build residential	N/A			
Residential building(s) renovation/maintenance	N/A			
New build non-residential (including public) buildings	N/A			
Transport				
Active travel and public transport	N/A			
Roads, Parking and Vehicle Access	N/A			
Access to amenities	N/A			
Vehicle procurement	N/A			
Land Use				
Land Use				
No associated carbon impacts expected.	High standard in terms of practice and awareness on carbon.	Mostly best practice with a good level of awareness on carbon.	Partially meets best practice/ awareness, significant room to improve.	Not best practice and/ or insufficient awareness of carbon impacts.

## Risk Management

At this stage, the main risk which has been identified relates to the acceptance and use of the Platform by inclusively owned businesses. This will be mitigated through a programme of promotion and relationship-building, linking the Platform with existing business support mechanisms across the 10 districts of GM as well as community-led networks and groups.

## Legal Considerations

The award of contracts will be in accordance with any pertaining legislative requirements including procurement law and subsidy control.

## Financial Consequences – Revenue

The cost of commissioning the specialist business support activities and the Platform (including associated business support activities) will be funded through intervention E26 of the UKSPF.

## Financial Consequences – Capital

N/A

## Number of attachments to the report: 0

## Comments/recommendations from Overview & Scrutiny Committee

None

## **Background Papers**

None

## **Tracking/ Process**

Does this report relate to a major strategic decision, as set out in the GMCA Constitution

No

## **Exemption from call in**

Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

## **GM Transport Committee**

N/A

## **Overview and Scrutiny Committee**

N/A

# 1. Introduction/Background

1.1 The report of the [GM Independent Inequalities Commission \(IIC\)](#), published in March 2021, included as recommendation 11 that Greater Manchester should: *Create a Community Wealth Hub to support and grow co-operatives, mutuals, social and community enterprises, staffed by people from the co-operative and community sector who understand the market.*

1.2 This recommendation was made in the context of the principles of [Community Wealth Building](#), which include:

- Plural ownership of the economy.
- Making financial power work for local places.
- Fair employment and just labour markets.
- Progressive procurement of goods and services.
- Socially productive use of land and property

1.3 As described in a [report to the Combined Authority](#) meeting in September 2021, there is already work being undertaken across the districts of Greater Manchester using the principles of Community Wealth Building. For example, Manchester City Council has included a specific theme to create 'a progressive and equitable city' at the heart of the recently refreshed Our Manchester Strategy and has long recognised the benefits of social value in tackling inequality and promoting a more inclusive economy to deliver better outcomes for the city's residents; Rochdale Council is beginning to focus on its strategic approach to supporting community wealth, an inclusive local economy and social value; Salford Council launched the Salford Way focus on tackling poverty and creating an inclusive economy in the spring of 2021; the Oldham Economic Review focussed on actions to build community wealth in the town; Tameside launched its Inclusive Growth Strategy in March 2021 following extensive engagement with residents and partner organisations; and Wigan has published a Community Wealth Building Strategy. These are specific examples of strategic approaches, but feedback from local authorities shows there is some 'community wealth building activity' - even if it is not labelled as such - happening in all 10 districts of GM. It will be extremely important that any Greater Manchester 'Community Wealth Hub' adds value to those activities.

1.4 Other work that fulfils the Community Wealth Building principles includes the GM Good Employment Charter, ongoing work under the Greater Manchester Strategy to refocus public procurement into local priorities through social value and working closely with supply chains, and the new GM Land Commission.

1.5 The recommendation from the IIC was that a Greater Manchester Community Wealth Hub would focus activity on increasing the proportion of GM's economy that is made up of inclusively owned, socially-trading businesses (such as social enterprises, co-operatives, community businesses and social firms, for example). The rationale for this is that:

- Increasing the share of socially trading organisations in GM economy will generate more community wealth.
- Many under-utilised or vulnerable assets in GM could benefit from community ownership to ensure viability of places and high streets – and this also empowers the communities that own them.
- Business models that embed strong ethical values can drive better outcomes in sectors like social care and other parts of the Foundational Economy.
- Support for the social economy is fragmented and often inaccessible and many socially trading organisations find it difficult to access funding, investment, and new markets – more needs to be done to improve the support available.
- Setting up and running a social economy organisation has additional legal and financing challenges associated with securing community benefit which would benefit from bespoke solutions.

1.6 However, engagement early in the co-design made it clear that there is a need for a clear definition for the scope of a 'Community Wealth Hub', its target audience, and its work. Use of the term 'Community Wealth Hub' caused some confusion and there was a strong steer from participants in the co-design to find a name which better describes what the 'Hub' would be and which part(s) of Community Wealth Building it would focus on. Therefore, the term 'Inclusive Ownership Platform' has been adopted for this proposal, although it should be noted that the Platform's main role would be to support Community Wealth Building activities such as those described in section 1.3 above.

1.7 Furthermore, it was clear that without commissioning a range of new specialist business support activities to address gaps or weaknesses in the support currently available to inclusively owned businesses in Greater Manchester, the Inclusive Ownership Platform would be limited in its ability to successfully achieve its aims.

## 2. Co-design process

2.1 In order to ensure the success of this proposal, it has been important that it is created with the people and organisations with which it will collaborate and provide support. In March 2022, the Mayor of Greater Manchester and Council Leaders hosted an online “Call to Action” Event to launch a co-design process. Around 90 people joined the call, and many expressed an interest in being further involved.

2.2 The co-design process covered 3 broad stages from March until November 2022 to test the feasibility of the idea and co-create a concept model for its development:

- Determine the scope of support for the proposal;
- Develop a logic model – purpose, functions, form, and structure; and
- Describe the likely impact.

2.3 Over 150 individual people and around 70 different organisations took part in the co-design across a range of stakeholder groups which included local authorities, co-operative / VCSE organisations and networks, business support providers, health and social care, universities, housing providers, funders, and investors in the work of the social economy, as well as a range of employee-owned or private businesses. GMCA convened a series of co-design workshops with an independent facilitator, held an open consultation using the GM Consult platform to reach a wider audience, and held stakeholder meetings with specific organisations or stakeholder groups (for example, with disabled people in partnership with the GM Disabled People’s Panel, or with people from diverse ethnic backgrounds, in partnership with GM BME Network).

## 3. Outcome of the co-design

3.1 Feedback from the co-design exercise was that any Greater Manchester Inclusive Ownership Platform should focus on work to **catalyse inclusive ownership of enterprise** as part of wider community wealth building activity in Greater Manchester as a mechanism for:

- Addressing inequality and improving wellbeing
- Building a fairer and more inclusive economy

- Increasing local community ownership of wealth and assets

3.2 The ideas that were suggested for doing this included:

- connecting individuals and businesses to advice, support, investment, and funding at all stages of business life cycle
- leading specific interventions with individual business types, places, communities, or business sectors
- bringing people together to enable business to business trading, help create partnerships and social primes
- developing and testing new ideas for inclusive ownership
- collecting evidence, spreading good practice, building, and evaluating an evidence base relating to inclusive ownership in the economy; using this evidence to lobby for a fairer and more inclusive economy
- being driven by the intrinsic values and ethics of the social economy.

3.3 The co-design strongly suggested that the central mechanism should be an online platform, supported by a small core staff team working to enable linkages with a range of satellite projects, networks, and programmes across Greater Manchester, and enable investment into perceived gaps in support to inclusively owned businesses.

3.4 Furthermore, there was strong support for the Platform to be independent of the GMCA to assist with its functions and status amongst organisations within the social economy, but that public organisations should be involved in the governance of the Platform through a steering group or co-operative model.

## 4.0 Proposition for a GM Inclusive Ownership Platform

4.1 It is proposed therefore that GM should utilise UKSPF funding to commission an **'Inclusive Ownership Platform'** which supports community wealth building by facilitating the growth of locally owned and socially minded businesses with models of enterprise ownership that enable the wealth created by users, workers, and local communities to be retained, rather than flowing out as profits to shareholders. The proposal described below is an initial step to test what works, learn, make sure that it has a positive and clear impact, and subsequently build.

4.2 The success of the Inclusive Ownership Platform will depend on it being integrated with – and additional to – the wide range of support which is already available to

inclusively-owned businesses through programmes such as Proper Good, the work of Co-operatives UK or the GM VCSE local infrastructure organisations, as well as our wider business support offer provided by the Business Growth Hub. The Growth Hub itself has a specific function in supporting the social economy through its Social Value Team and designated Third Sector Development Advisor. This resource provides advisory services relating to business growth but also builds trust and a clear pathway for inclusively owned business to access wider mainstream capacity building services, including, but not limited to, the following: finance, strategy and leadership, environmental and social impacts, procurement, and innovation. The Inclusive Ownership Platform would create an additional 'triage' layer to help coordinate the plethora of support available across Greater Manchester, while also supporting the Growth Hub to reach further into the social economy to remove barriers to organisations accessing the business support ecosystem.

4.3 The Platform itself is intended to provide an online resource covering:

- **Knowledge exchange** – Case studies of inclusively owned businesses to provide advice and support for people looking to set them up, including off-the-shelf models which they can draw upon, along with support for existing businesses wishing to move into employee ownership or become a worker co-op, together with links to relevant projects to enable sharing resources and learning.
- **Getting help with running your inclusively owned enterprise or business** – Signposting and easy to follow triage / brokerage to support with business planning, marketing, demonstrating impact, and accessing finance.
- **Inclusive ownership in your community or place** – Links to relevant physical hubs, projects, and programmes by geographical, identity, and theme.

4.4 Alongside the online resource, complementary activities are likely to include:

- **Triage, outreach, and marketing** – a series of themed events, outreach activities with existing networks, building relationships with physical and virtual support 'hubs' across GM and beyond, as well as comms activities on social media to promote the Platform;
- **Connecting to and expanding the support ecosystem** – incrementally building a support ecosystem for organisations with inclusive ownership by developing relationships with specialist organisations, one-to-one signposting into mainstream or specialist business support programmes, and commissioning new and targeted support programmes as and when required. While there is a diverse range of

business support available to inclusively owned businesses in the ‘social economy’, our co-design described some of the gaps in that support, for example those uncovered previously by the GM Co-operative Commission.

- **Catalysing inclusive ownership in target sectors** – supporting the growth of inclusive ownership and catalysing new models of collaboration focusing on key sectors where inclusive ownership is not the norm, but where it could tackle market failures in an innovative way, putting communities and inclusive ownership at the forefront of the solution (e.g., Adult social care, Hospitality, Community Energy).

## 5. Procuring a provider and next steps

- 5.1 The co-design process outlined above overlapped with the creation of the GM UKSPF Investment Plan and the resources available through UKSPF intervention E26 ‘Support for the Social Economy’ were identified as being suitable for use in responding directly to the challenges and proposed solutions.
- 5.2 As noted in section 1 above, the co-design work revealed a need to commission a range of new specialist independent business support activities which address gaps or weaknesses in what is currently available to inclusively owned businesses in Greater Manchester. This might include support with impact measurement and reporting, business development in Foundational Economy sectors, transfer into employee ownership or accountancy, and finance for inclusive governance models. Unless this support ecosystem can operate effectively, the ability of a Platform to signpost prospective businesses and entrepreneurs into appropriate forms of support will be limited.
- 5.3 Therefore, it is proposed that the majority of E26 funding - £460,000 - is used to commission specialist independent business support activities. It should be noted that this approach has worked successfully for the development and delivery of the Proper Good programme in Bolton, Oldham, Stockport and Wigan.
- 5.4 The remaining E26 funding - £365,000 – is then proposed to be used to commission the Inclusive Ownership Platform and associated provision. The preference would be that a single award be made, with bidders forming a consortium. Time will be given in the procurement process for a consortium to form.

5.5 Both parts of the allocation will be procured via a competitive procurement process , through which interested organisations will be able to tender their proposals. GMCA will then appraise all bids according to an agreed set of assessment criteria and due diligence questions, with an expectation being set that applicants are reflective of the target audience – namely social enterprises and inclusively owned businesses – and are able to demonstrate their capacity to understand and deliver on the specification and ready to deliver at pace.

5.6. On the basis that the GMCA will be selecting the GM Provider who will deliver this programme by carrying out an open and competitive procurement process which complies with the Public Contracts Regulations 2015 and the GMCA’s own Contract Procurement Rules, it is likely that, for the purpose of the Subsidy Control Act 2022, the GMCA will be able to show compliance with the “Commercial Market Operator” principle. Where a public authority is able to demonstrate compliance with the CMO principle, this means that the “financial assistance” which the public authority is proposing to provide is not held to satisfy Limb B2 “*Financial assistance which confers an economic advantage,*” of the 4-limb initial “Is it a Subsidy?” test which public authorities are required to carry out under the SCA (and will not qualify as a “Subsidy” for the purpose of the SCA).

5.7 The GM UKSPF Partnership Board has considered and agreed a proposal for allocating the resource available under E26 (supporting the social economy). This proposal covers the financial years 2023/4 and 2024/5 and covers the broad areas of work outlined above to March 2025 in line with GM’s UKSPF Investment Plan. The following table sets out the indicative budget allocations against these areas of activity.

<b>Area of work</b>	<b>Budget</b>	<b>Outputs</b>	<b>Outcomes</b>
Commissioning new targeted interventions and improvements in the specialist support	£460,000	Number of potential entrepreneurs provided assistance to be business ready  Number of businesses receiving financial	Jobs created  Jobs safeguarded  Number of New businesses created  Number of businesses

<p>available in the GM ecosystem for the social economy</p>		<p>support other than grants</p> <p>Number of businesses receiving non-financial support</p> <p>Number of people attending training sessions</p>	<p>engaged in new markets</p>
<p>Creation of online platform / website</p> <p>Small initial team to convene the design steering group, management initial platform development, provide basic advice, guidance and triage to wider support services, training events and webinars, and implement process to move to independent governance.</p>	<p>£365,000</p>	<p>Number of potential entrepreneurs provided assistance to be business ready</p> <p>Number of businesses receiving non-financial support</p> <p>Number of people attending training sessions</p>	<p>Jobs safeguarded</p> <p>Number of businesses engaged in new markets</p>
<p><b>TOTAL</b></p>	<p><b>£825,000</b></p>		