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Cities, the social economy and inclusive growth: a practice review

by Ian Vickers, Andrea Westall, Roger Spear, Geraldine Brennan and Stephen Syrett

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The social economy constitutes a range of organisations that have a core social mission, different levels of participative and democratic control by members, and use financial surpluses or profits primarily to achieve their social missions. This research examined the actual and potential roles of the social economy in bringing about inclusive growth that generates more and better jobs in UK cities, particularly for people who are either in or at risk of poverty.

The report shows:

- Official sources estimate that the social economy accounts for about 6.5% of European employment. In the UK, however, the contribution to employment is 5.6% which is just below the European average, and comes mostly from the voluntary and community sector (82%). These figures are likely to underestimate the actual extent of the social economy in the UK.
- Relative to comparable countries in Europe, the UK appears to have a strong voluntary and community sector and a growing social enterprise sector, but fewer organisations with alternative governance models, such as co-operatives.
- There are three broad clusters of activity through which inclusive growth is promoted by the social economy:
 - creating jobs, strengthening skills and employability
 - building diversified local economies
 - contributing to wider economic and institutional transformation.
- Successful social economy development often arises from an enabling context, or social economy 'ecosystem'. Such an ecosystem is characterised by the joining up of various elements of support provision and a high level of collaboration, both within the social economy and with the public and private sectors.

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Glossary

BAME	Black, Asian and Minority Ethnic
BTR	Below, or under, the radar or informal activities
CIC	Community Interest Company
CIRIEC	International Centre of Research and Information on the Public, Social and Cooperative Economy
CEP-CMAF	European Standing Conference Co-operatives, Mutual Societies, Associations and Foundations
GDP	Gross Domestic Product
GSEF	Global Social Economy Forum
GSEN	Glasgow Social Enterprise Network
GVA	Gross Value Added
ILO	International Labour Organization
LETS	Local Exchange Trading Scheme
OECD	Organisation for Economic Co-operation and Development
RSA	Royal Society for the encouragement of Arts, Manufactures and Commerce
SEUK	Social Enterprise UK
SSE	Social and Solidarity Economy
SEO	Social Economy Organisations
UN	United Nations
UNRISD	United Nations Research Institute for Social Development
VCS	Voluntary and community sector organisations also known as community and voluntary organisations (CVOs) in some places

Executive summary

This report explores the actual and potential roles of the social economy in bringing about inclusive growth that generates more and better jobs in cities, particularly for people who are either in or at risk of poverty. We provide recommendations for how city policy-makers and social economy organisations (SEOs) can develop the kinds of support and enabling environment needed to further develop the impact and potential of SEOs and encourage new start-up activity.

What is the social economy and why is it relevant to inclusive growth?

We take a broad view of the social economy to include a range of organisations that have a core social mission, different levels of participative and democratic control by members, and use any financial surpluses or profits primarily to achieve their social and environmental missions. This includes the following overlapping categories of organisation:

- social and community enterprise
- voluntary and community sector organisations (including charities)
- housing associations
- co-operatives and mutuals
- informal self-help initiatives
- social finance and support providers
- alternative business models, such as multi-stakeholder companies with social or environmental missions.

The concept of the social economy emphasises the principles of how people relate to each other – through reciprocity and solidarity – and meet their needs through co-operation. It also provides a set of models for how economies might be differently understood or structured, to improve people's quality of life. It is therefore a useful lens to consider how different types of SEOs can contribute to more inclusive growth within UK cities.

This approach widens understanding of how different business and organisational models can help create a more responsible, equal and inclusive economy, and innovate new economic approaches. It also means going beyond seeing SEOs as filling in the gaps which are not being addressed by the market or the public sector.

The relative size of the UK social economy

The best comparable data on the social economy estimates that it accounts for about 6.5% of European employment. In some countries, such as Sweden, Belgium, Italy, France and the Netherlands, the social economy accounts for between 9% and 11.2%. In the UK, however, the contribution to employment is 5.6% which is just below the European average, and comes mostly from the voluntary and community sector (VCS) (82%). This data is likely to underestimate the true size of the social economy since it misses out, for example, community interest companies in the UK, as well as alternative business models such as employee-ownership and multi-stakeholder companies.

Relative to comparable countries in Europe, the UK appears to have a strong voluntary and community sector and a growing social enterprise sector, but fewer organisations with alternative governance models, such as co-operatives or employee-owned businesses.

How does the social economy help create more inclusive growth?

Our review of the international literature suggests three broad clusters of activity in which the social economy, as a whole or in certain parts, has been shown to promote inclusive growth:

- Creating jobs, strengthening skills and employability:
 - providing employability support services and/or direct job creation for the most disadvantaged in the workforce
 - creating 'decent jobs' within SEOs – with fair pay, good working conditions, and inclusive employment practices
 - developing other employment related support – such as the provision of affordable childcare, housing, or transport.
- Building diversified local economies:
 - contributing to entrepreneurship and innovation – introducing new services and alternative business models which contribute to emerging markets, sectors and sustainable development
 - brokering economic opportunities – including with private and public sector actors and enabling local people to take part in economic decision-making
 - building social capital and contributing to community wellbeing – through volunteering and related local activity
 - stimulating local consumption – supporting the retention and circulation of money within local economies.
- Contributing to wider economic and institutional transformation:
 - supporting the creation of a more resilient economy with increased job security; there is strong evidence, for example, that co-operatives maintained jobs and output to a much greater extent than mainstream businesses during and after the 2008/9 recession
 - influencing how all businesses could or should work as part of a more responsible and inclusive economy
 - promoting the wider uptake of 'values-led' innovation – influencing policy agendas and supportive institutional/regulatory change at national as well as city region levels.

SEOs face challenges too. Some, particularly in certain sectors or local areas, may struggle to provide decent pay, good promotion prospects and secure employment. There is also sometimes a need for more attention to be paid to diversity and inclusion, particularly within some of the newer forms of social entrepreneurship.

How can cities maximise the potential of the social economy?

The devolution of economic and social policy to cities opens up new opportunities for the social economy. Although it is currently difficult to determine its scope and size at city and city region levels, our UK case studies and city roundtables found many positive examples of contributions to inclusive growth, and clear indications of unrealised potential.

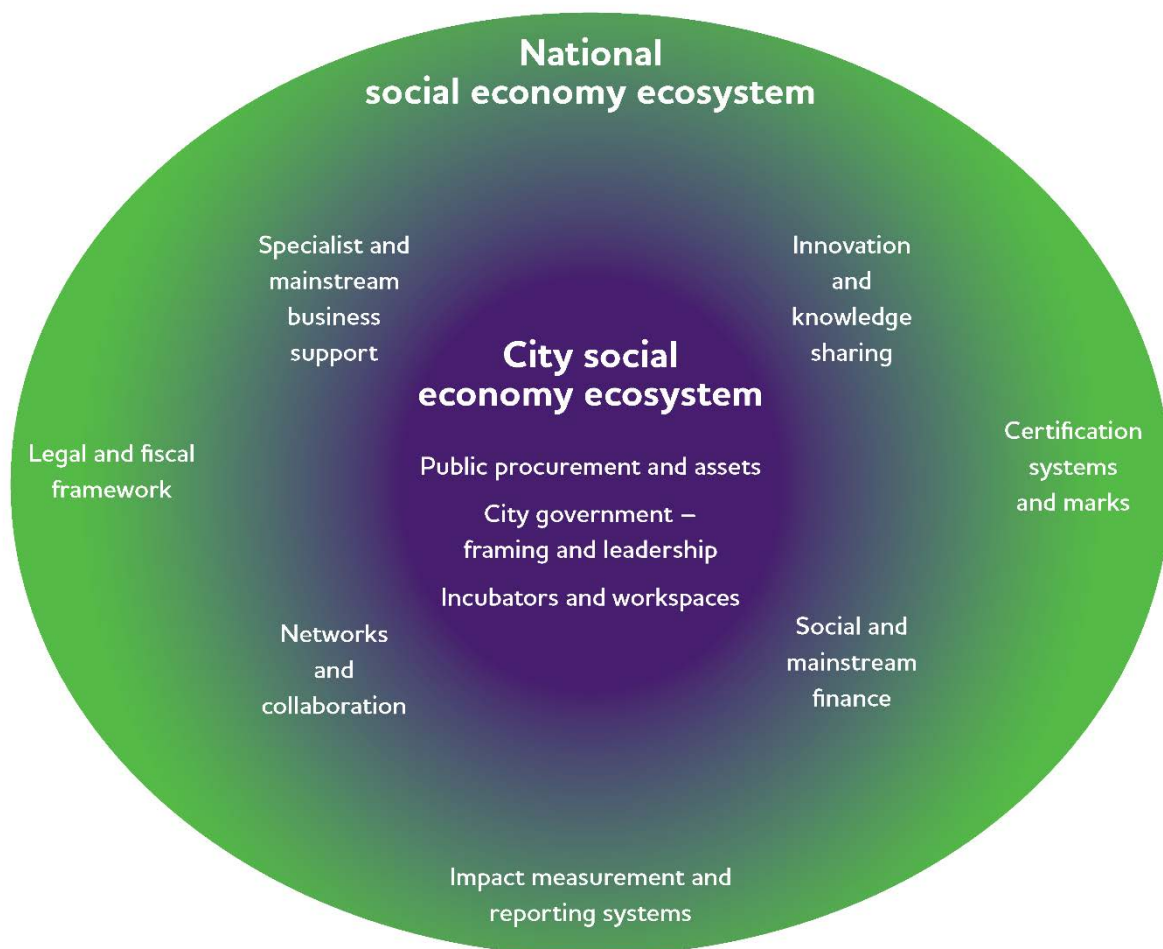
Previous UK approaches have focused on helping individual SEOs, through support for skills, finance, or access to appropriate legal models. The review of international practice shows that successful social economy development often arises from an enabling context, or social economy 'ecosystem'. Such an ecosystem is characterised by the joining up of various elements of support provision and a high level of collaboration between various actors, both within the social economy and with the public and private sectors. Core elements include:

- Framing, leadership and governance – how the social economy is understood and legitimised, is incorporated into government legislation and policy, and championed by influential actors such as mayors.
- Networks and collaboration – includes links between SEOs and also relationships between SEOs and private and public sector organisations. Horizontal networks and links can increase innovation, relevance and impact and vertical ones link local, regional and national social economy actors.

- Innovation and knowledge sharing – addresses complex problems by joining up the understanding and ideas of different actors, including through engagement with universities and other research organisations.
- Public procurement – from public and private sectors strengthens capacity and contributes directly to inclusive economic development.
- Infrastructure – provides business support, finance and premises.

The ecosystem approach focuses on mutually reinforcing the links between support mechanisms, policy networks, institutions, and collaborations. These city ecosystems are also part of national ecosystems which – depending on how well they function – can both enable and constrain city level activity.

Figure 1: Elements of the city social economy ecosystem



Our UK analysis of current policy and practice identified areas where UK cities appear to lag behind some of the international city cases, alongside examples of good practice and future potential.

- Framing, leadership and governance – less understanding, championing and mainstreaming by city governments of the potential of the social economy to contribute to inclusive growth. It seems particularly difficult for SEOs to influence economic development strategy or delivery bodies.
- Networks and collaboration – relatively less collaborative activity within and outside the social economy, but a recognition that this is the desired way forward.
- Innovation and knowledge sharing – some good examples of innovation and knowledge sharing, but with potential to do more and adapt international examples for local contexts. For instance, Regather is a trading co-operative in Sheffield owned and managed by local people. Since 2010 it

has created a supportive context for social enterprise start-up and development, and more recently used Community Economic Development grant funding to catalyse urban agriculture across the city, linking with university expertise.

- Procurement – challenges experienced by SEOs in accessing public and private procurement opportunities, including issues related to early awareness of available contracts and opportunities, as well as constraints caused by their relatively small size and capacity.
- Infrastructure provision – access to business support and finance in the UK appears to be relatively more fragmented, and there could be further development of different incubator models drawing on international good practice.

Some of the limitations identified may, in part, be due to the centralised nature of UK political decision-making relative to other international city contexts, as well as fragmentation and lack of collaboration within the social economy. The increasing focus on city deals and changing governance arrangements, however, creates opportunities for more mainstream engagement and collaboration at city level.

Practitioners consulted felt that a better understanding of the social economy concept might enable them to better articulate their economic role and potential, work together, and access and collaborate with city governments and the private sector.

Participants in the roundtables believed that:

- *The social economy is not just about market failure.* Some people identified the danger of the social economy being marginalised into a 'market failure' box and not seen as an integral part of the wider economy.
- *There is a need to avoid separation between 'social' and 'mainstream' enterprises* – there was agreement across all three events that there was often significant overlap of interest, particularly with smaller companies, or with the shared values of some larger 'responsible businesses'.
- *Fragmentation needs to be overcome within the social economy* – some participants felt that a lack of a shared agenda or values within the social economy was inhibiting further co-operation.
- *There is a need for a representative social economy grouping at city level to provide critical mass and clear voice* to better articulate the relevance of the social economy within mainstream economic debates and activities.

Recommendations for developing the social economy

Cities can better engage the social economy as part of strategies and actions to create inclusive growth in the following ways:

Mapping the social economy and its ecosystems

- The social economy and city governments should work together to map the diversity of social economy activity, and better understand and quantify how different social economy actors contribute to inclusive growth – including less formal economic and community activity – within their city regions.
- This mapping could also include the ecosystem of current support, network interactions, and intermediaries, to better identify and fill gaps.
- SEOs themselves need to consider, understand and evidence how and whether they create decent jobs, contribute to thriving local economies, and have impacts on inclusive growth.

Framing, leadership and governance

- Different SEOs should consider creating a social economy forum at city/city region level to better pool resources, and create more opportunities for learning and collaboration. This would provide a basis for more coherent interaction with government and other key actors, including those from the private sector and universities.

- City governments need to recognise and champion social economy involvement as a key part of creating fairer and inclusive city economies within their key strategic economic plans and related policies.
- City economic development departments and local economic strategy bodies (such as LEPs or city deals) should incorporate social economy representatives within boards and decision-making groups.

Networks and collaboration

- SEO representatives and business intermediaries could lead in encouraging cross-sector collaborations and networks for knowledge-sharing and action around priority challenges, such as childcare. Collaborations could include business, government, universities and trade unions.
- City governments could support local community anchor SEOs – such as housing associations or community businesses – to catalyse collaboration across the social economy, and private and public sectors, to improve jobs and enterprise in deprived local areas.
- Social economy intermediaries within and across cities could exchange good practice and ideas to increase their impact and share resources. This might include the use of technology, collaborative economy approaches, or larger established SEOs supporting smaller SEOs and start-ups.

Innovation and knowledge sharing

- International case studies suggest that SEOs should explore a range of innovative models to encourage innovation. Examples include creating virtual incubators which support start-ups through collaboration and advice; links with academic research networks; specific institutions which focus on creating innovative solutions to inclusive growth; and the promotion of learning across cities.
- Where these relationships do not currently exist, SEOs should consider working more closely with local universities and other sources of relevant knowledge. Local universities can also use their position as anchor organisations to encourage and support SEOs through their procurement activity.

Procurement and public assets

- Public procurement opportunities could further enable the engagement of added-value SEO delivery. This would include more pre-contract strategic engagement and greater understanding of the multiple impacts of SEOs so they can better contribute to and benefit from the Public Services (Social Value) Act 2012. Public service commissioners can secure wider social and economic benefits by talking to their local providers and communities to design better services and find innovative solutions to difficult problems.
- City governments could also learn from international examples of the strategic use of public procurement to develop new SEOs and support local economies, particularly in localities with few decent jobs.
- Procurement opportunities arising from city deal investments do not seem to be engaging SEOs. City authorities should consider reviewing community benefit policy and implementation of the Social Value Act to enable SEOs to have increased access.
- Consideration also needs to be given to the creation of more platforms and mechanisms to enable SEOs to be part of private sector and SEO supply chains.
- City governments should adopt a more strategic approach to the use and ownership of their physical assets. They should involve the social economy, private sector and finance providers working together to maximise the scale and range of impacts that can be created.

Social economy infrastructure – business support, finance and premises

- Social economy representatives should map available financial and business support to identify gaps, enable improved access, and encourage more collaborative activities (such as peer-to-peer learning networks across the social economy).

- International case studies show the importance of incubators for the development of SEO start-ups. Existing SEO incubator models in the UK could learn from good practice internationally, for example from those that create distributed models of networked incubation, or those with a specific focus such as the creative industries.
- We suggest that city authorities, the private sector and social economy actors work together to find ways to identify and enable access to appropriate premises at affordable rates, or create bespoke workspaces.

1 Introduction

This report analyses the actual and potential roles of the social economy in generating more and better jobs in cities, particularly for people who are either in, or at risk of, poverty. It also examines the kinds of support and enabling environment that permits social economy organisations (SEOs) to realise their positive impacts and potential within cities, as well as to encourage new forms of social economy activity in the UK.

This section introduces the concept of inclusive growth and how it has entered recent policy debates, and defines what is meant by the 'social economy' and its diverse organisational forms. The role of cities in relation to inclusive growth and the social economy is introduced and the approach used in this policy and practice review is set out.

What is inclusive growth?

There has been growing concern that people and geographical areas experiencing high concentrations of poverty are failing to benefit from increases in economic activity due to their inability to access employment opportunities, good quality and well-remunerated jobs or to experience the wider benefits of economic growth. As a result there has been rising interest in 'inclusive growth', a concept defined by the Organisation for Economic Co-operation and Development (OECD) as 'economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society'.¹

Economic growth focused within particular economic sectors does not necessarily create benefits for those currently without jobs or who are poorly paid. Accessibility and pay levels, and the extent of mobility between sectors, are dependent upon the *kind of growth* – whether in productivity or employment – which varies from sector to sector (Hull, 2009). Furthermore, the kinds of jobs being created requires attention, with concerns around the growing numbers of people in low-paid, insecure and 'precarious' employment (Standing, 2011), as does 'jobless growth' arising from increasing automation and digitisation.

The increasing focus on fairness and inclusivity in the distribution of earnings and wealth is informed by analysis that markets, left to themselves, do not work well and often don't deliver 'trickle down' benefits to all (Piketty, 2014). The situation is seen as both morally inequitable and a constraint on further growth (Cingano, 2014; Wilkinson and Pickett, 2009).

Such considerations cannot be separated from the questioning of economic orthodoxy by the sustainability agenda and increased receptivity to new approaches which seek to build the capabilities of people and communities to realise their potential and flourish in the long term, within finite resource and ecological constraints (Jackson, 2017). The United Nations Sustainable Development Goals², for example, stress the interrelationships between economic, social and environmental concerns. Moreover, there are questions relating to the adequacy of established measures of growth, ie in terms of gross domestic product (GDP) or gross value added (GVA) which are used to determine economic performance or the value of goods and services.³

Social economy and inclusive growth: an evolving international agenda

The OECD is one of the main international bodies seeking to understand and find solutions to the challenge of inclusive growth. In *Inequality and Inclusive Growth* (OECD, 2015) it argues that certain growth-enhancing policies may increase inequality, such as those focused on technological change that raise the wages of higher-skilled workers relative to those in other sectors (Braconier et al, 2014).

Some of the main policy suggestions in this and other OECD reports such as *All on Board: Making Inclusive Growth Happen* (2014) centre around labour market regulation, an appropriate fiscal system, bargaining power for workers, skills development throughout life, as well as removing barriers to labour

force participation, and strengthening active labour market policy (OECD, 2014; 2015). Similarly the G20 Job Quality Framework (ILO, OECD, IMF and the World Bank, 2012) has begun to address strategies for earnings level and distribution, labour market security and the quality of the work environment.

Central to addressing the challenges that arise from the pursuit of an inclusive growth agenda has been a burgeoning interest internationally in the 'social economy'. Since the financial crisis of 2007/8, the European Commission and European Parliament has recognised the social economy as a key enabler of continued growth, job creation, stability and recovery from recession. The comprehensive report by the OECD on building inclusive economies (OECD, 2007) also highlighted the wider role of the social economy, particularly in helping people to access employment and entrepreneurship opportunities.

The International Labour Organisation (ILO) has highlighted the importance of the wider concept of the social and solidarity economy in job creation, work stability and decent work conditions (ILO, 2011). And in 2012, the United Nations Research Institute for Social Development (UNRISD) recognised this broader concept of the social and solidarity economy (SSE) as being a 'full agent of inclusive and fair economic growth, while also fostering social cohesion'. A 2014 position paper by the United Nations Inter-Agency Task Force on Social and Solidarity Economy (TFSSE, 2014) argues that this broader concept has considerable potential, particularly in the area of providing decent and inclusive work opportunities and local economic development. However, as the same publication notes, the evidence base for the roles of the SSE in inclusive growth is underdeveloped.

What is the social economy?

The term 'social economy' originated in France to reflect a different way of thinking about and creating economies, with a primary focus on people coming together to meet their needs in a more participatory way. This approach has informed the wider European approach to the social economy and how it is understood and measured (Bridge et al, 2009, Ch. 4).

Organisationally, the social economy has been historically viewed as consisting of co-operatives, mutuals, associations, and foundations (CMAF), all of which adhere to a set of shared principles. The latest set of uniting principles is reflected in the Charter of Principles of the Social Economy promoted by the European Standing Conference of Co-operatives, Mutual Societies, Associations, and Foundations (CEP-CMAF).⁴

CEP-CMAF charter of principles of the social economy

- The primacy of the individual and the social objective over capital.
- Voluntary and open membership.
- Democratic control by the membership (does not concern foundations as they have no members).
- The combination of the interests of members/users and/or the general interest.
- The defence and application of the principle of solidarity and responsibility.
- Autonomous management and independence from public authorities.
- Most of the surpluses are used in pursuit of sustainable development objectives, services of interest to members, or the general interest.

These principles, and the idea of the social economy, also now includes 'social enterprise' to reflect the recent growth of new organisation models.⁵ As Bouchard and Rousselière (2015) note: 'Over the last decade, the growing number of references to the notions of "social enterprise", "social entrepreneur" and "social business" has generated new questionings about the identity of the social economy and the foundations on which it is built.'

SEUK (Social Enterprise UK): 'Social enterprises trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community.'⁶

These debates about the understanding and scope of the social economy continue to evolve in different national contexts as hybrid organisational models are continually emerging which blur the line between co-operatives, mutuals, social enterprise and 'mainstream' businesses (Bouchard and Rousselière, 2015; CIRIEC, 2007).

Internationally, the term 'social and solidarity economy' is also becoming more widely adopted to recognise the collaborations between people, both formal and informal, which often arise in response to difficult economic circumstances. These actions are based on reciprocity and are often part of a social movement pushing for economic reform. Particularly used in Latin America, as well as, with slightly different connotations, France, this approach has continued to develop resonance within Europe, particularly in countries such as Spain and Greece in response to austerity and failing economies (CIRIEC, 2012; Gaiger et al, 2015; Nardi, 2013). Important here are less formal 'below the radar' activities which can be associated with the idea of social solidarity, ie micro or small voluntary organisations, community groups, refugee and migrant groups or organisations which have informal or semi-formal activities (McCabe et al, 2010).

The social economy concept therefore covers a wide spread of activity that is not primarily aimed at maximising profit for shareholders and investors, but rather has social, economic, and/or environmental missions, which might relate to forms of ownership or governance, underlying principles or values, or the outcomes pursued. As well as encompassing a diverse range of organisations, it also includes networks, and wider approaches to economic activity, often localised (Bridge et al, 2009).

In the UK context, there is a need to translate the idea of the social economy into useful and recognisable categories of activities and organisations which are relevant to tackling inclusive growth. Historically, emphasis has been placed on the third sector, charities, and, more recently, social enterprise. However, the social economy overlaps with, but is distinct from, the third sector, warranting further exploration of these differences. For example, the origins and primary concerns of social economy organisations (SEOs) are on the distribution of, access to, and decision-making over, inclusive economic activity and decent employment, which is particularly pertinent in times of economic challenges for individuals and places. In contrast to SEOs, the voluntary and community sector (including charities) is not all necessarily part of the social economy, since it may focus primarily on advocacy, for example for special interest groups.

For the purposes of this report – and given the evolving nature of the UK social economy and our focus on organisations and companies which are relevant to addressing inclusive growth challenges – we take a wide perspective of the social economy as including:

- social and community enterprise – which overlaps with the voluntary and community sector as well as with co-operatives and mutuals
- voluntary and community sector (including charities) – reflecting those organisations referred to as associations at European level
- housing associations – often seen as social enterprises but which can also be a distinct form
- co-operatives and mutuals – including employee ownership models, as well as some larger scale organisations such as building societies
- informal self-help initiatives – reflecting 'below the radar' and solidarity activity
- social finance and support providers – organisations that provide finance and support to the social economy, akin to foundations which are essentially for public benefit
- alternative business models – which overlap with mainstream businesses such as multi-stakeholder companies with social or environmental missions.

Other related organisations, which are increasingly independent but sometimes quasi-public, include universities and particularly foundation hospitals which incorporate stakeholder governance. These are relevant to this agenda given their role as key institutions within the local economies and, alongside housing associations and larger community businesses, can be seen as important 'community anchor' organisations.⁷

The broad view of the social economy adopted here is also reflected in Scotland, where the recent approach to addressing inclusive growth seeks to encourage 'responsible business' alongside social

enterprise, voluntary and community sector organisations (VCS) and co-operatives.⁸ The concept of what the social economy means for the city region is also starting to be explored within UK cities, as in the case of Liverpool, through its social economy panel (see Section 5). Moreover, the UK government has been exploring the idea of mission-led business⁹ which, like hybrid business models, blurs the boundary between mainstream and social economy activity.

From this perspective, the social economy can be considered as a set of organisations; a set of inspirational values and principles, such as democracy, or increased equality, which emphasise giving priority to people and communities over profit; as well as a rallying call for change bringing stakeholders together. The social economy can, however, disappoint when it fails to square the economic and social circle; when, for example, established co-operatives drift away from their original values, or when young values-led SEOs struggle economically. Yet there is a middle ground too of good economic and social performance by the social economy within inclusive city growth, and it is this, and the factors that support it, which is the focus of this review.

Cities, inclusive growth and the social economy

While cities are increasingly seen as the predominant drivers of economic growth within countries, there is also evidence that there can be relatively higher levels of inequality within cities, and that higher levels of inequality are associated with larger city size (OECD, 2016). A study for JRF, focusing on the UK, found no clear relationship between levels of growth of a city region and levels of inclusion (Beatty et al, 2016)¹⁰. Moreover, persistent deprivation in cities is due to varying causes – relative skill levels, location and inaccessibility of certain jobs (Beatty et al, 2016). These findings reinforce the arguments for cities to reconsider their economic development plans in light of the role and potential of the social economy in creating inclusive growth.

Evidence suggests this is already occurring internationally. For example, the creation of the Global Social Economy Forum (GSEF) in 2013 launched a major international network that ‘brings together local governments and civil society stakeholders committed to supporting the development of the social and solidarity economy (SSE) to stimulate the creation of quality jobs, equitable growth, and the advancement of participatory democracy and sustainable development’. Its 2016 conference in Montreal, Canada, focused specifically on the development of cities, and brought together mayors from around the world.

This emerging discourse is also apparent in the UK. The initial report of the RSA’s Inclusive Growth Commission, *Inclusive Growth for People and Places*, concluded that a ‘place-based policy’ could create accessible jobs and entrepreneurship as a counter-balance to the tendency of city economic strategy to focus on ‘agglomeration’ in high growth, high value-added sectors (RSA, 2016). Part of this analysis included recognition of the role of community anchors, as well as of SEOs more widely: ‘Strengthening the social economy (for example, social enterprises) can support inclusive growth, because these types of organisations tend to be rooted in local areas, create local jobs and businesses and promote community-led economic development that directly benefits local areas, especially those that are deprived.’

Our approach to this policy and practice review

This report draws on the experiences of UK and international cities and city regions, coupled with an in-depth focus on how three cities within the UK are considering their future development in this area, to examine the actual and potential role of the social economy in inclusive growth and employment creation.

Our research followed the 2016 EU referendum which was in part driven by, and drew attention to, inequalities between people and places in the UK (Goodwin and Heath, 2016). How this challenge will be met across the UK remains unclear, particularly given the uncertainties related to the ongoing restructuring of economic governance – which has oscillated between regional and local systems since the war (Pike et al, 2015) – and which has now shifted towards city regions and an emphasis on the local growth agenda.

While the social economy in the UK has previously been recognised as part of strategies to increase employment and help regenerate disadvantaged areas, it is timely to reconsider its roles and potential within these changing circumstances, particularly the opportunities opened up by devolution. However,

this is taking place against a difficult background of public sector financial austerity (eg Fuller, 2016; Lee and Sissons, 2016) which impacts on many organisations within the social economy.

The research was approached in three ways.

First, through a review of the available literature on the social economy, employment creation, job quality, and city governance, which synthesised key findings from academic, policy and practice sources. From this work, we identified 24 cities, 10 in the UK and 14 internationally, which provided diverse examples of the role of the social economy and transformational approaches that have been enabled by supportive city policies and strategies.

Second, we explored these city examples to clarify the role of context, and identify relevant insights and any transferable lessons.

Third, we held three roundtables in Cardiff, Glasgow and Sheffield, which brought together SEOs, city government officials, and other stakeholders, such as local business representatives and universities. These events were designed to enable participants to draw on emerging findings from our research, consider the situation in their own cities and city regions, and identify and co-create some practical routes forward. From this we obtained valuable insights into local and national policy contexts, and how this shapes what is possible. These insights have informed the identification of recommendations for cities to develop their own related strategies.

Section 2 sets out some of the actual and potential roles of the social economy with respect to inclusive growth, and then examines what we know about these different impacts, drawing on international literature as well as UK data and examples.

Section 3 outlines the perceived barriers and enablers of the social economy and the policy and support measures that have been introduced or advocated, to address the barriers experienced.

Section 4 presents key insights from a review of how the social economy has been developed in 12 international cities.

Section 5 presents the comparative findings from reviewing governance and economic development approaches and the social economy in 10 UK cities, which are integrated with findings from the policy and practice roundtables held in Cardiff, Glasgow and Sheffield.

Section 6 concludes the report and makes recommendations for those involved in city governance and other key actors wishing to promote and support the contribution of the social economy towards inclusive growth.

2 Social economy and inclusive growth: review of the evidence base

Introduction

Establishing what is currently known about the actual and potential contributions of the social economy to inclusive growth requires careful examination of the existing evidence base. In a context in which governments, the private sector and civil society are struggling to address the needs of the world's poor, novel social economy models and approaches have demonstrated potential to enhance human capabilities and entrepreneurial potential while reducing the sense of dependency associated with charity handouts and aid (Fotheringham and Saunders, 2014; Wongtschowski, 2015). While there is much positive evidence of impact, questions remain regarding the extent to which different SEOs provide accessible jobs; the security and income levels of certain kinds of employment; the scale and scope of the social economy in different regional contexts and its ability to promote place based economic development (Buckingham and Teasdale, 2013; OECD, 2013).

We begin this section by setting out the relationship of the social economy to inclusive growth. Drawing on the UK and international literature, we then critically review the evidence on what is known about the contributions of different types of SEOs. From this review, we identify three main clusters of relevant social economy activity and influence. We then summarise the available statistical evidence on the scale, scope and geographical distribution of different kinds of SEOs in Europe and then the UK. Finally, we examine the relationship between the different roles and clusters of social economy activity and the mainstream economy.

The social economy and its relation to inclusive growth

The social economy is extremely diverse, and how it is conceptualised, segmented and measured varies across countries. We take a broad view of the social economy to include social enterprises, co-operatives, mutuals, associations, foundations, and informal or 'below the radar' activities. We also include some of the new hybrid business models occurring where the social economy overlaps with mainstream business.

The review of the international and UK research allows identification of three broad areas of activity where there is evidence of the social economy, sometimes as a whole and sometimes in specific parts, contributing to inclusive growth. These three clusters of activity, as shown in Box 1, overlap to some extent and are not mutually exclusive.

Box 1: Social economy contributions to inclusive growth

Creating jobs, strengthening skills and employability:

- providing employability support services and/or direct job creation for the most disadvantaged in the workforce
- creating 'decent' jobs' within SEOs – with fair pay, good working conditions, participation in decision-making, and enhancing diversity through inclusive employment practices
- other employment related support – such as provision of affordable childcare, housing, or transport, enabling people to get by on less income
- building diversified local economies.¹¹

Contributing to entrepreneurship and innovation – introducing new services and alternative business models which contribute to new markets and emerging sectors:

- brokering economic opportunities – including with private and public sector actors and enabling local people to participate in economic decision-making
- building social capital and contributing to community wellbeing – through volunteering and related local activity
- stimulating local consumption – supporting the retention and circulation of money within local economies.

Contributing to wider economic and institutional transformation:

- supporting the creation of a more resilient economy with increased job security
- influencing how all businesses could or should work as part of a more responsible and inclusive economy
- promoting the wider uptake of values-led innovation – influencing policy agendas and supportive institutional/regulatory change at national as well as city region levels.

These clusters of social economy activity capture the varied ways in which different types of SEO contribute to both economic and social inclusion, avoiding the discussion becoming dominated by a narrowly conceived economic dimension (Fotheringham and Saunders, 2014; Teasdale, 2010). All the clusters of activities contribute, in different ways, to growing both employment and the skills and confidence needed by people to access employment opportunities. Yet the role of the social economy in inclusive growth is not merely about filling in gaps that the mainstream economy and public sector are unable to address. Rather, it recognises how different organisations and businesses contribute to creating a more responsible and equal economy, as well as catalysing and innovating new economic models.

Given that the social economy is only just beginning to be examined through the lens of inclusive growth, and also the partial and fragmented nature of the available evidence, it is difficult to definitively set out all of the actual and potential impacts of different organisations and their activities. For example, in some instances there has only been analysis of 'social enterprise' while in others, particularly with respect to economic factors such as productivity, evidence is only available for co-operatives and employee-owned businesses. Therefore, what is put forward in this section is illustrative of an emergent evidence base.

Creating jobs, strengthening skills and employability

Providing employability support and/or direct job creation

The contribution of SEOs to strengthening skills and employability and creating decent jobs has been a particular focus of research in the UK and across Europe. There has long been a tradition in the UK of social/community sector involvement in creating employment and training opportunities or matching people to mainstream jobs, often targeted at disadvantaged or marginalised groups (eg women, ethnic minorities, the disabled, long-term unemployed, young) and providing contracted employment services (Taylor et al, 2016a; Taylor et al, 2016b).

One of the best-known types of SEOs with this focus are work integration social enterprises (WISEs), which are also referred to in the UK as social firms. WISEs operate in a variety of economic sectors, often combining training and the development of skills, while trading in the market with a social dimension. They specifically focus on creating work opportunities and increased employability for people such as ex-offenders, the long-term unemployed, or those who are mentally or physically disabled.

Based on an examination of evidence from across Europe, including the UK, Spear and Bidet's (2005) and Defourny and Nyssens' (2010) findings suggest that WISEs are improvements on conventional employment schemes due to their tighter links between good training and employment opportunities. Furthermore, this approach is important in trying to avoid a 'degenerative cycle of unemployment–training scheme–temporary work–unemployment' (Spear and Bidet, 2005, pp 200). In addition, WISEs also enable the creation of more relational support, 'providing resources of access, mutual help (social capital), and "getting together"' (Spear and Bidet, 2005, pp 201). Moreover, WISEs aim to be more embedded in local communities through using multi-stakeholder boards, and often local volunteers, and engage beneficiaries better through more participative work arrangements.

While some WISEs provide permanent jobs, most provide temporary training and employment experience, together with support for beneficiaries to access the mainstream economy. However, there are ongoing issues in relation to sustaining and promoting the good models and practices involved, particularly given their lack of resources and fragmented support structures (Spear and Bidet, 2005). Such issues include the complexity of managing diverse funding sources to avoid dependence on a single source (eg government programmes); how to manage risk; regulatory constraints and perverse incentives or lack of incentives to perform effectively; charges of 'unfair competition' from the SME sector and other issues that can arise when contracting with social clauses and making use of volunteers (Spear and Bidet, 2005). See Nyssens (2006) for a more in depth review.

Several recent studies address the contribution of WISEs that provide employment support to help people with various forms of disability (eg Buhariwala et al, 2015; Hall and Wilton, 2011; Katz, 2014; Vickers et al, 2016). This literature draws mainly on qualitative evidence, such as case studies and key informant interviews, to capture how organisations can realise their potential by changing the organisational context of work, and go beyond the mainstream focus on enhancing employability (Hall and Wilton, 2011).

Looking specifically at mental disability, Buhariwala et al (2016), examine the potential of social enterprises as 'alternative spaces' of employment drawing on experiences of 21 social enterprises across Ontario, Canada. They found that most organisations in the study offered permanent rather than transitional placements. These jobs were mostly part time, reflecting the need for flexibility, as well as the need to create as many job opportunities as possible. They concur with previous studies, that social enterprises have the capacity to create enabling workplaces which positively differ from many mainstream work environments. These studies illustrate that social enterprises recognise the importance of providing flexibility, job security – especially when people required short term absences – and support beyond work, for example, with housing, transport, or welfare benefits.

Creating 'decent' jobs

The role of the social economy in helping to create decent jobs, with good pay, prospects, security and job satisfaction, has been promoted by the ILO (2011) and EU (for example, European Parliament Social Economy Intergroup, 2016). The available evidence supports the view that SEOs across the board tend to provide relatively better job satisfaction than comparable mainstream business models (Comeau, 2013; Matrix Evidence, 2010; Borzaga and Tortia, 2006; Cooney, 2011). However, pay and conditions vary considerably among different kinds of SEOs.

Those SEOs located in poorer areas and primarily addressing local needs tend to have below market wages, while those in more mainstream sectors and some public sector markets offer similar wages. SEOs with certain kinds of business models, such as employee-owned businesses, often operating in skilled sectors, (eg Desjardins in Canada, John Lewis in the UK, Mondragon in Italy) may pay more.

Comeau (2013) argues that four key factors impact employment relations: territory differences – rural, urban, central/peripheral etc; area of activity – eg home care, child care services with female employment

versus financial services; organisation size – employees, financial resources; and internal/external regulation – the legislative framework related to the organisational form.

Disaggregating the social economy into different sub-segments illustrates these different performances. Community development organisations, for example, tend to be in poor areas and undertake low value-added activities, often without strong regulation or trade union pressure. These often have below average wages and employment relations (Comeau, 2013).

Some studies of SEOs in more developed market segments, particularly co-operatives or employee-owned businesses, indicate that they treat their employees better and, in some cases, have higher wages than comparable businesses. The review by Matrix Evidence (2010) of employee ownership suggests that employee commitment and job satisfaction tend to be stronger here than in comparable businesses, partly from the influence on managerial decisions, and that employees tend to receive higher pay and benefits.

Two comparative studies of well-developed and institutionalised co-operatives in Italy and Sweden both found higher relative levels of job satisfaction. One compared Italian social co-operatives, public and for-profit (Borzaga and Tortia, 2006) and the other compared childcare co-operatives with state provision in Sweden (Pestoff, 2000). In both instances the SEOs paid similar rates to the private sector and exhibited higher relative levels of job satisfaction. However, it is important to note that these organisations were not likely to have been staffed by disadvantaged and vulnerable people.

Despite the positive evidence, there are also indications that pay and working conditions can vary between different types of SEOs. For example, Cooney (2011) found that WISEs in the USA operate in predominantly low-skill industries, and their beneficiaries may only transfer into low-skill and low-paid jobs (Cooney, 2011). Research for the OECD (2013), summarised for the Third Sector Research Centre by two of the authors (Buckingham and Teasdale, 2013), also found that where SEOs work with disadvantaged people, the work was often low paid and insecure. This contradicts findings elsewhere that SEOs empower the vulnerable, enable decent working conditions and democratic participation (Fonteneau et al, 2011). However, the OECD study confirmed that despite these contradictions there remained relatively high job satisfaction within SEOs.¹² A study by Donegani et al. (2012, pp 17) on UK non-profit sector employees during 1998–2008 also provides evidence to support higher job satisfaction over time, although they also found a ‘reduced non-profit premium in job satisfaction’.

There is some evidence to suggest that pay differentials between the lowest and the highest paid tend to be much less in SEOs. For example, a study of social enterprises in Glasgow by Social Value Lab, commissioned by Glasgow Social Enterprise Network (GSEN), found that most social enterprises keep their executive pay low with an average pay differential of 1:2.6 (Social Value Lab and GSEN, 2015). The SEUK (2015, pp 41) UK survey revealed that the ratio between the highest paid and the lowest paid was 3.6:1 compared with 150:1 in FTSE 100 companies. Furthermore, 24% of social enterprises, in the 2015 survey, were accredited living wage employers (SEUK, 2015). A more recent but smaller SEUK survey of 230 social enterprises across the UK revealed that 74% of participants pay their employees the Living Wage, as set by the Living Wage Foundation, compared with 53% of small businesses (SEUK, 2016a).

There is a lack of recent evidence on co-operatives and employee-owned businesses regarding pay differential ratios and the percentage of these paying the living wage. However, given their values, it is arguable that these organisational forms are more likely to be held to account if their behaviour in these areas is not aligned with their stated values, which could create reputational risk. Anecdotally, Mondragon Cooperative Corporation had a pay differential ratio policy of 3:1 in the 1990s (Whyte and Whyte, 1991) with, in practice, ‘the lowest paid members receiving one-fourth to one-third of the compensation paid to the top manager’ (Greenwood and Santos, 1992, pp 16); and although the ratio has increased it is still low, emphasising organisational solidarity. More recently, the Co-operative Group announced in May 2016 that it intended to increase pay in accordance with recommendations by the Living Wage Foundation (Voinea, 2016).

Enhancing diversity through inclusive employment practices

Most of the evidence about the diversity of employment and inclusive employment practice within the social economy in the UK relates to social enterprise and the voluntary and community sector. For

example, it is estimated that, across the UK, 59% of social enterprises employ at least one person considered to be 'disadvantaged in the labour market' (for example long-term unemployed, ex-offenders, disabled people) which increases to 66% of social enterprises in the most deprived communities. Within 16% of these 66%, at least half of their employees are considered disadvantaged (SEUK, 2015, pp 34).

In Scotland, 48% of those SEOs measured¹⁴ employed people formerly disadvantaged in the labour market (Social Value Lab, 2015, pp 33) and 67% reported providing training or support intended to improve employability (Social Value Lab, 2015, pp 49). In contrast, 19% of Welsh SEOs, on a different sample more skewed towards market-oriented activity (which included social enterprise, co-operatives, mutuals and employee-owned businesses (Wales Co-operative Centre, 2015, pp 5)), reported that at least a quarter of their employees fall into this category, with a further 7% reporting over three-quarters of their employees being disadvantaged (Wales Co-operative Centre, 2015, pp 22–24).

With respect to ethnicity and disability, 40% of social enterprises surveyed by SEUK (2015) reported having at least one disabled director and 12% were Black, Asian and Minority Ethnic (BAME) and 7% led by people of BAME origin. The same survey showed a slight increase from 38% in 2013 to 40% of UK social enterprise leaders being women in 2015, compared with only 18% of SMEs (SEUK, 2015, pp. 36).

With regard to voluntary sector organisations, the NCVO Civil Society Almanac (NCVO, 2016a) reported that by June 2015, based on Labour Force Survey figures, the sector¹⁴ employed 827,000 people, consisting of 547,000 females and 279,000 males, compared with the public sector which employed 7.1 million people. Women comprise two-thirds of the voluntary and public sectors, 66% and 65% respectively, which is in stark contrast to the fact that they make up only 40% of the private sector (NCVO, 2016a). However, less than one in ten of these voluntary sector employees (9%) are from BAME groups which is lower than both public and private sector where 11% of employees are from BAME groups (NCVO, 2016a). With regards to age, voluntary sector workers are slightly older than public and private sector employees with around 38% aged 50 years or older, compared with 34% in the public sector and 29% in the private sector (NCVO, 2016a). Moreover, the voluntary sector workforce is becoming slightly older with time, with nearly 12% of employees over 60 in 2015 compared with only 8% in 2004, although this is aligned with broader demographic changes occurring in the UK (NCVO, 2016a).

A useful synthesis of the international literature on the viability of social enterprise as a poverty reducing strategy for women is provided by Fotheringham and Saunders (2014). They identify specific factors contributing to women's poverty and how they can be practically mitigated or addressed by social enterprises. They also highlight the danger of discussion being dominated by one dimension (social or business), which can be detrimental to delivering on a vision of using social enterprise as an effective strategy for poverty reduction. They emphasise the importance of a sustainable funding model for social enterprise and the limitations of reliance on charity that might inadvertently perpetuate the status quo for women experiencing disadvantage and poverty (Fotheringham and Saunders, 2014, pp 192).

Other employment related support for disadvantaged groups

Some community based SEOs deliver a range of services which further contribute to people's ability to access employment and get by on less income, such as the provision of affordable childcare, housing, or transport.

Housing associations also provide affordable accommodation, often combining this role with other activities such as increasing financial literacy, or improving employability (Richardson, 2012; Social Enterprise Scotland, 2009). One such example is First Ark Group, a housing association in Liverpool with social impact programmes that generate more than £13 million in social and economic value. Activities include raising young people's aspirations, employment skills and job creation, improving health and wellbeing, ensuring 75% of business spend remains local, and raising a 'social levy' through its supply chain – a gift aid contribution based on turnover which is used to fund further social impact programmes.

In a changing world of increasing self-employment, often accompanied by low pay and insecure contracts, there are some emerging examples of collective organisation. Conaty et al (2016) detail some of these initiatives and argue that the 'self-employed precariat' would benefit from shared services and a collective voice. Co-operatives UK (2016) records 144 freelancer co-ops, although it is unclear how many of these support the precariat; but the number, and their recognition, is likely to grow. For example,

legislation was passed in January 2016 in France to recognise 72 business and employment co-operatives who support their members with accounting support, as well as what are otherwise employment benefits such as sickness pay and other benefits (Co-operatives UK, 2016). Other examples include Ricol Language Services, a co-op created in London in November 2012 after the contract to provide interpretation services in judicial courts had changed terms and conditions. In Belgium the SMart co-operative provides invoicing and debt collection support for its 60,000 freelancer members (Collinson, 2016). These responses often take the form of secondary co-operatives and mutual groups supporting small scale/micro enterprise or self-employed.

Building plural local economies

Contributing to entrepreneurship and innovation

Community and social enterprises, including locally oriented co-operatives, engage in a variety of innovative ways to increase economic opportunities for places, and for the people who live there (eg Community Alliance, 2009; Slay, 2011; Seyfang and Longhurst, 2012; Vickers and Lyon, 2014). The SELUSI project (European Commission, 2010), adopting a broad definition of social enterprise, found that 57% were innovative, which is relatively high when compared with mainstream business. There is also some limited evidence that the higher employee commitment in employee owned businesses is associated with increased propensity to innovate (Matrix Evidence, 2010). Furthermore, case study evidence on public service mutual spin-outs supports the idea that staff are more empowered to have input into organisational strategy and innovation in community health/wellbeing services than when part of the public sector (Lyon et al, 2016; Vickers et al, in press).

There is also a range of hybrid business models on the boundary between the social economy and mainstream business (Boyd et al, 2009; Seelos, 2014; Schaltegger et al, 2016). These provide different blends of economic, social and environmental value, or distinct orientations to profit retention or distribution, and a variety of governance arrangements. These alternative business models may respond to different aspects of a changing economy and be supportive to inclusive growth, as shown in the example below of Riversimple.

Riversimple

Riversimple is a business that does not believe that 'there needs to be any trade-off between a successful, profitable, resilient business and ... eliminating environmental impact'. Riversimple is a UK company which builds affordable eco-cars provided as a mobility service with a view to increasing production and take-up of electric and hydrogen-fuel vehicles. A key aspect of their business model is to promote distributed manufacturing, which could spread employment possibilities around the country. They seek to provide 'human-scale, profitable operations near the markets they serve' which could contribute to job opportunities being more widely dispersed in relatively high value and skilled economic activity, rather than being concentrated in only one or two factories. Riversimple also has an innovative governance structure which is intentionally designed to align commercial, investor, society and interests of the planet. This is achieved through having, in addition to a traditional board, six stakeholder groups (environment, users, neighbours, staff, investors and commercial partners) each with a custodian who holds voting shares and a steward who is responsible for auditing and monitoring governance.

Source: www.riversimple.com and Patel (2016)

Innovative business models contribute to the development of newly emerging markets and sectors, such as the sharing economy (eg Idil Gaziulusoy and Twomey, 2014), urban agriculture (eg Shemkus, 2014), the transition towns movement (eg Seyfang, 2009), fair trade (eg Wright, 2009; Nicholls and Huybrechts, 2017) and devolved community production of renewable energy (eg Smith et al, 2016).

The sharing economy, for example, is a re-emerging economic model which blurs the boundaries of ownership and voluntary lending (Idil Gaziulusoy and Twomey, 2014). These business models tend to offer platforms which facilitate the sharing of collective or individually owned assets increasing utility per asset and contribute to the dematerialisation of consumption, thus also responding to environmental and resource pressures. However, much community-led innovative practice is found to be operating in relatively small niches, with alternative models being much harder to grow and sustain at scale (eg Vickers and Lyon, 2014).

Concerns over relatively low productivity and innovation levels in the wider economy, compounded by the 2008/9 recession, have increased the international focus on the potential contribution of SEOs to the 'growth' part of 'inclusive growth' (eg EU, 2014). This applies in particular to larger SEOs who do not necessarily work in, or with, local markets, for example mutuals, co-operatives, and alternative businesses.

Many of the activities already discussed add to the growth potential of an economy and there is also some evidence to suggest that certain organisational forms may contribute to increased productivity. For example, Matrix Evidence (2010) found that employee-owned companies showed productivity gains mostly when ownership is combined with participation in decision-making. Pérotin's (2014) study of worker co-operatives cites evidence that their relatively higher intrinsic motivation (job satisfaction) enables increased productivity as well as innovation.

Brokering economic opportunities

SEOs also play a key role in decreasing spatial inequalities in access to economic opportunities, through distributing work across the country. This local economic development role of the social economy has been recognised in both academic literature and in practice (TFSSE, 2014; Galliano, 2004) but has received much less attention than its role in work integration (Birkhölzer, 2009; Buckingham et al, 2012).

The SEUK (2015) survey shows that 31% of social enterprises work in the most deprived fifth of communities. The more deprived the area, the more likely social enterprises will be working there (SEUK, 2015, pp 11). This finding is particularly pronounced in the North of England and London where 46% and 35% respectively work in the 'most deprived fifth of communities' (SEUK, 2015, pp 18). According to the NCVO's Civil Society Almanac for 2016, charities and charitable income are greater in areas of high deprivation with those in deprived areas receiving nearly double the income of those in more affluent areas (NCVO, 2016b).

The high presence of certain kinds of SEOs relative to other business types within deprived areas means that they are frequently key players in locally focused policy responses and interventions, for example brokering economic opportunities, which seek to improve the conditions in these places and the lives of those who live there.

Building social capital and contributing to community wellbeing

SEOs connect the social and the economic, enabling people to have a better quality of life, and help create vibrant communities where people want to live. Related to this, the creation of social capital is another important contribution to local economic growth, defined by the OECD as 'networks together with shared norms, values and understandings that facilitate co-operation within or among groups' (Keeley, 2009, pp 103).

Social capital is an intangible resource which fosters local ties and identity and is most notable when it is absent. Evidence from CONCISE, an EU comparative study, found that social capital is intertwined with other forms of capital, eg finance, physical and human, and has little significance without these (Kay, 2006; CONCISE, 2003). Moreover, different types of social capital exist with varied roles at different times and places (Evans and Syrett, 2007).

Related to this, there is a growing body of evidence on how social enterprise models are providing alternative holistic and potentially more cost-effective approaches to addressing health and wellbeing needs in communities (Roy et al, 2013; Vickers et al, 2016).

Stimulating local consumption

Many SEOs are small and locally embedded, often delivering services that are targeted at particular communities (of interest, as well as place) and contributing to local identity and consumption, including through 'community anchors' (Community Alliance, 2009; Hutchinson and Cairns, 2010) and local exchange trading schemes or LETS (Slay, 2011; Seyfang and Longhurst, 2012).

Community anchors is a term used in the UK to denote independent and community-led organisations with a mission to drive community renewal. They are recognised as being particularly important for

underpinning local economies, helping to create employment and circulate money. They include housing associations, community land trusts, hospitals, development trusts, hospitals, or universities (Community Alliance, 2009). The RSA's report *Inclusive Growth for People and Places* emphasised the role of community anchors, as well as of SEOs more widely, as a key part of a place-based policy for local economies which builds on local assets and capabilities. These place-based institutions can act as anchors within communities to create economic opportunities for disadvantaged groups by using their relative spending power, clout and relationship with developers (RSA, 2016). Moreover, transferring assets enhances the capacities of community anchors (Aiken et al, 2011; see also: Devins et al., 2017; Hutchinson and Cairns, 2010; Casper-Futterman and DeFlippis, in press; Bailey, in press).

Grassroot complementary currencies, emerging from civil society and the third sector in response to the perceived unsustainability of global financial systems, also play a key role in stimulating the local circulation of money and consumption, and contribute to social capital (Seyfang, 1997; Slay, 2011). In a global study, Seyfang and Longhurst (2012, pp 23) identified four main types of established parallel exchange systems: service credits, mutual exchange, local currencies and barter markets.

It has been argued that LETS, one example of grassroots complementary currencies, have potential to encourage economic and community development as well as environmental improvements (Slay, 2011). However, evaluations of decade old schemes in the UK in 2011 indicated that, while delivering substantial social and community benefits, LETS have yet to achieve similar levels of economic impact (Slay, 2011, pp 15–16). An earlier study from 1997 suggested that members of LETS perceived membership as a social activity which builds social capital, rather than as economic activity (Seyfang, 1997). Other studies also suggest that, indirectly, LETS contributed to improved employability through skills and building the self-confidence of members (Williams, 1996).

Contributing to wider economic and institutional transformation

Supporting the creation of a more resilient economy with increased job security

The inclusion of SEOs within the economy also provides resilience which can reduce the impact of economic shocks through enabling a variety of responses to economic opportunity and challenges (eg Stiglitz, 2009).

There is some convincing evidence that co-operatives and employee-owned businesses performed better during the recession than comparable businesses (European Commission, 2010; Pérotin, 2014; Matrix Evidence, 2010; Birchall and Ketilson, 2009). Pérotin (2014) argues that co-operatives could do this because their incentive structures support employment solidarity (and hence pay restraint or reduction) in a downturn. There is also some evidence that this impact was also true of some social enterprises (SEUK, 2015). However, the impact of austerity and reduced spending power means that many SEOs operating in disadvantaged areas or low-paid sectors are likely to have struggled over this period.

Relatedly, employment in social enterprise, co-operatives, and employee-owned enterprise seems to be more stable during recessions (European Commission, 2010; Matrix Evidence, 2010). In co-operatives, there is evidence that this is because employees tend to trade off pay for job security (Pérotin, 2014).

Influencing how all businesses could or should work

The social economy's influence on mainstream business predominantly relates to its emphasis on fair pay, working conditions, and job satisfaction through the creation of 'decent' jobs; enhancing diversity through being inclusive employers; and focusing on disadvantage and place. Moreover, examples exist of SEOs moderating aggressive for-profit behaviour, such as building societies (financial mutuals) creating pressure to keep ATM withdrawals free (Spear and Paton, 2010).

In addition, the social economy has also influenced wider business practice, for example through developing and promoting fair trade practices (Nicholls and Opal, 2005; Nicholls and Huybrechts, 2017;

Wright, 2009) and projects with large enterprises to fulfil their corporate social responsibility (CSR) commitments (Di Domenico et al, 2009; DTI, 2005).

Advocacy and institutionalisation of values-led innovation and policy-shaping

The challenge of how to increase impact by scaling-up innovative, values-led (and often employment creating) approaches has been addressed from several perspectives by academics, often using multiple case study and documentary research. This includes work on social innovation which is often linked to social entrepreneurship (eg Nicholls and Murdoch, 2012; Phillips et al, 2015; von Jacobi et al, 2017), sustainability transitions and community-led grassroots innovation (Seyfang and Smith, 2007; Smith et al, 2016; Vickers and Lyon, 2014) and the 'bridging' role of institutional entrepreneurship (eg Tracey et al, 2011). Much of this work focuses on the factors that both inhibit and enable the wider take-up and institutionalisation of innovative approaches. These include the multiple levels involved, and the need to gain support from a range of key actors and reconcile their different motivations and objectives.

Nicholls and Murdoch (2012) identify three main levels of social innovation: *incremental* – to address market failures more effectively; *institutional* – to reconfigure existing market structures to create new social value; and *disruptive* – to change the cognitive frames of reference around markets and to alter social systems and structures. Other research on the drivers of social entrepreneurial impact shows how 'beyond niche' growth is dependent on building competitive advantage by gaining support from wider networks and key actors, ie policy networks, sources of support and quasi-markets for public services (Bloom and Smith, 2010; Vickers and Lyon, 2014).

Although social innovation has been recognised within EU policy as having important potential to tackle marginalisation, von Jacobi et al (2017) identify a mismatch between EU documents and policies. They argue the need to remedy this by addressing the institutional embeddedness of disadvantage while supporting the active participation of marginalised individuals within social innovation policy design and implementation processes.

One example of place-based social innovation which has had some wider impact is that of the transition town movement (www.transitionnetwork.org) which promotes community-led innovation and diversified local economies (or eco-localisation) in response to the challenge of climate change. Scott-Cato and Hillier (2010) represent this as an important example of how social innovation can spread from community to community to rapidly become a national and a global movement, originating as it did in Totnes in south west England.

Social economy organisations in Europe and the UK – scale, scope and distribution

The variety of SEO activities, organisational types and contested definitions discussed above all add to the complexity and challenge of accurately assessing the scale and distribution of SEOs and their impact. Nonetheless both the EU and UK data presented below illustrate that SEOs are already a large part of these economies and make a significant contribution.

SEOs in the EU

European-level data (from 2009/2010) has been put together by the International Centre of Research and Information on the Public, Social and Cooperative Economy (CIRIEC), for the European Economic and Social Committee (Monzón and Chaves, 2012). It adopts a relatively comparable approach to data collection across Europe using the basic definition of the social economy – co-operatives, mutual, associations and foundations (CMAF). On this basis, 6.5% of the working population of the (then) EU-27 is accounted for by the social economy.

In some countries, such as Sweden, Belgium, Italy, France and the Netherlands, the social economy accounts for employment of between 9% and 11.2% of the working population. However, in the UK relative employment is lower at 5.6%, most of which is accounted for by the VCS (82%). There also

appears to have been a fall in employment levels in the UK between 2002/3 and 2009/10 of 4.6%, probably due to the financial crisis in the UK.

The UK data used by CIRIEC comes from co-operative and mutual databases, as well as from the NCVO for associations and foundations. As such it misses out data on one form of social enterprise – the community interest company (CIC) – of which almost 7,670 were listed on the public register in 2013, as well as other alternative business models. This data is therefore likely to underestimate the extent of the social economy.

SEOs in the UK

Looking more specifically at the UK, one would assume it should be possible to further investigate the scale and scope using different data sources. However, developing accurate estimates of the population and distribution of diverse SEOs is currently very challenging. Thus the approach adopted here is to examine data on different parts of the social economy – social enterprise, co-operatives, the voluntary sector – while recognising that these may overlap to a certain extent.

This difficulty is illustrated by the differences in estimates for just one kind of SEO, social enterprise. A study for the UK Cabinet Office estimated approximately 741,000 UK social enterprises (UK Cabinet Office, 2014, pp 12). However, a large majority of these were private enterprises, and due to widespread criticism of the method used to calculate this figure, the government is revisiting its approach. In contrast to the UK government, Social Enterprise UK estimated a population of around 70,000 organisations using a different methodology based on a stricter definition (SEUK, 2015, pp 4).

Across the UK, there are also differences in how the term social enterprise is understood, defined and measured. For example, Social Enterprise UK and Social Value Lab Scotland both define social enterprises as 'businesses that trade to tackle social problems, improving communities, people's life chances, or the environment' (SEUK, 2015, pp 6; Social Value Lab, 2015, pp 6). They see reinvesting profits back into the business or community as a central principle of social enterprise.

However, they differ in how they use these definitions. For SEUK, only organisations which self-identify as social enterprises *and* generate 25% or more of their income from trading activities are included in their most recent survey (SEUK, 2015, pp 8). Notwithstanding these criteria, members of Co-operatives UK, Locality, National Housing Federation, Social Firms Ltd and UnLtd were included in their sample frame (SEUK, 2015). Moreover, 21% of social enterprises surveyed by SEUK were also registered as charities with 14% identifying as social firms and 14% as co-operatives (SEUK, 2015, pp 8–9).

Social Value Lab includes in its survey a wide variety of organisational forms, as with SEUK (2015): enterprising charities, community co-operatives, social firms, and community-based housing associations among others (Social Value Lab, 2015, pp 10). However, it reports that over a third (36%) of survey participants did not 'readily identify themselves as social enterprises' with many respondents preferring to 'self-identify according to their origins (eg a community project), status (eg a charity) or activity (eg a social care provider).'¹⁵ This variety illustrates the highly contested and fluid nature of 'social enterprise' (Teasdale, 2010).

Appendix 1 provides an overview of the available, but often overlapping, data for co-operatives, social enterprise, and the voluntary sector and their different economic contributions. However, relevant organisations and activity missed by this data include housing associations, informal activity, alternative business models (such as employee-owned businesses, or non-profit trusts such as Welsh Water), and larger co-operatives or mutuals, such as building societies.

Informal or 'below, or under, the radar' (BTR) organisations are not captured by national databases. This may be for regulatory reasons (unregistered/lack legal status) or financial (minimum income threshold) (McCabe et al, 2010, pp 4-6). BTRs refer to micro or small voluntary organisations, community groups, refugee and migrant groups or third sector organisations which have informal or semi-formal activities. Social economy research has been critiqued for tending to focus on 'formal organisation' rather than on 'grass roots, informal or semi-informal, activity' (McCabe et al, 2010, pp 20).

One way to look at how the UK's social economy is evolving is to assess some of the trends over time and the barriers to increased activity, the latter of which are set out in Section 3.

With regards to trends, according to the Employee Ownership Association, since 1992 the UK Employee Ownership Index (EOI) has outperformed the FTSE All Share by an average of 10% per annum (Employee Ownership Association, 2012, pp 8).¹⁶ According to EU figures¹⁷, in 2011 there were 9.9 million employee owners across Europe holding €232 billion in their company's shares of which the UK had the second largest share of €2.6 billion with France at €4 billion (Employee Ownership Association, 2012, pp 15). In 2012, the UK employee-owned sector grew at a rate of 1.1% compared with the growth of the wider economy at only 0.7% (Employee Ownership Association, 2012, pp 9). However, more recent data is not publicly available.

Co-operatives UK (2016) suggests that, similar to the trend in the EU data, the co-op sector has grown in the last five years, mainly because of a successful retail sector and also growth in agriculture. The current contribution to the UK economy is £34.1 billion and with 6,797 independent co-operatives and 222,785 employees.

The EU figures¹⁸ suggested that the size of the UK's voluntary sector has one of the higher employment levels compared with elsewhere in Europe, just behind the Netherlands and Belgium. The NCVO 2016 Civil Society Almanac indicates that there were 162,965 charities with a contribution to GVA of £12.2 billion and total spending of £47.1 billion (NCVO, 2016c). Headcount employment on the measures used is 827,000, of which 62% is full time and 38% part time. Since 2004, on these figures, the voluntary sector workforce (as defined by NCVO and based on registered charity data) has increased by more than 200,000, nearly 33% since 2004, from 2.2% to 2.7% of the national workforce (NCVO, 2016c). This increase is in contrast to EU figures which show a fall from 2002 to 2007, although the EU figures are based on different and enlarged views of the voluntary sector.

Some studies estimate the economic contribution of volunteering to the economy. Liverpool John Moores University (2015) estimated that the voluntary sector directly contributes £900 million to the city region, and that the value of volunteering is an additional £550 million.

However, given the lack of comparable time series data for social enterprise it is hard to calculate trends. Nonetheless, there is a belief that there has been an increase, mostly from 'newer' social enterprises operating in a wider range of economic sectors.¹⁹ For example, Glasgow Social Enterprise Network (GSEN) together with Social Value Lab identified 704 enterprises in 2015 with 24% formed in the last year. These employed more than 19,000 (5% of all employees in the city) (Social Value Lab and GSEN, 2015).

Perspectives on the relationship between the social economy and the mainstream economy

The three broad clusters of social economy contributions to inclusive growth previously identified are also reflected in the different policy perspectives on the actual and potential roles of the social economy in relation to the mainstream economy.

There has, particularly in the UK, been a tension between seeing the social economy as a distinct alternative to the mainstream economy, which challenges dominant practices and has 'radically transformational potential' (Hudson, 2009, pp 508) or as playing a more subordinate role of absorbing 'problem populations' abandoned by the market economy (see also Amin et al, 2002). Which of these perspectives has traction with key influential actors has practical implications in terms of how SEO success is defined, how its potential is represented, and how it is supported.

The first approach accords with a 'market failure' perspective that sees the social economy as filling gaps that the market or the public sector are unable or unwilling to address, ie by improving the access of disadvantaged groups to opportunities in the mainstream economy.

Another way to look at the role of the social economy is as part of a more diverse, or plural, economy that encompasses a variety of organisational types but with an increasing role for new forms of enterprise and alternative business models. Following the recession of 2008/9, the EU has particularly focused on the role of the social economy in growing fairer, more resilient and diversified local economies. Monzón and Chaves (2012), for example, argued that the financial crisis demonstrated the limitations of a monoculture of business practice and motivations. Stiglitz (2009) has also argued for a plural economic system, which recognises the value of a diverse economic actors, such as co-operatives and non-profits, particularly to reduce the impact of economic shocks. Moreover, a focus on transforming the economy is compatible with the ‘alternative’ role of many SEOs and the aim of creating an economy that is fairer, more inclusive, and sustainable.

The three perspectives on the role and potential of the social economy (see Table 1) were spelt out by Barth et al (2015) (drawing on Hudson, 2009) in Australian research which shows how, in this case, social enterprises and their contributions to regional development may be viewed from the standpoint of different perspectives. They found that, where regional development stakeholders perceived the role of the social economy as filling gaps that were not addressed by the market or public sector, it lacked legitimacy when taking on other roles. Moreover, it was also viewed as subsidised and therefore unfair competition (ie by private sector businesses in particular (see also Spear and Bidet, 2005). However, if they were viewed as partners in a plural economy, they were accepted as being able to play a more significant role.

Table 1: Role of the social economy relative to the mainstream economy

Role of the social economy	Perspective relative to the mainstream economy
Creating jobs, strengthening skills and employability for the most disadvantaged	Filling gaps and responding to market failure
Building and diversifying local economies	Part of a more diverse or plural economy
Contributing to wider economic and institutional transformation	Transforming the economy

Cities and city-regions can benefit from a perspective that frames the social economy as going beyond addressing market failures, and positioning it very much as part of a plural economy, where it acts differently: producing differently; doing business differently; managing differently; consuming differently (Social Economy Europe, 2016).

Summary of roles and evidence

Our review of the evidence base related to the actual and potential roles of the social economy suggests that there are many ways in which different kinds of SEOs can contribute to inclusive growth. In doing so, we have identified three main categories, or clusters, of activity whereby the social economy can contribute to inclusive growth: creating jobs and employability, building diversified local economies and contributing to wider economic and institutional transformation.

Although most of the available evidence relates to increasing employability and job opportunities for disadvantaged people and the provision of ‘decent jobs’ by SEOs, we have also pointed to evidence relating to the other areas of contribution identified. There is a need to further explore and recognise the many different roles that SEOs play which are relevant to inclusive growth if their potential is to be understood and supported.

Examination of the available EU comparative statistics suggests that the UK appears to have a strong voluntary and community sector and a growing social enterprise sector, but fewer organisations with alternative governance models, such as co-operatives. The evidence relating to social enterprise – a broad category that overlaps with co-operatives and the voluntary sector – suggests increases in activity and a widening of the economic sectors in which they occur.

3 How can cities support the social economy?

Having explored what is known about the scope and contribution of the social economy, in this section we consider how cities can enable its potential in relation to inclusive growth. First, we examine the barriers faced by SEOs and what is known about their support needs. As in the case of understanding the scale and scope of the social economy, much of the evidence relates to social enterprises. We then introduce the concept of a social economy 'ecosystem' as a framework for capturing in a holistic way the various elements needed to support an increase in the number and impact of SEOs.

Barriers to SEO growth

Various surveys and studies have identified the range of obstacles and difficulties affecting the growth and development of the social economy and different types of SEO. Here, we look specifically at the situation in the UK, where the main areas of difficulty relate to visibility and recognition, finance, public sector procurement and skills.

Visibility and recognition

There continues to be a low visibility and recognition of the relevance and contribution of different SEO forms. For example, 14% of SEUK respondents identify the lack of awareness of social enterprise among banks and support organisations as a barrier experienced particularly on start-up (SEUK, 2015, pp 50). Part of the reason for the lack of visibility and recognition of the social economy and its impact is linked to the inadequacy of standard economic indicators (eg GDP, employment) to represent the full range of impacts of the social economy (Liger et al, 2016, pp 77–82).

There is a particular lack of awareness of co-operative and employee-ownership forms (for example, Employment Ownership Association, 2012) despite the developing evidence of their economic and social advantages (see Section 2). This lack of widespread understanding limits the likelihood of them being given serious consideration as a viable option by entrepreneurs, employees and business advisers (Co-operatives UK, 2017; Employment Ownership Association, 2012). There are also cost and regulatory barriers to co-operative and employee-owned enterprises, which also constrain their creation (Co-operatives UK, 2017; Employment Ownership Association, 2012, pp 16–18).

Co-operatives UK (2017) additionally identify barriers related to brand confusion between co-operative, mutual, social enterprise, consortia and employee-owned businesses, and a common assumption that co-ops are food shops, no more'.

Finance

Financial barriers related to securing funding and accessing growth finance are often encountered, particularly by the more entrepreneurial and growth-oriented SEOs (Co-operatives UK, 2017; Employment Ownership Association, 2012; PwC, 2013; SEUK, 2015; Social Value Lab, 2015; Wales Co-operative Centre, 2015). However, there is a need to distinguish the particular issues relevant to different kinds of income, whether grants, or different forms of repayable finance. At the same time, it is important to recognise that there has been a huge attempt to increase the availability and scope of social finance, including by the UK government, although there is also some evidence of a lack of attractive investment opportunities (ICF GHK and BMG Research, 2013).

In a survey of social enterprises across the UK, 39% of respondents believed the general lack of funding availability to be a barrier to their sustainability (SEUK, 2015, pp 48). In Northern Ireland, 68% of social enterprises and 52% of community and volunteer organisations (CVOs) surveyed in 2013 identified lack of available funding as the biggest barrier to their expansion (PwC, 2013, pp 68;91). In Wales, 44% of 'social businesses' reported lack of finance or funding as the main barrier to enhancing their performance as well as the need for support in securing alternative funding to reduce dependency on grants (Wales Co-operative Centre, 2015, pp 30). Further analysis of the SEUK data in 2014 found that 43% of

respondents were seeking grants and 15% repayable finance (Lyon and Baldock, 2014). This suggests that in the case of social enterprise much interest in finance remains related to grants not loans (Floyd et al, 2015).

In Scotland, the widespread belief that there is a 'cultural aversion to risks and debt' among SEOs is countered by Social Value Lab (2015, pp 52) findings that 75% of respondents were aware of the options for repayable/loan finance; 39% were willing to consider repayable/loan finance but 30% did not know if they were able to access it. At the same time, there has been a large increase in the supply of repayable finance. Many social investors are struggling to find investable propositions (Lyon, 2016). This mismatch raises the important question of whether or not, as the social enterprise sector evolves, specialist finance can co-evolve with it (SEUK, 2015, pp 49).

Public sector procurement

Public sector procurement is an important source of income for many SEOs. The survey by SEUK (2015, pp 25) shows that for UK social enterprises, trading with the general public is the main or primary source of income (30%), followed by public sector trading (27%). If grants are added to trading, the public sector becomes the largest income source (32%), but it is important to note that the mix of grants and contracts will vary between different social enterprises.

According to NCVO (2016)²⁰ data for the period 2013/2014, grants and contracts from government bodies, both UK and EU, are estimated to contribute a third (34%) of VSO's income valued at £15 billion. Of this £15 billion²¹, £12,085.1 million related to public sector fees and payments for contracted services, in comparison to only £2,825.5 million worth of funding grants and grants to charitable intermediaries and £92.4 million associated with trading with the public sector to raise funds. Moreover, growth in government income predominantly accrued to organisations with incomes of over £100 million, with major organisations receiving the largest share of income from government (42%), and small and micro organisations the smallest share (18%). Thus for both social enterprise and for charitable organisations the majority of government funding (>80%) is for fees and contracts.

Across the UK a decrease in public sector procurement as a response to austerity has been challenging for all SEOs. SEUK perceived the problem for social enterprise sustainability as being 'alarming' increasing in severity from 2013 when it was a 'singularly urgent concern' (SEUK, 2015, pp 48). For those public procurement opportunities that do exist, 49% of social enterprises felt that the Public Services (Social Value) Act's influence had yet to materialise in public service procurement, suggesting a need for further work on how the intention of the Act can be more fully realised (SEUK, 2015, pp 49).²²

Skills and capabilities

A lack of certain skills is commonly identified as a significant barrier to growth. For social enterprises, these include in particular marketing and branding (identified by 56% of social enterprises) and technical skills related to tax, regulation and technology (SEUK, 2015, pp 52). In Scotland, the most notable barrier reported as inhibiting social enterprises reaching their potential, cited by 59% of respondents, was the combination of lack of time and capacity to develop trading activity (Social Value Lab, 2015, pp 51). In Northern Ireland, social enterprises also emphasised not having the right people and lack of awareness of support available (PwC, 2013, pp 10). In contrast to social enterprises, CVOs in Northern Ireland identified the 'nature and principles of the organisation' as not leading to expansion, as the services they were providing were predominantly free to marginalised groups (PwC, 2013, pp 91). Additionally 'not having the right type of people and/or skills to expand' was a key barrier for CVOs (PwC, 2013).

To conclude, the barriers identified above echo the previous argument of Haugh (2005) with respect to social enterprise, that SEOs can contribute to regional development but only if various challenges are overcome. As well as specialist support for growth and scaling, Haugh also identified a need for moral support through advisors who understand the distinctive ethos of social enterprise; and using mutual self-help networks to share knowhow. The development of specialist finance and addressing identified skills gaps are key areas of interest to those parties seeking to support SEO growth more generally.

Enablers of growth

When considering the enablers of growth, it is important to note that 'growth' in the social economy can take a variety of forms. This can include growth of organisations themselves (for example in terms of their turnover and numbers employed), the development of clusters within particular places, the growth of numbers of different kinds of SEOs, and growth in impact which might arise from being part of cross-sector collaborations or changing mainstream economy practices (for example fair trade). Growth can also arise from shared learning and the wider adoption of innovative ideas and replication of effective models in different locations, with ensuing social and environmental benefits (Blundel and Lyon, 2015; Vickers and Lyon, 2014).

Our review leads us to identify a number of factors that enable the growth of the social economy.

- Framing, leadership and governance – how the social economy and its potential is understood and enabled by influential actors and in relation to the three perspectives previously identified (addressing 'market failure'; part of a plural and diverse economy; or transforming the mainstream economy).
- Networks and collaboration – both within the social economy and including other actors in the public and private sectors.
- Innovation and knowledge sharing – including the dissemination of ideas and replication of effective models.
- Procurement as a key enabler – with public services an important market for many SEOs, where the Social Value Act offers further enabling potential in the UK.
- Infrastructure provision – including business support, finance and premises.

These factors contribute to the development of a social economy ecosystem where they interact within a given city context to help develop a sustainable and dynamic social economy.

These enabling factors are further examined in the following sections and used to analyse the experiences of our selected international and UK case study cities.

An ecosystem approach

The notion of a social enterprise/economy ecosystem has become increasingly influential in studies seeking to understand those situations where the social economy is better established and more dynamic as well as in the development of integrative frameworks for policy intervention.²³ The idea of an entrepreneurial ecosystem was originally introduced by Isenberg (2011) and emphasises the context of productive entrepreneurship, its key elements and how they interact.²⁴ The ecosystem concept provides a framework for understanding the economic interaction between individuals and organisations within particular contexts and their co-evolution over time.

It uses an ecological metaphor of co-evolution of organisms with their environment. When extended to SEO organisations and sectors (Spear, 2015), it provides a way to consider the best mix and sustainability of resources (eg finance, expertise, premises) and how they fit with the entrepreneurial lifecycle of a particular organisation and its sector, as illustrated in Table 2.

Table 2: Elements of support for social entrepreneurship within an ecosystem approach

Stage of business lifecycle	Building awareness and visibility	Developing business ideas	Business planning and development	Social entrepreneurship and leadership development	Growth, scaling, replication
Start-up	Promotional campaigns; web strategies	Incubators and workspaces supporting innovation	Schools for skills development; advisory services	Schools for skills development; advisory services; mentoring and coaching; peer support networks	Not applicable for start-ups
Established social enterprise	Branding and marketing	Social Innovation hubs, and R&D programmes	Capacity building; strategic skills development	Mentoring and coaching; peer support networks	Social franchising; collaboration and consortia; growth, diversification, spin-offs

Source: Spear (2015)

The ecosystem approach also emphasises interactions between different actors and the framework of regulation (legal/fiscal), norms and institutions which provide opportunities as well as constraints. For instance, opportunities may arise from how these elements enable an organisation to be considered legitimate, or its values and principles made acceptable or even more desirable than mainstream business forms.

The full spectrum of relevant factors also include human capital and the local labour market; how well educational or training institutions are adapted to work with particular organisations; access to resources from local and regional governments. It also includes how stakeholder relationships and networks support organisations and how well they are embedded in their local communities from which they can draw resources such as social capital.

The positive benefits of social enterprises clustering together were identified in a recent study of social enterprise in four UK cities – Birmingham, Liverpool, London (Borough of Newham), and Southampton – (Pinch and Sunley, 2016). It concluded that local networks were critical to support systems at the city level, and that there can be a spinoff process from charities and state supported bodies, as well as a ‘new generation of largely graduate social entrepreneurs’ (Pinch and Sunley, 2016, pp 1,299). The most important factor influencing location was high levels of need (demand), but the effective supply was dependent on knowledge networks, and a ‘localized business ecology of suppliers and infrastructural support’ (Pinch and Sunley, 2016).

Studies of this kind provide insights into the entrepreneurial processes of social enterprise, emphasising the importance of networking, knowledge sharing and a supportive ecosystem; the benefits of their co-location with other SEOs, businesses and charities, and their effective response to demand. These findings suggest that the establishment of an effective social economy ecosystem is crucial to understanding how cities can enable inclusive growth.

Developing policy support for the social economy in cities

The social economy faces several challenges, which policy and support mechanisms can seek to address. The responses can take a variety of forms and operate at different spatial levels, ranging from top-down strategic approaches at national and city region levels through to bottom-up actions rooted in urban localities and neighbourhoods.

The Social Entrepreneurship Network (SEN) drew on shared learning from partners across nine EU countries between 2013–2014 (Johnson et al, 2015, pp 4) to identify 15 key policy lessons and recommendations for the development of social entrepreneurship and the social economy, namely:

- establishing policy coherence through establishment of cross-departmental co-ordinating bodies
- vertically integrating social enterprise policy
- establishing policy for social enterprise stakeholder partnerships
- recognition of social added value of social enterprise through sponsoring marks/certification systems
- the importance of support for development of social impact measurement methods
- the importance of support for development of new legal forms of social enterprise
- ensure social entrepreneurship is a key part of mainstream entrepreneurial education
- provision of both mainstream business advice and specialist support infrastructure and tailored support
- training for social entrepreneurs using peer learning
- using consortia and social franchising as replication mechanisms to leverage networking capacity of social enterprise
- establishing socially responsible public procurement policies
- financial support should combine different mechanisms (grants, loans, equity and social impact bonds) from multiple sources to meet different needs
- research at EU level required to develop consistent methodologies and statistics on social enterprise

Many of these recommendations relate to the national level where frameworks for recognising and supporting SEOs can be created. SEUK (2015, pp 60) suggests the kinds of additional approaches which are part of how a city can develop a successful ecosystem. These ideas include: providing access for social enterprise to mainstream business support programmes; developing approaches which cater for the increasing population of young social enterprise emphasising 'networks, online and peer-to-peer' taking a 'placed-based approach to support' which is sensitive to local context and needs, and builds on local insights; reducing emphasis on individual entrepreneurs within social enterprises and increasing the emphasis on technical skill areas; increasing social enterprises' confidence and ability to navigate the different kinds of available social investment.

The role of city governments and locally based partnerships and the extent to which they integrate the needs of SEOs into developing a supportive policy context appears to be crucially important, as shown by the international city case studies examined in Section 4. For example, in the UK the extent to which local enterprise partnerships (LEPs) and other local government agencies include social enterprise is stressed by SEUK as something which should be 'a key part of their employment and job creation plans'. It is also important that they design locally attuned policy and support initiatives, including in areas where social enterprises are 'weaker relative to other localities', and in order to ensure 'maximum additionality and impact for resource invested' (SEUK, 2015, pp 61).

Developing a social economy ecosystem has also become an important theme in policy work around the Social Business Initiative in the European Commission. EC commissioned research on 29 European countries (Wilkinson, 2014) identified a framework comprising six dimensions of a social enterprise ecosystem (Figure 2). This provides a basis for examining the distinctive needs of SEOs. It notes the different features of an ecosystem and differentiates between start-ups and established SEOs, and the different stages of development in the business lifecycle.

Figure 2: The six dimensions of a social enterprise ecosystem



Source: Wilkinson (2014)

Some of these aspects are pursued at the national and international levels, including legal and governance frameworks. Examples of the latter in the UK include the community interest company designed to support social enterprise creation and introduced by the government in 2005, and the recent legislation for charitable incorporated organisations, designed for entrepreneurial charities.

City level responses have a key role in establishing an enabling environment for the development of the social economy in line with this framework. This could include actions to support greater engagement in public service procurement opportunities or in the infrastructure and other developments arising from city deals; establishing social investment markets; encouraging impact measurement and the take-up of certification systems to emphasise the importance of demonstrating added value and recognizing 'social value'; developing specialist development services and support; facilitating the development of SEO networks of mutual support; and encouraging the development of cross-sector collaborations for challenges ranging from childcare to local area economic development.

Conclusion

In this section we have examined how cities can potentially support the social economy in relation to inclusive growth by, first, examining the barriers faced by SEOs, notably with respect to accessing start-up and growth funding, public sector procurement, and skills/capacity gaps. We then examined support needs and the development of policy for the social economy, introducing five enabling factors: framing, leadership and governance; networks and collaboration; innovation and knowledge sharing; procurement as a key enabler; and infrastructure provision. We have suggested how the interaction of these factors can contribute to the development of a social economy ecosystem within a given city context, thus supporting entrepreneurship and the development of a sustainable and dynamic social economy. These enabling factors are examined in further detail in the following sections to analyse the experiences of our selected international and UK case study cities.

4 International cities and the social economy

Introduction

This section presents the main findings from a desk-based review of the social economy in 14 international cities: Montréal; Lille; Bologna; Mondragon; Gothenburg; Rio; Barcelona; Brussels; Cleveland; Berlin; Warsaw, Krakow; Seoul and Hong Kong. The cities are introduced below, followed by a thematic analysis, including some critical reflections.

The cases were selected to exemplify different aspects of the social economy and their contributions to inclusive growth, as shown in Table 3.

Table 3: International city cases

City	Why interesting	How social economy developed?
Lille* France	Long and well-established social economy, with related policies, and ecosystem, provide rich experiences.	National institutionalisation of the social economy; and national initiative helped strengthen regions and SE collaboration; strong leadership: mayor
Bologna Italy	Some of best mainland experiences regarding innovative co-operatives. Long and well-established co-operatives, with innovative experience of social co-ops	Civil society entrepreneurs gradually established social co-ops, and their ecosystem
Montréal* Canada	Highly innovative regional model, with well-established social economy and ecosystem; also strengthens regional identity	Collaboration between well-established SE actors (Desjardins), entrepreneurial practitioners, and academic networks; plus strong leadership from social economy, establishing systems of co-governance and collaboration
Gothenburg* Sweden	Strong co-op history, now adapted to current challenges and linked to SE; innovative ecosystem development	Strong network of activist consultants collaborating with city both for social economy, and its ecosystem
Mondragon Spain	Inspirational model of well-established co-operatives; also strengthens regional identity	Economic necessity, and pressure for regional identity drove co-operative entrepreneurship, and a complementary ecosystem
Barcelona* Spain	Long and well-established social economy gained new impetus for inclusive dynamic from Spain's forced austerity	Tradition of support for SE, enshrined in national law. Post-crisis anti-austerity movements have been widely supported, and embedded in inclusive agenda in city institutions and policies
Brussels Belgium	Long and well-established social economy, and policies, and ecosystem; selected for innovative urban regeneration initiative, and work integration measures	Large SEOs have played an important role in institutionalising and developing the ecosystem

City	Why interesting	How social economy developed?
Cleveland USA	Effective development of disadvantaged communities through co-operatives	Good use of procurement; inter-city collaborative learning
Berlin Germany	Thriving cultural and digital economy; historically not a strong identity of social economy, so combined support for social economy and business initiatives	Different social movements have helped develop SEOs and a dynamic ecosystem, which provides cross-sector support. Established co-op sector supported the development of new co-ops
Warsaw/Krakow Poland	Multi-sectoral partnerships for regional development (Academy of Social Economy); highly effective development foundation (Barka)	Network of social economy actors well connected internationally; good use of regeneration funds (ESF) not only to develop the region, but also to build ecosystem
Seoul, S. Korea Hong Kong, China	Countries with weak welfare systems draw on civil society resources; little or no tradition of SE; useful for considering UK direction of travel	Effective community anchor roles, some arising from social movement, and religious bodies; considerable academic and policy interest, but SE not widely developed
Rio Brazil	Very interesting solidarity economy, linking formal/informal activities	Popular movements have influenced political agendas, but sometimes not well linked with large well-established SEOs

* Extended case example is included in Appendix 2

Globally the social economy is very diverse, and different traditions, institutions, and policies have helped shape its scope and scale in each city and its region. In a short chapter it is difficult to fully explore the reasons for these differences. We have already seen that cities can benefit from a perspective that frames the social economy as going beyond addressing market failures, and positioning it very much as part of a plural and diverse economy, where it acts 'differently': producing differently; doing business differently; managing differently; consuming differently (Social Economy Europe, 2016).

Some idea of the scale and significance of the social economy within Europe and the UK is provided in Section 2. However, not all countries recognise the term social economy, or imbue it with the same identity, although by and large they all recognise some of its core organisational types, particularly: co-operatives, mutuals, associations/non-profits, foundations and social enterprises. Some countries frame its role narrowly as addressing market failures, particularly in the labour market, while others see it as part of a more plural and potentially transformative economy. In the latter case, some cities are highly innovative in new sectors, such as community food, creative and digital sectors, recycling and renewables. Such initiatives are often driven by movements of collective action, where opportunities for democratisation towards a more inclusive agenda have been taken.

It is important to recognise that the 14 international city cases presented here are indicative and inspirational. They are also influenced to a great extent by context. We have therefore provided some critical reflections on how they have achieved what they have, and also recognised where possible some of their limits and challenges. We are therefore not arguing that all these cities are exemplary regarding the development of the social economy, nor that their social economy might not be subject to criticisms.

However, these critical reflections on context and history may put into perspective the factors influencing the relevance of the specific examples identified. This kind of analysis is essential in considering what can be learned, adapted and transferred. It will also help different city and social economy leaders, who may be attracted to different examples, to see what is relevant to their own challenges and opportunities.

With regard to transferability, it is not the intention to propose the direct replication of these models and experiences, since to be effective that would require adaptation to local context through a participant

process, and ownership by key stakeholders. Rather the idea is to broaden the horizons and deepen the understanding about the potential and limitations of the social economy.

Our review of international cities shows that successful social economy development often arises from an enabling and supportive context which joins up the various elements of policy, support provision, and a high level of collaboration between various actors, both within the social economy and with the public and private sectors. Such social economy 'ecosystems' commonly include five main elements: framing, leadership and governance; networks and collaboration; innovation and knowledge sharing; procurement as a key lever; and infrastructure – including business support, finance and premises.

Framing, leadership and governance

The Global Social Economy Forum²⁵ held in Montréal in autumn 2016 involved mayors from all over the world talking about how the social economy fits into a broader understanding of what an economy is and can be, and with the emphasis on supporting and enabling inclusive growth. This shows how the social economy is currently being understood, framed and mainstreamed within some current policy thinking and practice.

Part of the framing of the social economy is down to government legislation and policy. In Spain for example, the social economy is supported by the Constitution, and in France there is now a minister for the social economy within the economics ministry. In Poland, in the National Development Plan for 2007–2013, the role of the social economy was more narrowly prescribed as an effective instrument in the fight against poverty and social exclusion. Government policy also plays a role in this framing, typically through labour market, welfare, agriculture and rural development policies. Thus in many parts of Europe, social enterprises are often framed as work integration organisations operating within the framework of an inclusive labour market policy.

The other part of framing links with how the sector sees itself, whether as relatively independent pillars, such as co-operatives and non-profits operating with little liaison, or as part of a larger family of the social economy. In the UK during the last 15 years, the development of social enterprise can be seen as a way of bringing together the newer parts of the social economy.

Given a broad framing and a collaborative ethos between the four pillars of the social economy (co-operatives, mutuals, non-profits, foundations), the structures representing the sector at national and regional levels can be more integrated. Certain cities such as Montréal, Mondragon, Barcelona, and Rio, particularly exemplify how the social economy can be better represented and institutionalised within mainstream policy. Creating such local structures helps to overcome fragmentation and competition, and move towards a more collaborative social economy.

This implies joint city/SE structures and forums for liaison and the co-governance of policy both for the social economy as a sector, and in different policy areas. For example in the UK, policy relating to the development of SMEs frequently refers to SMEs and social enterprises and a need to recognise the distinctive needs of the social economy sector, so that a level playing field can be developed for a plural economy. It also implies that initiatives to support entrepreneurship might be open to more sectoral collaboration, with the recognition of the creative potential of bringing together a more diverse range of actors with different capabilities and orientations to address shared challenges. The following cities provide useful experiences for reflecting on the different ways the themes of framing, leadership and governance can be addressed.

- Montréal has a Commissioner for the Social Economy, with strong city policies and level of impact, and this is matched by a strong sector body, the Chantier de l'économie sociale, which has co-ordinated and represented the different parts of the social economy, and provided an important voice in policy at the city and regional level. At the federal level, a major social economy collaboration between provinces and networks of university researchers has led to Canada creating a national SE steering group on social innovation and further considering how to mainstream the social economy within policy-making.
- Seoul – the new economic paradigm should include solidarity and collaboration' (Mayor of Seoul). While current activity is only embryonic, the social economy is viewed as one way to reduce

inequalities, eg through the Seoul Social Economy Network. Strong community anchors, such as the Work Together Foundation, play a city-wide role with metropolitan government to support social economy development. A movement to combat unemployment led to the founding of one of the largest NGOs concerned with addressing unemployment issues – in the post crisis period, it helped support more than five million unemployed workers and their families.

- Mondragon – described by its mayor as the ‘Silicon Valley of Co-ops’. Co-operatives account for 80% of the local economy; they have a relatively high per capita income, and low inequality (eg pay differentials). Large established actors such as the tightly integrated federation of Mondragon co-operatives (similar to Desjardins in Quebec) play a leadership role in driving regional and city economic development.²⁶
- Barcelona – ‘the social and solidarity economy is an alternative to failed capitalism and austerity’ (Mayor of Barcelona) – hence it is seen as a way to radically rethink how economies work but also as part of co-governing policy in local areas, where the different municipalities network to share good practice. There is an emphasis on the solidarity economy to combat social exclusion, but parallel attempts to democratise new growing sectors of the economy such as the collaborative, digital and cultural sectors. The Catalan Network of the Solidarity Economy operates as a laboratory for exploring new ways of working, consuming, and investing.
- Gothenburg – has structures for co-ordinating policy at different levels – local, city, metropolitan, and regional (also the case in Lille and Montréal). Rather than being bottom-up or top-down, these are systems of co-governance which recognise the need for co-production of knowhow for interventions and value local and expert knowledge. The Gothenburg social economy plays a regional role in developing and representing the SE sector.
- Rio – has institutionalised the solidarity economy as a means of promoting inclusive growth more than other Brazilian cities, with an emphasis on self-managed collective groups. Several institutions support such initiatives. SEDES is a municipal secretariat which has supported the creation of city-wide commercial fair opportunities, and procurement. This commitment is reinforced by a national secretariat which is part of the Ministry of Labour. There are also solidarity economy public manager networks.

Networks and collaboration

An emerging theme from the international cities is that of strengthening cross-sector collaboration to overcome the danger of the social economy and its constituent parts operating in isolation. This also aims to facilitate the process of innovation through better linking it to an inclusion agenda and to combine different capabilities and resources from each sector to create greater scale and impact. There are a number of positive examples of the social economy providing the catalyst for cross-sector activity, drawing in resources, ideas and skills to innovate, while emphasising inclusion.

- Cleveland – Evergreen Co-operatives link philanthropy, government and support to seed community worker co-ops in disadvantaged areas, and assist their creation and scaling through different procurement methods.
- Warsaw/Krakow – the award winning Academy of Social Economy (Krakow) integrates marginalised people and communities through multi-sectoral partnerships to support SE development.
- Barcelona – creative and cultural development initiatives combined with multi-stakeholder governance which includes local people in poorer areas; this aims to democratise gentrification tendencies (eg in Nou Barris).
- Lille – Recode is a multi-sectoral partnership that helps retrain industrial workers to the service sector according to local labour market needs.
- Bologna – Incredibol is a multi-sectoral partnership (public/private, and social economy), supported by the city and the region to develop the cultural and creative industries. It operates through a competitive process to attract innovative entrepreneurs, and then selects the best projects to receive finance and business advice from its network.

Innovation and knowledge sharing

The creation of spaces or networks to support knowledge exchange, learning and social innovation was found to be crucial, particularly with respect to involving universities and other educational/training/research establishments.²⁷

- Collaborations between universities, SE and innovation hubs: Mondragon is a leading partner in an innovation hub, but social innovation hubs linked to universities with SE partners are becoming more visible; and similar collaborations provide firm foundations for incubators, eg in Rotterdam, where a foundation and the city set up a network of specialist advisors together with vocationally trained students from a business school to provide a six-month mentorship programme for start-ups.
- Research networks collaborating with social economy: Montréal; Ciriec Canada is an extensive network of mainly francophone researchers, with good links to the sector, who conduct research and other projects with the social (and public) economy.
- Think Tank for inclusion (Lille) where a strategic urban plan was developed for social inclusion through the social economy; this included finance for development, targeted sectors, and reserved procurement contracts.
- New digital social entrepreneurs and related ecosystems: incubators for cultural creative industries and for social innovation provide training workshops, mutual support, and business development (Berlin has several different types).
- Emphasising social economy inclusion in new sectors: many new movements and innovative new sectors are drawn to more inclusive social economy structures, but this is a dimension that can be supported to emphasise an inclusive agenda: eg in local/slow urban/rural food systems, renewable energy, north/south business and trade, collaborative economy, creative/cultural industries, digital economy, makerspaces and new craftwork, crowdfunding, social media spaces (Barcelona, Berlin).
- Social innovation: social economy role as experimental platform via projects: Gothenburg – Coompanion is a longstanding network for the development of co-operatives and the social economy and collaborates with the city to develop innovative projects and improve capabilities of the SE ecosystem.
- Promoting new forms of cooperatives: in Seoul and Bologna; the Italian social co-operative is an adapted form of co-op with multi-stakeholder and non-profit attributes; it has proved particularly suitable for welfare and work integration services.
- Social franchising as a pathway to replication: effective models are not always replicated in every city, but social franchising can facilitate that process (eg Le Mat in Gothenburg).
- Cities in mutual learning collaborations: Cleveland, Rio, Barcelona, Lille. For instance RTES, France, creating a social economic innovation centre to work with different communities on, for example, solar energy, citizen cafes.

Procurement as a key lever

Procurement from all public bodies can be an important way for strengthening the social economy and developing more inclusive economic development; this can apply directly through procurement contracts or indirectly through subcontracts with a prime contractor. Similar approaches could be promoted more widely in the supply chains of larger social economy organisations (such as housing associations, where there is already some current practice), and larger corporate businesses. While social clauses and social value are increasingly part of the recognition and support for social economy organisations in the UK, international experience indicates some additional approaches or practical implementation strategies.

- Reserved contracts, mandatory integration clauses (Lille). This requires procurement organisations to allocate a certain number of working hours, or a certain percentage of the contracted working hours to integration of people into employment; this may be done directly, through sub-contracting, or by working with a work integration organisation, for example from the social economy.
- Specific allocation of municipal spending, procurement for social innovation, and early involvement in planning process (Bologna).

- 'Type B' social co-operatives bring together permanent workers and previously unemployed people who wish to integrate into the labour market (Bologna).
- Preference contracts, sometimes also supported by tax breaks, fast-tracking permits or fee waivers (US).
- Development and start-up enabled through procurement contracts (Cleveland).
- Partnerships for local business to take on apprenticeships.

Infrastructure provision

In many countries, government policy at national and city levels has led to considerable development of infrastructural support to enable entrepreneurship for SMEs, both for start-ups and for growth. But while it is important that there is clear access to such generic resources for SEOs, there is a recognition that they have distinctive needs, and that specialist support is also required.

- Business support – useful models typically emerge from city/region collaborations with social economy bodies, such as Montreal's Partnership for Community-based Sustainable Development which included support for community-based entrepreneurship. At a minimum level cities need to ensure that government and city business support signposts where to find specialist support; but better support models require integrated or 'braided' support that link generic and specialist advice and training. This might operate through one-stop shops for start-up training and advice; similar approaches apply to capacity building for consolidation and growth.
- Social finance – this has become a major ecosystem theme, both in UK government policy, and in the European Commission's Social Business Initiative. Well-developed social finance systems comprise a wide variety of finance bodies and instruments, including: community-based funds, loan guarantee funds, patient capital, crowdfunding, including specialist crowdfunding platforms; better integrated funding (between different funding bodies), and by combining social finance with the development of business management skills (Berlin, Gothenburg, Krakow, Montréal); social finance may be oriented to types of SE enterprise, but it can also emphasise outcomes such as through criteria for addressing disadvantage/unemployment. And there are innovative social investment strategies too (eg Lille where there is an initiative to draw in local savings for local investment).
- Incubators of different types: these may be specific to the social economy, but are often multi-sectoral collaborations, drawing on different resources, eg from foundations (Seoul) and corporates (CSR funds); they may also make use of expert volunteers and mentors, eg via religious bodies and communities, such as local churches in Hong Kong; and while most are concentrated in a workspace where mutual support between entrepreneurs is encouraged, some have more distributed models of networked incubation (with peripatetic advisors/mentors); some incubators have a specific focus, eg on local innovation, or are focused on cultural creative industries, such as Berlin.

The ecosystem approach

The above five themes form the different dimensions of an ecosystem approach that has emerged from comparative analysis of international experience and the literature. The ecosystem can operate at different levels. At the most basic, support is required where market failures are being addressed, since typically this will require some form of resources (finance, advice, etc). But at a more developed level, ecosystems take seriously the need for developing contexts appropriate for the social economy as part of a plural and diverse economy, so that it can develop and thrive. A thriving social economy is embedded in an enabling ecosystem, and ultimately each can be mutually sustaining.

An important rationale for developing an appropriate ecosystem is to move beyond atomistic social economy organisations to networks and collaborations, horizontal and vertical. These include those between new SE organisations and between new and established players, as well as often fruitful collaborations between sub-sectors of the social economy. These operate at multiple levels – national/institutional, inter-organisational coalitions, and project partnerships. This shows the importance of a fuller system of reciprocal relationships between different actors to enable the operation of a strong social economy. The rich and varied nature of more developed ecosystems can be seen in the following elements which emerged from the international city case studies.

- Networks and support/catalyst bodies for development eg Mondragon's highly successful network of co-operatives has established other bodies like a university, bank, and innovation centres; Montréal SE has a lead body, Chantier de l'économie sociale, which works with the city both to address issues, and strengthen SE capacity. Horizontal collaborations and networks (going beyond the city and region) can play similar roles, eg Coompanion – a longstanding national network for the development of co-operatives and the social economy (Gothenburg); and similarly at the national level, Lille is part of RTES – a national network to promote the role of SSE and co-construct policy with 130 local governments.
- Secondary structures to increase capabilities and resilience – this builds mutual, reciprocal support within the social economy, and strengthens vertical links between social economy organisations; membership of such structures is from primary SEOs, providing shared services, and joint marketing etc. (Mondragon, Bologna).
- Horizontal networked partnerships with established SEOs building on each other's strengths – linking scale and resources, with community initiatives (eg Desjardins in Montréal). Similarly, building local solidarity networks can have mutually beneficial outcomes, such as housing co-ops/associations linking with initiatives for work integration of tenants; and at a more technologically advanced level partnerships to establish innovation hubs and techno-parks (Mondragon).
- Strategic use of EC structural funds to develop the ecosystem: Krakow took a number of initiatives (using a high level working group) often drawing in the private sector, to improve social finance infrastructure, establish incubators, and an academy of the social economy for inclusive growth.
- Other models supporting entrepreneurship:
 - established co-operatives and non-profits supporting and spinning off new social economy organisations (eg in Berlin)²⁸
 - highly developed learning/development organisations, eg Saiolan in Mondragon, a specialist organisation supporting co-operative entrepreneurship (and SME development)
 - Inclusive Business Action Network (Berlin and elsewhere) has global aspirations to scale the impact of inclusive businesses; and the Social Impact Lab which helps provide digital support infrastructure for 'new' social impact entrepreneurs.
- Supporting informal entrepreneurship: this can be an important pathway to developing the social economy as well as micro and small enterprises in local economies; and linking the development of the social economy with new social movements (Barcelona, Rio).
- Reconfiguring/rescuing failing businesses: Barcelona – Catalonia has a long history of turning round failing businesses, and converting the downsized enterprise into worker owned firms. Italy also has supportive legislation to facilitate worker buyouts of failing firms, in the belief that downsizing is preferable to outright failure.
- Metrics: to focus on and clarify the extent of added value provided by SEOs, with methodologies (and metrics) for targeting, and assessing inclusion interventions being developed in a number of countries (eg Lille, France).
- Building legitimacy and identity: brands and SE certification are established in a number of countries (eg Seoul, South Korea); this can lead to replication of very effective organisations (brands) such as the Senior Citizen Home Safety Association (Hong Kong).

Summary and conclusions

There are very different traditions of the social economy in the 14 cities selected, with some placing a strong emphasis on treating it as an integral part of inclusive growth as part of a plural and diverse economy. In others it is not so well established or recognised, but operates more as a niche contributor to inclusive growth. In some countries, boundaries are more blurred, with SEOs seen as part of a wide spectrum (including public and private sectors) and a focus for policy because they offer some measure of inclusive growth, and/or are helping to address market failures. Thus, the cases exemplify different definitions and conceptions of the scope of the social economy and its position in relation to the mainstream economy.

Several themes have emerged from an examination of international experiences:

- Framing, leadership and governance: the way in which the social economy is framed considerably shapes its vision, legitimate field of operation, and policy context. Strong leadership of the SE is central to fulfilling its potential, and this can be enabled by policy-makers, and by setting up systems of co-governance between SE leaders, key stakeholders and institutions, and city policy-makers; establishing this kind of framework facilitates the mainstreaming of SE innovations and good practices.
- Networks and collaboration: inclusive growth is not just about positive outcomes, but about positive processes which include like-minded people and organisations, often in cross-sector collaborations; this helps build on the strengths of each stakeholder, and is an emerging theme in social innovation policy and practice.
- Innovation and knowledge sharing: the social economy has a reputation for innovation, frequently in collaborative networks, so that innovation and learning can have wider impact.
- Procurement as a key lever: there are a variety of ways that procurement from SEOs can leverage inclusive growth, building on, and drawing in, mainstream resources.
- Infrastructure – including business support, finance and premises: support for different forms of entrepreneurship is essential for inclusive growth; this includes building awareness, training, skills development and advice for start-ups, as well as capacity building for consolidation and growth.

These five themes come together in an ecosystem approach, which brings out the importance of facilitating the development of appropriate enabling environments for the social economy. Typically this involves not just enhancing entrepreneurship and the growth of SEOs, but strengthening horizontal and vertical networks for greater resilience.

5 UK cities and the social economy

Introduction

In this section, we look at how the social economy across 10 UK cities contributes to inclusive growth, how it is currently recognised and supported, and where there may be opportunities for increasing SEO impact. The cities were selected to represent a range of socio-economic contexts and policy approaches. They are: Belfast, Birmingham, Bristol, Cardiff, Glasgow, Plymouth, Liverpool, Salford, Sheffield and Wrexham.²⁹

In addition, we held three policy and practice roundtables in Cardiff, Glasgow and Sheffield with participants from local government, the social economy, private sector and academia. These events allowed us to present and get feedback on emerging findings from the first stage review work for this project, while also encouraging participants to explore the implications for policy and practice in their own city region contexts. Further details of these events and the participants can be found in Appendix 3.

For each of the 10 cities, we mostly used publicly available secondary source material. This included online grey/policy literature such as website material from city authorities, other strategic bodies, SEOs and stakeholder organisations, as well as relevant academic contributions. Further insight was provided by expert key informants who drew our attention to relevant sources and gave their views on the current state of city/city regions and their social economy's opportunities and challenges.

In the next part of this section we introduce the socio-economic contexts of the city cases, and what is known about their social economy. We then draw on the available evidence to assess the relative impact of the five enablers of SEO growth and impact: framing, leadership and governance; networks and collaboration; innovation and knowledge sharing; procurement as a key lever; and infrastructure. We conclude by considering the extent to which these factors and their interaction are contributing to the development of a social economy ecosystem approach.

Context, scale and scope of the social economy in UK cities

Table 4 summarises the economic context of the 10 cities in relation to fairness/inclusivity and some characteristics of their social economy. Although the cities have varied profiles, they also share important commonalities such as legacies of de-industrialisation. Evidence from across the UK also shows that where economic growth has occurred, it has been biased towards already affluent locations and generally failed to overcome persistent patterns of deprivation and increasing inequality (Beatty et al, 2016; Lee and Sissons, 2016). Moreover, the limited scope for autonomous city region action and a national context of public sector austerity is limiting the ability of many local authorities and other key actors to meaningfully address inclusion and fairness (RSA, 2016).

Most of the city economic strategy documents we looked at showed a high level of awareness and adoption of the fairness and inclusivity agenda. Some strategies directly express concerns about the limitations of established 'business as usual' approaches to economic growth and the presumption of 'trickle down' benefits. This suggests an increasing receptivity to the inclusive growth agenda and a need for fresh thinking to address this challenge.

The city cases also demonstrate different historical patterns of social economy development. These varied histories are a result of a complex interplay between bottom up community and social entrepreneurial actions and various institutional factors, including the enabling (or otherwise) role of governance and support at national and city region levels.

Table 4: Context of inclusivity and the social economy in 10 UK cities – indicative characteristics

	Context and fairness/inclusivity focus	Social economy characteristics
Belfast	<p>Concentrated worklessness is predicted to persist; low levels of enterprise and small businesses tend to stay small</p> <p>Highly dependent on public funding since the 1970s, initially to abate conflict and then to facilitate peace</p>	<p>Nearly 30% of all Northern Ireland (NI) SEOs are based in Belfast, whereas Belfast is the location of just 12% of all NI businesses (PwC, 2013)</p> <p>Despite lagging support and recognition of social enterprise compared with rest UK, there has been significant progress in recent years. However, co-operatives and social businesses, while developing, appear to have received less mainstream consideration</p>
Birmingham	<p>Grew to prominence as a manufacturing centre but now dominated by the service sector; economic inequality is greater than in any other major English city, exceeded only by Glasgow in the UK</p> <p>City council focusing on inclusive growth, and wants to include social economy in strategies</p>	<p>Strong infrastructure support and history of civic activity. Birmingham and Solihull Social Economy Consortium has been part of supported growing social enterprise sector; Digbeth Social Enterprise Quarter is also a Social Enterprise Place – with over 50 social enterprises</p> <p>Birmingham Voluntary Services Council is one of the largest in the country</p>
Bristol	<p>One of 9 UK creative hotspots according to recent mapping of creative industry clusters by Nesta (Bakhshi et al, 2015); but entrenched poverty persists</p> <p>Many pioneering programmes/investment efforts and seen as a leading ethical business city</p>	<p>Social economy recognised as being one of the most extensive and successful in the UK, including newer forms of social entrepreneurship. Has the largest social finance sector outside London. A long history of civic and environmental activism lies behind strength of social economy and co-op movement. Supportive council working in partnership</p> <p>Social Enterprise Place badge awarded by SEUK in 2013, one of the first two cities to receive this recognition</p>
Cardiff	<p>City region shows complex patterns of economic development in some areas and persistent disadvantage in others; promoted as economic ‘dynamo’ and ‘powerhouse’ of Wales, but questions raised as to extent to which city region policy-making and development has neglected disadvantaged areas (Waite, 2015)</p> <p>City council is developing an inclusive growth decision-making framework to consider how investments/projects impact on deprived populations</p>	<p>There is a strong Cardiff Third Sector Council and innovative social enterprise and co-operative examples. Much focus on voluntary sector, social enterprise, social business, and mutuals and co-operatives takes place at national Welsh level through eg WCVA, WCC, Co-operatives and Mutual Commission</p> <p>Social Enterprise Place status being sought to bring together, recognise and develop social economy</p>

	Context and fairness/inclusivity focus	Social economy characteristics
Glasgow	<p>The fastest growing major city economy in the UK; once dominant export orientated manufacturing industries, including shipbuilding, replaced in importance by more diversified forms of economic activity; high levels of income, wealth and health inequality</p> <p>Economic Strategy 2016–2023 has a significant focus on inclusive growth and reducing inequality</p>	<p>A strong history of activity, including the development of community businesses, and with a strong and radical housing association network. A third sector interface brings diverse SEOs together to engage with city council, which also supports co-operative through a dedicated unit. Strong and growing social enterprise sector</p>
Liverpool	<p>Decline of docks and manufacturing from mid-1970s caused massive job losses; higher growth rates than national average since 1990s and much ongoing investment in regeneration</p> <p>Liverpool Fairness Commission brings together public, private and SE to look at issues and make recommendations about procurement, and extending the Social Value Act</p>	<p>A leading place for SE development with a strong history of activity, including social housing and campaigning organisations. In recent decades has been one of the leading places for social enterprise development, with strong EU funding support. Study by LJM University (2015) also showed the strength, scope and contribution of VCS</p>
Plymouth	<p>One of the most deprived areas in the south west due to decline of maritime/defence industry, with related lower rates of business start-up and businesses per resident</p> <p>Many strategies/plans including Plymouth Fairness Commission; aims of Plymouth Plan include 'empowering people, communities and institutions to drive their own economic success'</p>	<p>A Social Enterprise Place, reflecting strong presence of around 150 social enterprises in education, arts, environment, food, finance, housing, business support, sport and social care. Strong cross-sector interactions particularly with council (leading to one of the strongest embedding of Social Value Act in England) and with the local university.</p>
Salford	<p>A strategically important location within Greater Manchester; industrial decline during 20th century followed by significant investment/growth in recent decades, but with regenerated inner city areas co-existing with areas of persistent high deprivation and employment/health/educational disparities</p> <p>Council strategy is focused on 'securing the city's regeneration' while addressing challenges related to its growing population, infrastructure/environment needs, and inclusivity</p>	<p>A history of social activism linked to religious movements and a Social Enterprise Place, reflecting growing activity including public sector spin-outs in health and social care. 200 organisations are represented in the stakeholder group for Salford's Social Enterprise City Group</p> <p>There is strong cross-sector working and engagement with university, CVS, businesses and local council, who have, for example, set up a local social value partnership</p>
Sheffield	<p>Legacy of de-industrialisation, under-employment and social blight – low wages and low levels of productivity and</p>	<p>A rich history of strong social/community businesses and partnerships. 2012 estimates of social economy impacts</p>

	Context and fairness/inclusivity focus	Social economy characteristics
	<p>enterprise relative to size of city region</p> <p>Recent economic renewal has not addressed high levels of disadvantage in some localities</p> <p>Sheffield Fairness Commission, established by city council in 2012 (Dabinett et al, 2016); council is currently developing a new approach to inclusive growth which supports the role of the social economy</p>	<p>suggested around £3.27 billion economic contribution, 65,000 employees and 20 million service users. Wide spread of activity including successful employee-owned businesses³⁰</p> <p>Concern that some of original momentum may have been lost, and SE is not joined-up – city has struggled to convert fragmented projects and activity into some wider cohesive social movement (view of key informant)</p>
Wrexham	<p>Unemployment is below the Welsh average, but self-employment is low and average earnings for workplaces are lower than the Welsh average</p> <p>Wrexham Council's Plan (2012–2017) sets out the goal of 'creating a vibrant, diverse and inclusive economy'</p>	<p>A Social Enterprise Place – number of SEs is growing, partly in response to council spending cuts and charities seeking 'sustainable funding'. Sees itself as 'social enterprise capital of Wales'. Appears to have history of developing innovative social economy activity, some of this in partnership with the council, and with move towards more cross-sectoral working</p>

As shown in Table 4, five of the cities are recognised as hotspots of social enterprise activity, having been awarded the Social Enterprise Place badge by SEUK. They are supported to grow their social enterprise communities, including through access to resources, raising awareness and building local and national markets for social enterprise (SEUK, 2016b).³¹

A common feature across the 10 cities was a lack of a clear overview of the role and importance of the social economy as a whole to the city economy. This was also apparent from the roundtable discussions which all identified a need for improved mapping and accounting for the diversity of activity and its impacts.

There have, however, been several recent city-wide studies which provide valuable insight into parts of the social economy (at least), notably in Glasgow, Liverpool and Sheffield. Studies of this kind help to articulate the importance of the social economy in terms of both conventional economic growth indicators (ie jobs, wages and GVA) and other forms of added value, as well as identifying some of the challenges faced by SEOs. Because of the lack of a clear understanding about the extent and scope of the social economy, Liverpool has started to try to fill this gap as part of its newly created Social Economy Panel (Box 2).

Box 2: Examples of city-wide studies of the social economy

Glasgow

In 2015 Glasgow Social Enterprise Network (GSEN), together with Social Value Lab, identified that Glasgow had 704 social enterprises, 24% of which were formed in the last year, with more than 19,000 employees (5% of all employees in the city). Of these organisations 60% were led by women and 45% were focused on creating employment opportunities, with 55% employing people from local communities and three in five employees formerly 'disadvantaged'. The total value of volunteer time was calculated at £12.3 million (Social Value Lab and GSEN, 2015). Glasgow's social enterprise activity was dominated by arts and creative industries (1 in 5), followed by the health and social care and housing sectors. This is different to the mix across Scotland with more creative, housing and financial services social enterprises, but less childcare and community amenities.

Liverpool

Liverpool City Region Social Economy Panel was set up in 2016 by Liverpool University and the Social Enterprise Network in response to city devolution, the perceived 'sidelining' of the social economy, and the lack of knowledge of its scope, scale and impact. It acts as a collective voice to change the narrative around the economic and social roles and impact of SEOs, and to provide market intelligence and knowledge exchange. It adopts a wide view of the social economy which includes housing associations and hospitals.

Early findings from an ongoing mapping of the city region social economy found it directly employs 45,000 people (around 8% of total jobs, similar to the size of the tourism economy) but that while it 'appears to be economically robust ... income and wealth are skewed with a small number of large organisations accounting for 75% of revenue generated'. (Heseltine Institute for Public Policy and Practice, 2017).

Sheffield

The Sheffield State of the Voluntary and Community Sector 2016 (Dam and Sanderson, 2016) estimates 3,346 organisations working in the voluntary and community sector in Sheffield, including social enterprises and some co-operatives, as well as a large number of below-the-radar organisations that are not formally registered or incorporated. Three-quarters of organisations are micro (annual income under £10,000) in size, 12% are small (annual income between £10,000 and £100,000), 9% are medium sized (annual income between £100,000 and £1 million), and only 3% are large (annual income greater than £1 million).

The report confirms that the sector is an important economic player in Sheffield, making a significant contribution to GVA, and with an estimated total income in 2014/15 of £373 million. It also includes a large number of below-the-radar organisations that are not formally registered or incorporated and whose contribution is not measured.

Survey responses also identify concerns about the financial sustainability of SEOs in Sheffield, given their patterns of income, expenditure and low levels of reserves.

Framing, leadership and governance

The extent to which the social economy is incorporated as an aspect of city region economic strategy is highly dependent on how its role and potential are perceived, or 'framed', by key influential actors. This includes the extent to which it is championed by city leaders, formally networked and embedded in city structures.

In the UK, there appears to have been less recognition of the social economy as an organising principle compared with some of the leading international city cases. Rather, there has been a tendency for different constituent parts – eg social enterprise, voluntary and community sector, or co-operatives – to be divided up in terms of how they relate to specific policy agendas, such as public service delivery and community-building.

The varied experiences and developments found in the different UK cities reflect a complex interplay between local social entrepreneurial capabilities and actions and the extent to which this is enabled by governance, policy and related support. This situation is constantly evolving in line with changing policy

priorities and leadership at the city level, as well as the opportunities and challenges opened up by the devolution agenda. Box 3 presents select examples of explicit links between the social economy and city-region economic strategies and related inclusive growth policies.

Box 3: Examples of linking the social economy with city inclusive growth policy

Glasgow

New economic strategy includes a commitment to engage SEOs within Glasgow's Economic Leadership Board, as influenced by overall approach of the Scottish Government on inclusive growth, with 'responsible businesses' included as key players.

The Scottish Social Enterprise Strategy, launched in December 2016, sees social enterprise as part of 'reimagining a more inclusive way of doing business' and while delivering 'inclusive growth, it engenders a successful, vibrant democracy' (see Appendix 4).

Bristol

West of England LEP includes support for social enterprise in its long-term plans for economic growth. 'Many of these steps could be transferred to other LEP areas, to the benefit of both local social enterprises and LEPs themselves' (Broadbridge and Raikes, 2015, pp 6)

Bristol & Bath Social Enterprise Network (BBSEN) – supported by LEP to give SEOs access to opportunities for new investment and funding, support/collaboration and to represent sector to the LEP and other stakeholders.

Birmingham

The city council is rethinking how it will be structured in future to better deliver for the needs of the economy and society. Part of this new approach will include engaging more fully with the social economy; and exploring how its role might change to enable collaboration with other actors to address pressing problems and maximise the use of the city's assets.

Salford

Strong leadership and promotion of a co-operative culture and values on the part of individuals within the city council and leading actors across sectors have contributed to increasing the profile and role of the social economy, in a context where regeneration success has been accompanied by persistent patterns of disadvantage. This has also led to a particular focus on entrepreneurship within those deprived areas which have not benefitted from recent investment and regeneration successes with the development of a School for Social Entrepreneurs focused on community entrepreneurship. The mayor and council have created a multi-sector social value alliance pledging to promote social value across the city.

Belfast

Belfast (and Northern Ireland) appears to lag behind the rest of the UK in terms of policy support, but with a more concerted approach in recent years. In April 2016, the Department for the Economy (DfE) re-appointed Social Enterprise Northern Ireland (SENI) to deliver a three-year Social Economy Work Programme focused on several social enterprise hubs, eg including West Belfast Partnership, which lead the implementation of the strategic regeneration plan for the areas involved.

Most of the 'new' co-op developments, however, appear to have taken place outside of the social enterprise hubs, according to Cooperative Alternatives, eg Down to earth NI, NI Community Energy, Boundary Brewing Co-op, Lacada Brewery.

Glasgow City Council, through its Glasgow Economic Strategy 2016–2023, seems to be the first council to have directly linked the social economy and inclusive growth with its goal to 'expand the number of social enterprises and co-operatives in the city through direct funding and bespoke support' as part of growing the economy for the 'benefit of all' with 'tackling poverty and inequalities at the heart of economic growth' (see Appendix 4 for more details).

City Deals were introduced in 2011 by the Coalition Government as a new approach to incentivising coalitions of local actors to develop strategies and propositions which could be funded by UK and

devolved governments and 'unlock' city regional growth and development (O'Brien and Pike, 2015). There is little evidence of City Deal strategies for inclusive growth which explicitly include a significant role for social economy actors. This may be partly to do with City Deal strategies tending to focus on large scale infrastructure and high growth sectors, with an emphasis on agglomeration economies rather than wider economic activity that might include the social economy. Nevertheless, there are often important elements within City Deals of relevance to the social economy, such as support for enterprise and business development and also community benefit requirements. The large-scale infrastructure commitments should also not be overlooked as irrelevant, given the potential engagement of SEOs within supply chains.

Part of the problem is that the social economy is often more closely associated with social policy and public service delivery, rather than economic policy – a division which is recognised more generally as a problem for achieving inclusive growth (RSA, 2016; 2017). A concern expressed at the roundtables was that SEOs are often not represented in the major economic institutions and policies within cities, with participants feeling that they had had to struggle to be involved in strategy development and often felt excluded.

Despite this lack of representation roundtable participants pointed out that SEOs can be found in all sectors of the economy in which they brought new ways of being inclusive. Several people also highlighted how SEOs were crucial at the local level in enabling the most disadvantaged to gain access to skills training and to spread economic opportunities around places, rather than expecting everyone to travel to jobs when this might not be possible or affordable, particularly for those on low pay. It was also pointed out that SEOs – particularly housing associations and community businesses – often understand their local economy better than most since they are 'on the ground'.

However, in two of the roundtables, the economic development council representatives acknowledged that they had not necessarily understood or appreciated the breadth of the actual and potential roles and impacts of the social economy. They seemed keen to rectify the situation and consider how these economic contributions could be better recognised and incorporated into city economic development in future.

There was also a feeling that there is an opportunity for social economy leaders to engage in dialogue with other stakeholders around shared concerns, be more collaborative, and advocate for a more responsible mainstream economy. One participant noted that the term 'inclusive growth' legitimised what he felt he had been doing for most of his career.

There was, however, a view that there was still too much separation between those who were responsible for top-down city and city region policy and approaches and those involved in bottom-up local activity (which includes many SEOs and small businesses).

Box 4: How is the social economy framed and organised? Key points from roundtable discussions

The social economy is not just about market failure – some people in the roundtable discussions identified the danger of the social economy being marginalised into a ‘market failure’ box and not seen as an integral part of the wider economy. One VCS representative said that they preferred to be seen for their roles in ‘empowerment and transformation’, and others, as innovators, and advocates for change, rather than being seen as only responding to problems faced by the public sector.

Need to avoid separation between ‘social’ and ‘mainstream’ enterprises – there was agreement across all three events that there was often significant overlap of interest, particularly with smaller companies, or with the shared values of some larger ‘responsible businesses’. For instance, private sector representatives argued that there are many small businesses who want to be involved in economic development but were not recognised for their activities, or did not know how to get involved. They can be part of solutions and collaborations, for example through providing investment to social enterprises, or through procurement decisions at local level to enable money to stay within communities.

Overcoming fragmentation within the social economy – some participants felt that a lack of a shared agenda or values was inhibiting further co-operation. For example, one participant said that he felt like ‘part of an employee ownership bubble’ which struggled to get buy-in as part of larger economic plans, and was not linked with other social economy activities. The danger was that large businesses and council departments could be confused by the different asks and voices, undermining engagement, collaboration and potential impact.

Need for a representative social economy grouping to provide critical mass and clear voice to better articulate the relevance of the social economy within mainstream economic debates and activities. However, there is also a need to value and support diversity and creativity, which some felt might be in tension with scaling influence through shared values (which might themselves be varied).

The UK city examples also reveal ongoing challenges and tensions. Unlike the situation in many of the international cases, the 10 UK cities generally lack a similar level of leadership and inclusion within mainstream economic policies. Having a focus on the fairness/inclusivity agenda did not always appear to translate into recognition of the role and potential of the social economy in key policy documents.

Moreover, questions remain as to the extent to which even leading cities with a well-developed social economy are able to fully address the inclusivity and fairness agenda. For instance, Bristol’s strong ‘alternative’ approach may also be contributing to gentrification and further exacerbating inequality (Goff, 2016).

The Sheffield group felt that there were several ways to access some of the mainstream economic discussions and strategies, such as through the City Region Social Inclusion Board, or by stressing the cross-cutting role of skills and training given that there is already a Social Inclusion Equalities board within the LEP.

In Glasgow it was believed that changing policy agendas might make access easier, and there was already commitment for more engagement, such as within the Glasgow Economic Leadership Board. One practitioner felt that the way to become part of the City Deal discussions and activities was to become more pro-active in seizing opportunities to demonstrate what they could do, rather than asking or waiting for permission to be engaged.

A major focus of the city roundtable discussions was the extent to which the social economy could potentially catalyse and effect change across the city economy. Participants recognised that the social economy sector and its leaders needed to become better at advocating for change and influencing city economic strategies to bring real value to people’s lives. There was also recognition of the tensions involved, and of SEOs’ limited ability to address these in isolation. For instance, although the discussions identified the importance of the social economy within low-paid sectors as a key part of enabling inclusive growth, concern was also expressed by a trade union representative of the prevalence of poor pay and work conditions within many SEOs, including those involved in public services delivery. This reinforces the point that change for inclusivity cannot be initiated by social economy actors alone, and draws attention to the enabling and oversight role of leading actors in the public sector, including

commissioners and regulators, as well as those responsible for developing economic strategy and support.

Networks and collaboration

A feature of international cities where the social economy appears to be performing a strong and innovative role relates to the extent and nature of collaboration and networking between SEOs, state and private sector actors. In the UK, this kind of collaboration was seen as something to be further promoted and developed within the Scottish Social Enterprise Strategy, and mentioned by key informants in Glasgow and elsewhere as an important part of building capacity within cities. Collaborative relations and networking can take a variety of forms, including between SEOs; between SEOs and actors in other sectors, public and/or private; and more complex collaborations that involve multiple stakeholders. The development of such relationships can be challenging, and effective partnerships are often based on trust and mutual understanding that require time and patience to develop (Lyon, 2012). Competition, fragmentation and lack of trust between SEOs can undermine the potential to spot collaborative opportunities and hence undermine the scale and scope of impact.

Our review identified multiple positive examples of collaborative working, including SEO consortiums set up to develop joint bids for contracts/funding and cross-sector partnerships – two of these are shown in Box 5.

Box 5: Examples of collaborative working

Sheffield Cubed was created in 2013 to facilitate SEO collaborative bids for contract and funding opportunities, thus achieving economies of scale while securing local SEO delivery. Successful bids include a £499,990 grant from Big Lottery Reach Community Funds to deliver family-oriented activities for children under five between 2015–2018.

Bristol Together CIC works with a range of social enterprises, including Aspire Bristol and the Restore Trust, to create full-time employment for ex-offenders through property refurbishment. They have also raised £1.6 million through a social investment bond with the support of Triodos which provides capital to finance the purchase and refurbishment of empty properties. It supports the work of Serve On, Mentor Me and the 61 network who are key players in recruiting, training and supporting volunteer mentors. 'Over the course of the five-year bond we hope to pay over £1 million in wages, and create jobs for up to 150 ex-offenders.'

Despite these kinds of positive examples, a need for more and better collaboration between those within the social economy was a recurrent theme in the roundtable discussions. A co-operative representative in Cardiff expressed disappointment at the lack of encouragement of mutual support, joint working and shared investment between co-operatives. It was also thought that, for example, housing associations or other well-established and larger community anchor organisations could and should support newer social economy actors.

Social economy organisations in Cardiff, as well as Glasgow, considered the importance of working more together, sharing resources and innovating, rather than trying to produce isolated and smaller scale impacts. There was also concern in Glasgow that, while there might be a lot of supportive infrastructure and intermediaries, there was a lack of joining up which might inhibit the scale of impact. There was also a desire in Sheffield to improve links with green initiatives, given the significant number of environment-focused organisations in the city, for example around alternative models of energy production as a source of new jobs.

A need for more places and spaces for convening people to problem-solve around specific issues was identified at all three events, such as to make the best use of a physical asset, to provide affordable childcare, create vibrant local economies where there may be currently few job prospects or enterprises, or to address city-wide challenges such as effective procurement. This kind of conversation could and should be convened, it was felt, by different players depending on who was best placed.

Universities, for example, could have a key role to play as neutral facilitators and trusted brokers, convening difficult conversations to address specific challenges. Participating academics in all three

roundtable events made this suggestion. One example given was that they could create a collaborative space to talk about procurement, where existing practice could be challenged, and the right people involved who could change the rules. For other kinds of issues, or for particular local places, other catalysts or convenors could be more relevant such as community anchor organisations, or the council, to respond to different places or issues.

Local authority representatives at the roundtable meetings also wanted to move towards a more horizontal and collaborative way of working, not just because of austerity but also in recognition of this being a better way to tackle complex challenges. Participants were concerned, however, that local government is still characterised by departmental silos and lack of communication. There was overall agreement that there is a need for a culture and style of leadership that is more open and enabling of bottom-up community economic development, and which can integrate multiple agendas in a more holistic way.

Innovation and knowledge sharing

A recurrent theme from our review relates to how entrepreneurial SEOs are able to develop innovative responses, particularly in relation to local economic employment and enterprise development and the challenges faced by the public sector (see Box 6).

Box 6: Examples of innovative SEO activity

Knowle West Media Centre (KWMC) is an arts centre in Bristol which supports people and communities to use digital technologies and the arts for 'community activism, education, employment and local decision-making'. It is embedded in Knowle West, an estate of about 5,500 householders, and works with the community to create positive social change. KWMC was named as one of the Intelligent Community Forum's (ICF) Smart21 Communities for 2017 in recognition of its role in using digital tools to build local economies and society.

MAKLab was founded in 2012 and provides access to 'the latest disruptive technologies' as well as delivering workshops, community outreach, continuing professional development and learning in Glasgow and across Scotland, through a network of spaces that trade skills and resources with each other and link internationally. Some core aims of MAKLab are to contribute to economic growth and social empowerment.

The Beautiful Ideas Co CIC is a collective of local entrepreneurs and leaders in north Liverpool which evolved out of a three-year regeneration project and campaign to change perceptions towards north Liverpool in partnership with the council. A council-owned plot near Anfield was transferred to the Beautiful Ideas Co who turned it into a car park to generate money for the local economy. LaunchPad then became their incubation programme to invest in ideas to create growth in north Liverpool. Key themes include: developing spaces for change and the better use of under-used assets (eg empty shops); mobilising the local workforce and tackling underemployment; reinvigorating production and local skills; using social networks to tackle social exclusion; encouraging spending and the circulation of money within the local economy; and radical banking.

Regather is a trading co-operative in Sheffield, owned and managed by local people for local people, to create a mutual economy. Since 2010 it has created support for social enterprise start-up and development, buying and selling fresh produce from local growers and supporting local food initiatives using kitchen facilities to grow a home-based business. They are using grants from the Community Economic Development Programme operated by Locality to catalyse urban agriculture across Sheffield by using available land or roof assets for community food growing, and linking with the university to support high-tech approaches to increase yield and productivity.

Ashton Community Trust, Belfast, sees itself as a 'social regeneration charity'. It is a model of best practice (NI Social Enterprise of the Year 2013), and addresses high levels of economic and social deprivation through services to support education, employment, training childcare, health and culture. It also enables local community forums to support wide engagement and bottom-up decision-making. Most of the 170 employees are local. It set up Ireland's first FabLab in 2012, introducing children and young people to digital fabrication.

While it does not appear that there is the same intensity of knowledge sharing between multiple actors as in some of our international city cases, it does occur in UK cities; between similar organisations, national intermediary bodies, and place-based groups. There are also some examples of universities working particularly with social enterprises, for example, in Plymouth and Salford.³²

A good example of innovation being enabled by the strategic linking role of city authorities comes from Glasgow. In January 2017 the city council encouraged service providers to share ideas to address the need to create affordable childcare across the city. This involved a five-day workshop ('sprint') with the Centre for Civic Innovation, a process that brought together service providers to address the need for affordable childcare across the city through design, prototyping, and testing ideas. Childcare in Glasgow is currently very expensive and fragmented, and predominantly targets three- and four-year-olds. The brief facing childcare providers, mostly SEOs, was to develop a city-wide network of childcare for 0–12 years which is seamless, affordable and creates employment. The prototype developed is due to be launched in spring 2017.

Procurement as a key lever

The commissioning and procurement of public services is a key lever by which city authorities can engage SEOs and enable their potential. There was a general view from the roundtable discussions that there needed to be a fundamental shift in public procurement away from top-down (often exclusively large-scale) tenders to more effective engagement with potential SEO deliverers at the design stage and with greater focus on enabling innovation and bottom-up systemic change. This might also entail reconsidering the current competitive nature of tenders to enable more collaborative responses. To enable this shift in procurement strategy, it was also felt that there needed to be skill shifts within local government to become more entrepreneurial and facilitative. It was also felt that many SEOs needed to become better at collaborating on joint bids to access procurement opportunities, such as in the example provided by Sheffield Cubed (see Box 5).

An issue identified in the city roundtables was that some successful SEOs were still not fully capturing their contributions in terms of social value and that therefore their wider impacts were not being sufficiently exploited or recognised in tenders. There was also a feeling, especially in Sheffield, that community partnerships in local areas could be further developed to enable more effective local commissioning and collaborations. There is also an opportunity with the new commissioning framework to link the NHS and community partnerships. The example of Cleveland (Section 4) has particularly inspired Sandwell and West Birmingham NHS Hospitals Trust and Sandwell Council to rethink how a new hospital might engage with and enable local business and social economy activity through using procurement contracts to seed new enterprises.³³

Infrastructure provision

As previously discussed, national efforts to provide supportive infrastructures often focus on generic provision for individual SEOs, including support for skills, finance, and access to appropriate legal models. In this section we have shown how a number of UK cities have particularly benefitted from place-based approaches which are more sensitised to local needs and attempt to take an integrated approach to developing supportive contexts. Examples include SEUK's Social Enterprise Place programme which is playing such a role in half the city cases, and Locality's Community Economic Development programme (eg in Sheffield). There have also been efforts at city-wide mapping of available financial and business support to help identify gaps and enable improved access (notably in Glasgow, Liverpool and Sheffield).

Gaps remain in start-up and growth finance for SEOs. There is scope at a city level to review the availability and appropriateness of different kinds of finance for all stages and types of SEO. This could include crowdfunding, peer-to-peer lending, quasi equity, and even seedcorn grants for innovation and loan finance, as well as public-social economy cost-sharing in weak markets.

The role of the social economy in maximising the impact of assets and infrastructure spend was raised at the roundtables, particularly in Cardiff where the use of council-owned assets or their transfer (whether through lease or change of ownership) to create multiple forms of value was one of the main topics for discussion. There were feelings that there was a need to reconsider the strategic use of such assets, by

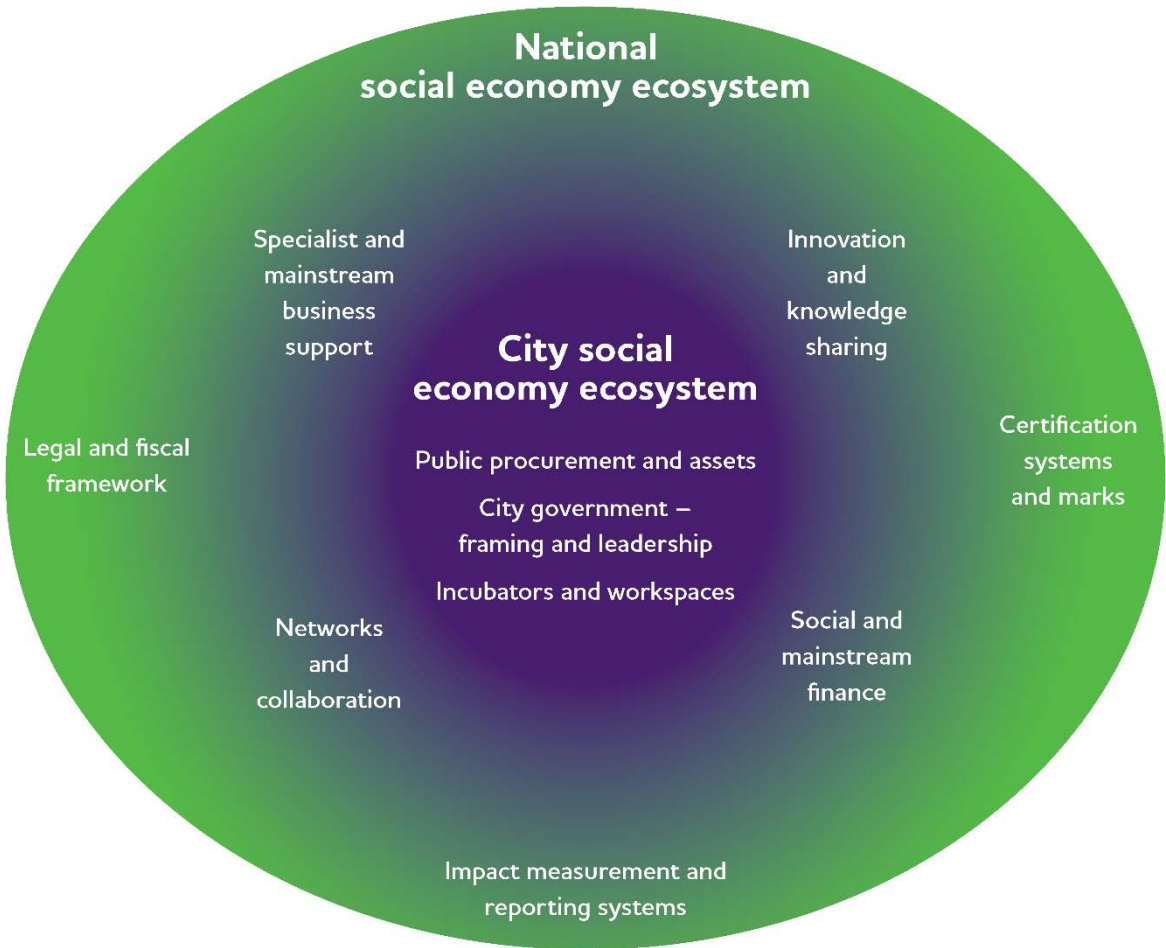
engaging all relevant stakeholders to assess their potential multiple value and revenue streams and design solutions.

Access to affordable premises emerged as a key issue for many SEOs, particularly in city centres. There appear to be vacant premises and under-used buildings available in some cities.³⁴ This suggests a need for city authorities, the private sector and social economy actors to work together to find ways to identify and enable access to appropriate premises at affordable rates, or create bespoke workspaces. While there are increasing numbers of managed workspaces, particularly for SEOs in cities, the international case studies show the importance of incubators for the development of SEOs. The UK could learn from good practice internationally, for example, from those that create distributed models of networked incubation, or those with a specific focus such as the creative industries.

Towards an ecosystem approach?

Our international examples showed the importance of both collaboration between multiple actors and a high level of support integration – or an ‘ecosystem’ approach. Drawing on Wilkinson (2014) and the evidence from the international and UK city cases, Figure 1 sets out the different elements of this approach.

Figure 1: Elements of the city social economy ecosystem



In the UK, this ecosystem of synergistic links seems harder to discern. However certain areas – particularly as a function of the efforts of key social economy actors and aided for example by their designation as a Social Enterprise Place – are focusing more on their local area and interconnections, rather than adopting a narrow approach based primarily on national or sectoral linkages.

The examples in Box 7 demonstrate the kinds of inter-relations which have both enabled, and have been strengthened and developed as a result of, becoming a Social Enterprise Place (SEUK, 2016b).

Box 7: Towards an integrated social economy – Social Enterprise Place

Salford – the recent growth of social enterprise in the city to address ‘real need in deprived areas’ has been enabled by a strong enabling environment together with ‘forward-thinking infrastructure’, according to the report on three years of the Social Enterprise Places programme (SEUK, 2016b). As well as supportive engagement by the mayor and Salford City Council, various other actors have been involved in collaborative activities and support, including Salford CVS and the Centre for Social Business at Salford University; the Social Enterprise Place Stakeholder Group; the School for Social Entrepreneurs; housing associations; and Business in the Community (BITC).

Wrexham – a high level of interaction between social economy organisations and the private and public sector (according to key informants). One stated aim in Wrexham is to ‘maximise the benefit to local communities of significant structural projects such as the North Wales Prison development’. The group has also resulted in more collaborative bids and inter-trading. They are also exploring links with the council, for example in housing void clearances or gardening, which could engage eg the long-term unemployed.

Plymouth – has strong links between the Social Enterprise Network, a supportive local newspaper, the local ‘social enterprise’ university, an LEP social enterprise sub-group, and has engagement from the council particularly around the implementation and fuller realisation of the aims of the Social Value Act.

These collaborative links were particularly apparent in smaller cities and larger towns, and may well have developed, according to some key informants, because in such contexts it is easier to make such connections and develop trust-based cross-sectoral relations.

Conclusion

This section shows how the social economy is contributing to inclusive growth in UK cities, often in varied and innovative ways, as well as the importance of the role of governance, leadership and other enabling factors. The international examples show that the most successful cities are often those with an ecosystem approach, where the collaborative efforts of multiple actors and appropriate support and leadership combine to greatest effect. In the UK, this ecosystem of synergistic links seems harder to discern.

There is also a need for better mapping and accounting of the diversity of social economy to articulate more clearly its contribution to creating inclusive growth.

There are new opportunities and challenges for the social economy arising from national and city devolution. However, concerns remain about the lack of engagement within economic strategy discussions and implementation, particularly because of an emphasis on large-scale investment rather than wider inclusive economic development initiatives which might better respond to people’s employment and lifestyle needs. Relatedly there is a need for a culture and style of city leadership and governance that is more enabling of bottom-up local economic development which links multiple agendas in a more holistic way.

Recognising the complex challenges of inclusive growth, as well as the need to create impact at scale, there is a widely identified need for greater collaboration, including within the social economy, and between SEOs and other actors in the public and private sectors. This can also facilitate innovation and knowledge sharing.

Finally, it needs to be recognised that even cities with a highly developed and successful social economy, such as Bristol, may not be addressing the inclusion agenda as well as they could. There is some indication that certain kinds of social economy success may in fact contribute to greater social division through the creation of middle-class jobs and the gentrification of localities. Furthermore, some of the jobs created by SEOs when delivering public services, or working in low pay sectors or disadvantaged communities, may be accompanied by poor pay and work conditions.

6 Conclusions and recommendations for future city strategies

The social economy has many roles to play in furthering economic growth that is more inclusive and sustainable. However, for the potential to be fully realised, various challenges need to be overcome. This will require appropriate recognition, leadership and support by city authorities, as well as increased collaboration between SEOs and other economic actors.

Social economy as a useful organising principle

While there have been many changing definitions and concepts (such as third sector, social enterprise, civil society, or social sector), it appeared that most participants in our roundtables, as well as people interviewed for the case studies, felt that the 'social economy', understood in its widest sense, was a useful way to consider how the activities of different actors can be more firmly embedded within the understandings and activities of a more inclusive economy.

They felt that the term provided an opportunity for representatives across the social economy to engage in dialogue with other stakeholders around similar issues, be more collaborative, bring the social and the economic together, and also enable them to advocate for a more responsible economy. However, there was also concern about the current fragmentation within the social economy, as well as a lack of a shared agenda or values.

Towards supportive ecosystems

Previous UK approaches to social economy support have focused more on individual organisation support for entrepreneurship and development through skills, finance, or access to appropriate legal models. For cities to better engage the social economy as part of strategies and actions to create inclusive growth, evidence from international city case studies suggests moving towards an ecosystem approach with particular attention to five themes: framing, leadership and governance; networking and collaboration; innovation and knowledge sharing; procurement as a key lever; and infrastructure provision.

The ecosystem approach focuses on reinforcing the links between support mechanisms, policy networks, institutions, and collaborations between SEOs, vertically with regional and national networks, and across sectors. These city ecosystems are also part of national ecosystems which can both enable and constrain city-level activity.

Our UK analysis of current policy and practice identified examples of good practice and future potential areas as well as areas where UK cities appear to lag behind some of the international city cases. These include:

- Framing, leadership and governance – less understanding, championing and mainstreaming by city governments of the potential of the social economy to contribute to inclusive growth. It seems particularly difficult for SEOs to influence economic development strategy or delivery bodies.
- Networks and collaboration – relatively less collaborative activity within and outside the social economy, but a recognition that this is the desired way forward.
- Innovation and knowledge sharing – some good examples of innovation and knowledge sharing, but with potential to do more and adapt international examples for local contexts.
- Procurement – challenges experienced by SEOs in accessing public and private procurement opportunities, including issues related to early awareness of available contracts and opportunities, as well as constraints caused by their relatively small size and capacity.

- Infrastructure provision – access to business support and finance in the UK appears to be relatively more fragmented, and there could be further development of different incubator models drawing on international good practice.

Some of the limitations identified may, in part, be due to the centralised nature of UK political decision-making relative to other international city contexts, as well as fragmentation and lack of collaboration within the social economy which needs to be addressed within a place-based approach. The increasing focus on City Deals and changing governance arrangements, however, creates opportunities for more mainstream engagement and collaboration at city level.

There have been some significant policy changes and national support for various parts of the social economy, particularly enabling them to increase their contributions to reducing poverty, delivering public services and the economic development of disadvantaged areas. For example, social finance has been promoted by successive governments. Yet there seems to have been a political tendency in the UK to see these diverse organisations within the social economy as part of responding to ‘market failure’, rather than as being part of a fuller understanding of what it takes to create a thriving, inclusive and responsible economy, as well as innovating new approaches, sectors and employment opportunities.

This has meant that there has been far less attention to how the social economy, and particularly those parts which include alternative business models, is potentially part of creating resilient, inclusive and more equal economies. This is surprising given the increasing evidence of the relatively improved performance of co-operatives and employee-owned businesses through the recession.

The increasing focus on City Deals and changing governance, however, creates opportunities for more mainstream engagement and collaboration at city level. There are also opportunities arising from the increasing focus on fairness and inclusive growth within cities which, particularly in the case of Scotland and Glasgow, is beginning to show and articulate how the idea of a more plural economy, involving greater recognition and activity from SEOs, could work.

In both Cardiff and Glasgow there was discussion about how the council is looking to change how it works, towards being more like facilitators and enablers. This was perhaps most clearly stated in Cardiff, where the council wanted to move to a more horizontal relationship and collaboration with different actors. This desire came not only from a recognition of the complexity and cross-cutting nature of the challenges faced but also from the recognition of a need to include local people in the design of ‘solutions’. In Glasgow, the aspiration is to ‘be a council which does things with people rather than to them’. This more facilitative role was also seen as being influenced by austerity and the reduced resources available. SEOs were seen as key parts of this more collaborative way of working.

Recommendations for developing the social economy

Cities can better engage the social economy as part of strategies and actions to create inclusive growth in the following ways.

Mapping the social economy and its ecosystems

- City governments should work with SEOs to map the diversity of social economy activity, and better understand and quantify how different SEOs contribute to inclusive growth – including less formal economic and community activity – within their city regions.
- This mapping could include the ecosystem of current support, network interactions, and intermediaries, to better identify and fill gaps.
- SEOs themselves need to consider, understand and evidence how and whether they create decent jobs, contribute to thriving local economies, and impact on inclusive growth.

Framing, leadership and governance

- SEOs should consider creating a social economy forum at city/city region level to better pool resources, and create more opportunities for learning and collaboration. This would provide a basis for more coherent interaction with government and other key actors, including from the private sector and universities.

- City governments need to recognise and champion social economy involvement as a key part of creating fairer and inclusive city economies within their strategic economic plans and related policies.
- City economic development departments and local economic strategy bodies (such as LEPs or City Deals) should incorporate social economy representatives within boards and decision-making groups.

Networks and collaboration

- SEO representatives and business intermediaries should lead in encouraging cross-sector collaborations and networks for knowledge sharing and action around priority challenges, such as childcare, engaging with business, government, universities and trades unions.
- City governments should support local community anchor SEOs, such as housing associations or community businesses, to catalyse collaborative activity across the social economy, private and public sectors to improve jobs and enterprise in deprived local areas.
- Social economy intermediaries within and across cities should exchange good practice and ideas to increase their impact and share resources. This might include the use of technology, collaborative economy approaches, or larger established SEOs supporting smaller SEOs and start-ups.

Innovation and knowledge sharing

- International case studies suggest that SEOs should explore a range of innovative models to encourage innovation. Examples include creating virtual incubators which support start-ups through collaboration and advice; links with academic research networks; specific institutions which focus on creating innovative solutions to inclusive growth; and the promotion of learning across cities.
- Where these relationships do not currently exist, SEOs should consider working more closely with local universities and other sources of relevant knowledge. Local universities can also use their position as anchor organisations to encourage and support SEOs through their procurement activity.

Procurement and public assets

- Public procurement opportunities could further enable the engagement of added-value SEO delivery. This should include more pre-contract strategic engagement to facilitate greater understanding of the multiple impacts of SEOs so they can better contribute to and benefit from the Public Services (Social Value) Act 2012. Public service commissioners can secure wider social and economic benefits by talking to their local providers and communities to design better services and find innovative solutions to difficult problems.
- City governments could also learn from international examples of the strategic use of public procurement to develop new SEOs and support local economies, particularly in areas with few decent jobs.
- Procurement opportunities arising from City Deal investments do not appear to be engaging SEOs. Reviewing community benefit policy and implementation of the Social Value Act to enable SEOs to have increased access should be considered by city authorities.
- Consideration also needs to be given to the creation of more platforms and mechanisms to enable SEOs to be part of private sector and SEO supply chains.
- City governments should adopt a more strategic approach to the use and ownership of their physical assets. They should work together with the social economy, private sector and finance providers to maximise the scale and range of impacts that can be created.

Social economy infrastructure – business support, finance and premises

- Social economy representatives should map available financial and business support to identify gaps, enable improved access, and encourage more collaborative activities (such as peer-to-peer learning networks across the social economy).
- International case studies show the importance of incubators for the development of SEO start-ups. Existing UK SEO incubator models could learn from good practice internationally, for example,

distributed models of networked incubation, or those with a specific focus such as the creative industries.

- We suggest that city authorities, the private sector and social economy actors work together to find ways to identify and enable access to appropriate premises at affordable rates, or create bespoke workspaces.

Appendix 1: Estimated population of different SEOs and contribution to economy and employment

Reference	Data year	Scope: Type of SEO	Estimated Population of SEOs	Estimated contribution to economy
UK				
Social Enterprise UK (2015)	2015	Social enterprise – self-identify – >25% trade income	70,000	£24bn ³⁵
UK Cabinet Office (2016)	2013–2014	Social enterprise – self-identify – >50% trade income	741,000	Employing approximately 2.27 million
Co-operative UK (2016)	2016	Co-operatives	6,797	£34.1 billion to the economy while employing 222,785
NCVO (2016d; 2016e)	2013–2014	Voluntary sector as per general charities definition	162,965	£41.7 billion. Estimated to employ 827,000 (2015)
NCVO (2016f)	2013–2014	Civil society organisations	386,815	Combined £110 billion employing 2.2 million
Employee Ownership Association (2012)	2012	Employee-owned organisations	N/A	Employee ownership represented circa 3% of UK GDP. Employee-ownership in the private sectors is estimated to be worth £30 billion.
England				
Co-operative UK (2016)	2016	Co-operatives	5,514	Turnover of £29 billion employing 197,348
NSCSE (2010)	2010	Third sector: charities, social enterprises and VSOs	112,796	N/A
Scotland				
Social Value Labs (2015)	2015	SEOs: Enterprising charities; community co-operatives; social firms; community-based housing associations	5,199	£1.68 billion GVA estimated, employing 112,409
Co-operative UK (2016)	2016	Co-operatives	564	Turnover of £3.3 billion employing 15,954
Wales				
WCVA (2016)	2016	Third sector organisations	33,000+ (8,671 charities)	£3.7 billion equivalent to 6% of GDP
Co-operatives UK (2016)	2016	Co-operatives	464	Turnover of £0.9 billion employing 4,562
WCC (2015)	2015	SEOs: Social enterprise; co-operatives; mutual + employee-owned	1470	Sector valued at £1.7 billion employing 38,000
Northern Ireland				
Co-Operatives	2016	Co-operatives	255	Turnover of £1.4 billion

Reference	Data year	Scope: Type of SEO	Estimated Population of SEOs	Estimated contribution to economy
UK (2016)				employing 4,921
PwC (2013)	2012	Third sector segmented: community/voluntary and social enterprise)	3,821 (3,348 & 473)	£1.2 billion (£625 million/£592.7 million) employing 29,784 (17,800/12,200)

Appendix 2: Extended case studies of international cities

Lille

Lille is a city in northern France bearing many similarities to cities in the UK outside the relatively prosperous London and the South East (for example its metropolitan area has youth unemployment at 25%). It has benefited from a strong mayor, and a history of well-established and strategic collaboration with the social economy. In fact in most regions of France, there has been a national initiative to create a strategic alliance between the regions and the social and solidarity economy. The city region of Lille-Roubaix has a substantial number of social economy organisations, and since the 1960s the social economy has been part of the strategies to address poverty. Roubaix has just over 2,500 social economy organisations, most of which are non-profits, providing about 14,000 social economy jobs; Lille has just under 9,000 social economy organisations providing work for approximately 50,000 people – in both cases employment comprises staff and people in training and employment placements. For example ICEO Roubaix is a work integration social enterprise carrying out a range of contracts for cleaning, building maintenance, car park security, and secretarial services; it has 200 staff with 175 long-term unemployed, and each year provides work experience and training for about 400 people going through its work integration programme. The region operates within the context of social inclusion policy in France, which concerns social security, employment policy, and social cohesion policy – the first two operate at the department and state level (but with regional arms), whereas the latter operates at the city and state level.

Lille-Roubaix adopts an area-based policy for combining infrastructural regeneration with active inclusion initiatives (ie linking housing, education and training, business incubators and advice, green spaces). The effectiveness of such integration strategies is improved by including service users in the design and implementation of services. Lille-Roubaix has used the Council of Europe SPIRAL method (societal progress indicators and responsibilities for all) to help communities improve decision-making and increase trust between the municipality and the citizens. It has also developed a way of co-ordinating structural measures and local specific initiatives to ensure effective social cohesion by assigning a local project team in each area. This helps ensure an integrated approach to housing, citizenship, crime prevention, employment, education, and health.

About five years ago Lille set up a thinktank to develop a strategic urban plan for social inclusion through the social economy. A key part of this is social and work integration. There are three themes in this strategy: financial support for non-profits (including grants and loans for premises) – Roubaix currently funds about 300 non-profits; budgets specifically for non-profits to provide services such as social assistance, career advice, benefit advice, and help with accommodation and food; and reserved contracts for work and social integration organisations. But an additional important measure is the use of a mandatory integration clause for all procurement contracts. This requires procurement organisations to allocate a certain number of working hours, or a certain percentage of the contract's working hours, to the integration of people into employment; this may be done directly, through sub-contracting, or by working with a work integration organisation, for example from the social economy. This has been further extended for urban regeneration work carried out by construction and civil engineering companies, which are required to hire and train a certain number of people from designated urban problem areas. (In Lille this corresponds to 610 one-year contracts. Lille-Roubaix has also established partnerships with local businesses to take on apprentices for young people. (It is understood that Birmingham has adopted similar policies).

Since 2002, quality standards have been established for health and social care. This applies to all providers. An ethical framework is being established for social economy providers (non-profits) where they are required to supply information about the qualifications of their staff, beneficiary assessment of service quality, performance regarding beneficiaries against objectives, and number of beneficiaries provided for.

In the context of funding cuts, the performance of the social economy organisations is under scrutiny. Roubaix is looking for ways to assess the added value of the social economy with regard to social cohesion, and is exploring the use of social cohesion indicators developed by the Council of Europe.

A new social/environmental investment strategy has been initiated by the northern region of France and the Nord Pas de Calais region (of which Lille is the capital). It is managed by the social economy organisation, Crédit Coopératif, and aims to use the interest of savers to invest in the local economy, but in particular to help finance the 'third industrial revolution' – businesses concerned with renewable energy, energy storage, energy efficiency, the circular economy and electric cars. The return from savings is 1.5% up to €1,500, and 0.55% up to €100,000. On average 50% of savers invest €2,000; 20% are under 28 years old, and they invest an average of €1,250; two-thirds of savers are from the region, while one-third are from outside, but with origins or links to the region. Investment is only in local firms with a minimum of €12,000. Launched in 2015 as part of a national scheme, after a year more than 24 projects have been financed.

Recode is a multi-sectoral partnership to help retrain industrial workers for the service sector according to local labour market needs.

CITEO is an association of mediators – the first French organisation specialising in social mediation. The aim is through mediation to improve social relations in public spaces such as public transport, city centres, neighbourhoods, parks and schools, and sports and cultural facilities, in metropolitan Lille. This can make important contributions to prevent delinquency, school exclusions, and improve citizenship.

Montréal

The social economy in Montréal is widely seen as an exemplary model on several different levels. First, through partnership between the city and region government (Québec), it plays a central role in addressing problems of unemployment and exclusion. Second, it is able to draw on the strength of well-established social economy organisations, such as Desjardins, the largest federation of credit unions in North America, which was founded more than 100 years ago, and is a major employer in the financial services sector; thus the social economy is well established and forms an important part of a plural economy in Québec. Third, it is a driver of social innovation, in partnership with the city and through multi-sectoral partnerships – developing social innovation initiatives to address inclusion, developing knowledge-based approaches for bottom-up collaborations, and developing innovations in the ecosystem for the social economy.

It is estimated there are about 7,000 collective companies and co-operatives, with 210,000 staff, comprising 5% of the Québec economy. The sector is valued because its solidarity nature creates a more inclusive society and enables people to innovate. They have well-established non-profits and co-operatives in a variety of sectors, as well as those linked directly to social inclusion: housing co-ops, collective kitchens (to enable capacity for budding businesses), childcare assistance, and co-ops to help people find their first job. They are seen as an important part of the city's economy. It is not just about GDP, but about creating good quality jobs, and a more inclusive economy. There can be a strong sense of solidarity between different parts of the social economy, for example housing co-operatives may collaborate with worker co-operatives to provide employment, and with social co-operatives to provide home care and child care for the residents.

Since 1999 when it was founded, the Chantier de l'économie sociale has co-ordinated and represented the different parts of the social economy. It has been an important voice in policy at the city and regional level, promoting the interests of the social economy, developing partnerships, and strengthening and innovating the ecosystem for the social economy. In partnership with others it has helped pioneer a number of financial innovations, to strengthen the social economy ecosystem. Patient capital allows social economy organisations access to an instrument which mimics some of the attributes of equity, thereby giving flexibility to repayments depending on the financial results of the social economy organisation. Réseau d'investissement Sociale du Québec (RISQ) is a non-profit venture capital fund for social economy enterprises, for start-up, consolidation, and growth/replication. It has a closer relationship than conventional banking with organisations it invests in, to improve investment outcomes. Thus there are three areas of activity: access to business consultancy and advice, business planning to support start-up and development, and capital investment which operates through the Fiducie de l'économie sociale.

The Fiducie uses the patient capital instrument to offer loans ranging from \$ 50,000 to \$ 1.5 million, allowing repayment of capital for up to 15 years.

The social economy and the Chantier benefit considerably from several other institutions in the city and the province of Québec. Ciriec Canada is part of an international network for research on the public and social economy, and the strongest part of this network is in Québec, particularly Montréal. This network of researchers has continually engaged with different parts of the social economy in action research projects to support innovation and development. Its researchers have been leading figures in the developing field of social innovation, and linking this to the social economy. The research strongly emphasises bottom-up processes, along with systems of co-governance, for the co-production of knowledge/know-how about effective interventions. This is as much about strengthening the dynamics of established social economy organisations like Desjardins and housing co-operatives, as improving the effectiveness of small social economy organisations intervening to assist disadvantaged communities and individuals. This research also informs a considerable amount of education and training relating to the management and development of the social economy, provided by the universities where these researchers are based.

The Karl Polanyi Institute of Political Economy is based in Montréal, at Concordia University. As well as providing a rich intellectual resource, its events and conferences (and the visiting scholars) are clearly relevant to current issues in society, and the future development of the social economy. There are many interesting social economy initiatives: for example Technopol Angus which developed through a multi-sectoral partnership for regenerating an old industrial area in Montréal. The Angus Development Company, a social economy enterprise, established after the closure of Angus Shops, transformed the old site into a multi-purpose venue for business, healthcare, IT and multimedia, including social economy enterprises. The design embraced good practices of sustainable development; and there are now more than 2,000 workers employed there,

Gothenburg

Gothenburg is the second city in Sweden with a population of about 1.5 million (including the wider metropolitan area), with a substantial immigrant population (18%). It is a university city, with a large port, and a strong industrial past – (for example as home to Volvo and Ericsson).

It has a long history of developing the social economy, particularly new co-operatives. These include work integration social enterprises, social enterprises delivering public services, and social enterprises operating in private markets. Part of this achievement is down to a long-term strategic partnership with the municipality, through a compact, and a strategic vision. The social economy comprises 6% of all companies, ie about 20,000 organisations, and its workers comprise 4.2% of the wider regions employees. The social economy in Sweden has a turnover of about 140 billion Swedish kroner (€14 billion). The Swedish government defined the social economy in 1991 as follows: 'organised businesses that primarily have social aims, are founded on democratic values and are organisationally independent of the public sector. These social and financial businesses are mainly run by associations, co-operatives, foundations and similar compositions. Businesses within the social economy sector put the benefit of the general public or the members before profit'.

The city government sees the social economy as a key player in addressing inequality, through social innovation, and with a future focus on agreements and plans for action. It has many social economy initiatives, firm ambitions for developing the social economy in public procurement, and a well-developed and innovative ecosystem for the social economy. This includes:

- Coompanion: a longstanding national network for the development of co-operatives and the social economy; it sees itself as a partner with municipalities and public sector bodies to help provide leadership in social innovation often through the development of co-operatives and social enterprise.
- A social franchising strategy, including Le Mat (a hotel for the work integration of disadvantaged people, including unemployed immigrants).
- Regional micro-funds for social enterprise and regional development; the Gothenburg micro-fund – Mikrofonden Vast – has 1.4 million Swedish kroner in funds. Initially this fund was a mutual guarantee fund for credit guarantees, but now embraces a wider range of investments. Funding is supported with advice and engagement of networks in the social economy; the main aim is to

increase entrepreneurship and the growth of the social economy. Funds have come from the region, and the Swedish Agency for Economic and Regional Growth, but the micro-fund comprises a broader group of 46 partners, including established/new co-operatives, regional development councils, and banks. Investment may also come from non-member and member contributions, donations and gifts from individuals, business and the public sector (potential for use of EU structural funds is also being considered).

- A regional social economy body – Gothenburg Social Economy (GSE) which plays a role developing and representing the sector.
- Mikrofonden operates at the regional and national level, and works with a network of other financial bodies to provide loan guarantees, thereby reducing the risks for other investors (often from commercial banks), and helping new (social) enterprises with a deficit of start-up capital. Its regional and national bodies are funded by established co-operatives, the municipal trade union, smaller banks including Ekobanken, and government bodies.
- An entrepreneurial hub in one of the most disadvantaged multicultural districts has been set up with funding from the city and ERDF. It is a multi-sectoral partnership with universities, NGOs (eg Red Cross), housing organisations, local business, as well as public bodies. The Greenhouse is an incubator and networking space for new entrepreneurs, but it also provides specialist business support for established businesses. It works with schools to establish entrepreneurial, employability, and life skills for young people; this includes some entrepreneurship programmes. It also targets female Muslims and immigrants from Syria with experience of running successful businesses back home.

Critical reflections: In the past, the strong Swedish welfare state has provided substantial support for inclusive projects and initiatives; organisations such as Coompanion have played a key role in moving beyond projects to sustainable social economy organisations, and now the welfare state is in retreat they have become important players in re-configuring the third sector. This emphasises the key role played by intermediary bodies to support the entrepreneurial development of the social economy.

Barcelona

Spain is one of the leading countries in Europe for recognising and developing the social economy, which has its origins in the mid-19th century, and adopts a classic approach emphasising the four pillars: co-operatives, non-profits, foundations, and mutuals. It is a country with a decentralised public administration and strong regional governments and identities, including the region of Catalonia, with its capital Barcelona. Since 1981 Spain has had a national Inter-Ministerial Delegation to the Social Economy, with policy being developed at national and regional levels. There was a flurry of policy activity in the early 1990s: the National Institute for the Promotion of the Social Economy was set up and was followed by the publication of a Spanish government's White Paper on the social economy. Statistics began to be gathered regularly on worker-owned firms and co-operatives. The culmination of many years policy activity resulted in the law on social economy (Law 5/2011) which recognised and gave support to the social economy as a separate economic sector. There have also been some interesting innovations in legal forms, for example labour companies (sociedad laboral), designed to facilitate worker buyouts of failing businesses. Spain was one of the first countries in Europe to establish satellite accounts for producing national statistical data on the social economy. In 2009/10 paid employment amounted to: 646,397 (in co-operatives), 8,700 (in mutual), and 588,056 (in associations); total employment: 1,243,153 – these were employed in more than 200,000 social economy enterprises.

The pillars of the social economy (CMAF) have representative structures at the regional level of Catalonia, such as CoopCat, and FeSalc for labour companies, and a federation of worker co-ops, etc. But co-ordination of these at the regional and city levels has also been achieved. The Social Economy Network was set up in 2006 and is funded by the city, as part of a pact for a more inclusive Barcelona. It operated until 2013 linking together 80 social economy organisations, primarily concerned with combating social exclusion for the most vulnerable. Although primarily concerned with social economy organisations, it was also concerned with good practices in CSR.

The extremely severe impact of the financial crisis of 2008 and the long period of austerity has helped reshape a critical approach, with the new political anti-austerity party, Podemos, and the growth of radical municipal politics, which have placed an emphasis on bottom-up democratic processes, and social

movements driving more egalitarian policies. This has led to an emphasis on solidarity economy, and on democratising new sectors of the economy such as the collaborative/digital/cultural sectors.

The Catalan Network of the Solidarity Economy (Xarxa d'Economia Solidaria de Catalunya) was inspired in the mid-90s by the Brazilian experience, and sees itself as a laboratory for exploring new ways of working, consuming, and investing to develop a more democratic, equitable and sustainable world. Its members are from different parts of the social and solidarity economy (CMAF) plus informal groupings, and the main themes of its current work are: developing mutual co-operation, creation of a social market sector, developing a social reporting and certification technique, and developing and promoting understanding of the solidarity economy. It is also focused on developing a strategic approach, and linking with social movements.

Manuel Castels, through his Aftermath project (about the aftermath of the financial crisis) has argued for a recognition of the growth of an alternative economy, and his surveys found about 30–40,000 people fully engaged in that sector. Many more were engaged to a more limited extent, thus during the financial crisis: 'one third of Barcelona families lent money, without interest, to people who are not in their family' (BBC interview www.bbc.com/news/business-20027044). This pattern of support has also helped develop informal entrepreneurship, which has been an important pathway towards the social and solidarity economy.

The Momentum Project is a major international project in several Spanish cities with a strong presence in Barcelona, as well as in Peru and Mexico. It is a collaboration between the Spanish bank, BBVA, and a Barcelona-based business school, ESADE; it also draws on free assistance from a team of auditors from PwC. It aims to support social entrepreneurship, and develop its ecosystem, through training, mentoring, finance, and networking. It's based on competitive applications for support from social entrepreneurs who have been established for two years, with €100,000 income, and at least 50% of its income from the market. There are several phases of selection and support, including business advice from students of ESADE; ultimately 10 enterprises are selected for extensive support and social investment.

Fundacion Goteo is backed by a non-profit organisation, but operates in a networked fashion to support the collaborative economy. It describes itself as a 'civic crowdfunding and collaboration on citizen initiatives and social, cultural, technological and educational projects'. Established in 2011 and with bases in four Spanish cities including Barcelona, it operates through crowdfunding, workshops, and open source tools with online support. Its open source models allow replication in other parts of the world. The Foundation guifi-Net won an EU award in 2015 for broadband services in Catalonia and Valencia. It is a citizen telecommunications network, owned by those who provide the network. It aims to develop internet access, as a human right, and as a tool for social inclusion, helping to support and develop the social and solidarity economy, and the information society.

BarCola is a policy and knowledge forum to develop the collaborative economy and commons-based peer production in Barcelona. It places a strong emphasis on the social economy, and helps develop policy and open source tools. It brings together many experts and social entrepreneurs from organisations in the new digital economy, such as: Fundacion Goteo, FabLab Barcelona, OuiShare Barcelona, Ideas for Change, eReuse.

Micro-case on creative but inclusive economy

The creative city has become an important theme in urban development, where cultural development is seen as a key part of improving competitiveness and an important part of city branding. But this form of cultural development, which focuses on recognising the value of supporting the development of the creative class, has received substantial criticism for being elitist and undermining social cohesion, as gentrification pushes out longstanding poorer communities. More recent policy has focused on trying to combine competitiveness and social cohesion through cultural and creative developments. There are two examples of working class districts in Barcelona, where the cultural developments have moved from citizen consumption to local citizen participation. These districts are: Nou Barris and Sant Andreu, and the cultural initiatives are based in refurbished industrial buildings. From the beginning the cultural centre in Nou Barris (Ateneu Popular 9 Barris) was seen as a cultural community centre embedded in the local neighbourhood, and a bottom-up participative process led to the building being managed by a committee drawn from neighbourhood associations. It has been particularly successful in developing circus arts, and

in this way has had a wider impact on other districts in the city. The other centre in Sant Andreu is in an old textile factory (Fabra I Coats), which became a public library and cultural centre. Again, through a process of bottom-up community participation, the cultural centre developed a distinctive architectural identity, also supporting the needs of local artists by providing a space for exhibitions, as well as other cultural education activities. Both these initiatives provide space for the different segments of the community, and enhance social cohesion.

Appendix 3: Policy and practice roundtables

To explore the actual and potential contribution of the social economy and the role of city governance, policy and practice roundtables were held in three UK cities. Participants were invited from local government, the social economy, the private sector and academia in Cardiff, Glasgow and Sheffield. Participants are listed in full below.

Each event was introduced with a presentation of emerging findings from the literature review and case studies of international and UK cities, followed by a presentation on the city and city region with respect to inclusive growth by a city council representative (in Cardiff and Glasgow) and an academic (in Sheffield). Overall, these three cities are looking in different ways to include the social economy as a part of inclusive growth strategies.

The discussions were naturally dependent on the people who attended and were informed by the different histories, circumstances and opportunities in each city. As such, they were only indicative of potential in other places.

Participants reported that the events had provided an important opportunity for sharing ideas, and making connections and agreements to explore future potential for collaboration and specific initiatives in all three cities. This would appear to underscore the usefulness of bringing together different actors and sectors to discuss and explore collaboration over challenging issues. What was surprising was that many participants had not previously met or had the opportunity to engage in such discussion.

Policy and practice roundtables – participants

Cardiff – 14 December 2016, WCVA

Matt Appleby, Director, BITC Cymru

Rachel Bond, Vision21

Glenn Bowen, Enterprise Programme Director, Welsh Co-operative Centre

Jon Day, Economic Policy Manager, Cardiff Council

Karen Davies, Director, Purple Shoots

Tim Edwards, Professor of Organisation and Innovation Analysis, Cardiff University

Marco Gil-Cervantes, Chief Executive, ProMo-Cymru

Sheila Hendrickson-Brown, Chief Executive Officer, Cardiff Third Sector Council

Sarah Jenkins, Lecturer in Human Resource Management, Cardiff University

Alun Jones, Social Investment Cymru

Nia Metcalfe, Founder, Spit and Sawdust

John Paxton, Procurement Team, Cardiff Council

Martin Price, consultancy.coop

Alicja Slavic, Procurement Team, Cardiff Council

Lynne Sheehy, Head CSR, Legal and General

Peter Williams, Chief Executive, DTA Wales

Matthew Williams, Policy Adviser, FSB

Glasgow – 19 January 2016, The Prince's Trust Wolfson Centre

David Bookbinder, Director, Glasgow and West of Scotland Forum of Housing Associations

Greg Chauvet, Managing Director, Glasgow Bike Station

Richard Clifford, Chief Executive Officer, MakLab

Alan Davidson, Development and Regeneration Services, Glasgow City Council

Sarah Deas, CEO, Co-operative Development Scotland, Scottish Enterprise

Tommy Docherty, Head of Commercial Contracts, Jobs and Business Glasgow

Gerry Higgins, Chief Executive, CEIS, Community Enterprise in Scotland

Fraser Kelly, Chief Executive, Social Enterprise Scotland

Abigail Kinsella, Principal Officer, Employment and Skills Partnership Team, Glasgow City Council

Helen MacNeil, Chief Executive, GCVS, Glasgow Council for the Voluntary Sector
Alison McRae, Senior Director, Glasgow Chamber of Commerce
David Maxwell, Operations Manager, Volunteer Glasgow
Jim McCormick, Associate Director Scotland, Joseph Rowntree Foundation
Elizabeth McKenna, Network Manager, Glasgow Social Enterprise Network
Dick Philbrick, Managing Director, Clansman Dynamics
Kim Wallace, Business Development Manager, SENSCOT
Kevin Rush, Head of Economic Development, Glasgow City Council
Stephen Sinclair, Professor of Social Policy, Yunus Centre for Social Business and Health, Glasgow
Caledonian University
Alan Watt, Director, Scotland, Prince's Trust
David Zabiega, Sustainable Communities Organiser, Govanhill Housing Association, Govanhill Community
Development Trust

Sheffield – 26 January 2017, Voluntary Action Sheffield, The Circle
David Beel, Research Associate, WISERD Civil Society Research Centre, University of Sheffield
Neil Berry, Director of Services, Locality
Laurie Brennan, Policy and Improvement Manager, Sheffield City Council
Gordon Dabinett, Professor of Regional Studies, University of Sheffield
Maddy Desforges, Chief Executive, Voluntary Action Sheffield
Ian Drayton, Partnership Manager, SOAR Works Enterprise Centre
David Etherington, RSA Inclusive Growth Commission; Middlesex University
Colette Harvey, Power to Change
Dave Innes, Policy and Research Manager, Joseph Rowntree Foundation
Bob Jeffery, Chair, Sheffield TUC; Senior Lecturer, Sheffield Hallam University
Richard Motley, IntegreatPlus (Cultural Industries Quarter Agency)
Marek Niedzwiedz, Federation of Small Business Committee member; Managing Director at Mar-Pro
Invest Holding Ltd
Sheila Quairney, Chair, Sheffield Social Enterprise Network
Rory Ridley-Duff, Reader in Co-Operative and Social Enterprise, Sheffield Hallam University
Gareth Roberts, Director and Operations Manager, Regather
Lorna Wallace, CEO, Bolsover Community Volunteer Partners

Appendix 4: Scotland's economic and social enterprise strategy

The Scottish Government's 2015 economic strategy focused on inclusive growth. It included what is more commonly termed the third sector in Scotland, as well as 'responsible business' as key players in achieving these aims.

The Scottish Social Enterprise Strategy launched in December 2016 sees social enterprise as part of 'reimagining a more inclusive way of doing business' with the opportunity to 'deliver truly transformational change for Scotland's communities'. Social enterprise not only delivers inclusive economic growth, it engenders a successful, vibrant democracy'. These statements reflect the recognition that social enterprise is seen as part of a response to failing economic models, building on Scotland's history of developing 'new forms of business, where social and economic goals are blended together in the pursuit of a more equal society'.

Specific roles identified include the ability to deliver fair work and well-paid jobs, harness the talents of more people and improve productivity, establish business activity in underserved markets and fragile local economies, directly tackle inequalities, harness productive capacity by supporting people furthest from the labour market, promote equality and tackle discrimination. It sees social enterprise as part of creating a more rebalanced economy with more diverse forms of business ownership.

It wants to create three-year action plans including enabling legislation to open up new market opportunities eg in childcare, health or social care; more locally devolved powers; promoting community entrepreneurship to tackle persistent inequalities and encouraging more ethical consumerism. The Community Empowerment Act is seen, for example, as enabling an increase in community-owned and controlled organisations, and they also emphasise the role of more collaboration to achieve scale.

However, the Scottish Government wants to go wider than social enterprise, to promote a broader movement for a 'more just, democratic and inclusive way of doing business' that includes 'democratic and member-led enterprises and enterprising charities' as well as mainstream socially responsible business within every economic sector, and with a supportive ecosystem to move 'from the margins to the mainstream of civic society, public life and business'. It also wants to build more public social partnerships, and consortiums, as well as support for shared resource, for example by using LETS schemes, inter-trading and more efficient collaborative technologies to enable information-sharing, peer-to-peer connection, tendering and subcontracting, and collaborative models of service delivery (such as regional buying consortiums).

There is also recognition of the need for potential compensation for some social enterprises operating particularly in employability, eg to be able to pay the Living Wage. They want to also ensure that community benefit clauses are embedded more widely.

This strategy is likely to influence at the city level if incorporated into ongoing strategies and action plans.

Notes

- 1 www.oecd.org/inclusive-growth
- 2 www.un.org/sustainabledevelopment/sustainable-development-goals
- 3 For instance, see discussion in Jackson (2017, pp 3–5 and pp 50–55)
- 4 www.isede-net.com/content/social-economy/map-european-and-national-social-economy-institutions-and-organisations
- 5 http://ec.europa.eu/growth/sectors/social-economy_en
- 6 <http://socialenterprise.org.uk/about/about-social-enterprise>
- 7 Community anchors are independent community led organisations with multi-purpose functions, which provide a focal point for local communities and community organisations, and for community services. They often own and manage community assets, and support small community organisations to reach out across the community (Hutchinson and Cairns, 2010)
- 8 www.gov.scot/Publications/2015/03/5984
- 9 www.gov.uk/government/consultations/mission-led-business-review-call-for-evidence
- 10 Ongoing analysis is happening through Manchester University’s Inclusive Growth Analysis Unit (IGAU)
- 11 This links with a broader view within the EU, where the social economy is seen as an emerging sector in a plural society: ‘The main and most important trend that can be observed in the recent evolution of the social economy is its consolidation in European society as a pole of social utility between the capitalist sector and the public sector, made up of a great plurality of actors: cooperatives, mutual societies, associations, foundations and other similar companies and organisations.’ (Monzón and Chaves, 2012, pp 103)
- 12 Such evidence of high job satisfaction could be partly attributable to self-selection, in that certain types of people may prefer and choose to work in the social economy (Borzaga and Tortia, 2006)
- 13 Enterprising charities, community co-operatives, social firms, community-based housing associations amongst others (Social Value Lab, 2015, pp 10)
- 14 Note however that when NCVO refer to the voluntary sector, this is based solely on registered charity data. However, they estimate that the full range of ‘civil society’ organisations employ 2,232,758 people
- 15 The Wales Cooperative Centre takes a wider view, referring to the social business sector as including “social enterprise, co-operatives, mutual and employee-owned businesses” (WCC, 2015, pp 5)
- 16 The EOI compares the share price performance of organisations that are more than 10% employee owned or employee trusts with FTSE All Share Companies
- 17 For further information see the ‘Economic Survey of Employee Ownership in European Countries 2011’ at www.efesonline.org/Annual%20Economic%20Survey/2011/Presentation.htm
- 18 In the 1990s, a team of researchers led an international project defining and mapping the non-profit sector. This work established the international classification of non-profit organisations (ICNPO – developed by Salamon and Anheier (1992), based on the criteria that non-profits should be: organised, private, non-profit-distributing, self-governing, voluntary. Jeremy Kendal and Martin Knapp led the UK part of this project, and developed ‘broad and narrow definitions’ of the voluntary sector (Kendal and Knapp, 1996), partly because the ICNPO classificatory system tends to focus on service delivery, rather than mutual aid, advocacy and campaigning; and because the application of the five criteria is generally not clear, so boundaries are blurred. The broad definition

- was shaped by the structural-operational decision, while the narrow definition was an attempt to get closer to public understandings of 'the voluntary sector' in the UK, since the five-part structural-operational definition does not include a criterion related to charitable public benefit or altruism. So some organisations were excluded from the narrow definition because there was a lack of recognition that they were part of the voluntary sector ('would probably not feature in most people's understandings of the voluntary sector in the UK'. Kendall and Knapp, 1996, pp 21) (Spear, 2015). Thus for example: housing associations were considered part of the narrow voluntary sector, and universities, the broad voluntary sector; and sports clubs, recreation and social clubs were excluded from narrow definition (not altruistic), but included within broad definition). The CIRIEC approach takes a broad view, similar to the non-profit definition; the NCVO use the narrow definition
- 19 Spear et al. (2017) also suggests that between 2005 and 2010 the number of UK 'third sector' social enterprises rose (trading income > 50%, reinvesting majority of profit, and social purpose) from 15,000 in 2005 to 21,344 in 2010, and with additional private sector social enterprises estimates a total of 80,866
- 20 <https://data.ncvo.org.uk/a/almanac16/income-sources>
- 21 <https://data.ncvo.org.uk/wp-content/uploads/2016/04/voluntary-sector-income-sources-types.png>
- 22 The Public Services (Social Value) Act came into force on 31 January 2013 and requires public service commissioners to think about how they can also secure wider social, economic and environmental benefits in how they procure services. As well as being a tool to help get more value for money out of procurement, it is also meant to encourage commissioners to talk to their local provider market or community to design better services, and find new and innovative solutions to difficult problems.
www.gov.uk/government/publications/social-value-act-information-and-resources/social-value-act-information-and-resources
- 23 With respect to social enterprise ecosystems, see Hazenberg et al (2016), Pinch and Sunley (2016) and Wilkinson (2014); and for co-operative entrepreneurship Spear (2014)
- 24 For a critical but sympathetic overview of this literature, see Stam (2015)
- 25 GSEF www.gsef-net.org
- 26 Glasgow has looked at this model to understand the potential for their own economy for example through employee-owned businesses or secondary co-ops to support small businesses to collective scale
- 27 There are examples in the UK of engaging universities within cities, and Liverpool has particularly taken inspiration from international examples in the creation of its Social Economy Panel as a collaboration between practitioners and Liverpool University
- 28 Similarly in the UK, the Co-op Group has supported co-op entrepreneurship through The Co-operative Enterprise Hub which was subsequently replaced by The Hive, entrepreneurship support from Co-ops UK and the Co-op Bank
- 29 Wrexham, although not a city, is the fourth largest urban area in Wales according to the 2011 census, with a population just under 62,000
- 30 www.scci.org.uk/2012/09/social-economy-forum-launched-to-support-third-sector (accessed March 2017)
- 31 See also www.socialenterprise.org.uk/social-enterprise-places
- 32 For Salford, see: www.salford.ac.uk/research/sbs/research-groups/centre-for-social-business; for Plymouth: www.plymouth.ac.uk/schools/plymouth-business-school/social-enterprise-university-enterprise-network
- 33 See <https://newstartmag.co.uk/wp-content/uploads/2016/09/Good-City-Economies.pdf> p. 30 for more details

- 34 For example, a Liverpool social enterprise representative said that they were working with the city council to identify underused commercial buildings and find incentives to encourage them to offer this space to social enterprises
- 35 Both SEUK (2015) population estimate and estimated contribution are government statistics reported by SEUK but not referenced

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