



**Power to
Change**

Backing
community
business

Lessons in local growth

How strategic authorities can achieve inclusive growth in
England's regions with the social economy

June 2025

Jessica Craig and Natalie White



Star and Shadow Cinema, Newcastle

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About Power to Change

Power to Change is the think-do tank that backs community business.

We back community business from the ground up. We turn bold ideas into action so communities have the power to change what matters to them.

We know community business works to build stronger communities and better places to live. We've seen people create resilient and prosperous local economies when power is in community hands. We also know the barriers that stand in the way of their success.

We're using our experience to bring partners together to do, test and learn what works. We're shaping the conditions for community business to thrive.



AFC Lewisham, London

Acknowledgements

Throughout April and May 2025 we conducted a series of individual conversations and a roundtable discussion with stakeholders from eight strategic authorities. We would like to thank them all for their participation, honest reflections and feedback on the drafting of this report. Some of their observations are recorded in this report but are not attributed to individuals.

Our work is also shaped by our long-term regional partnerships to drive social economy growth, with colleagues in the Liverpool City Region, West Midlands and North East. We would like to thank partners in these regions for their input into the research and accompanying case studies.



Selby Centre, London

Executive summary

The government has rightly recognised the role of the regions in achieving its national mission for growth and has instructed metro mayors to produce Local Growth Plans setting out how their region will contribute to economic growth. But while the regions are well placed to drive this national agenda, these plans for growth must also be geared towards tackling challenges closer to home and raising living standards and prosperity within the regions.

Recent shocks, like the Covid-19 pandemic and the cost of living crisis that followed, have exposed the limitations of traditional models of local and regional economic development for improving living standards and addressing inequalities and deprivation. This has led to the adoption of progressive, alternative models for economic development which create social and environmental wellbeing alongside growth. A common thread among these approaches is the critical role of social-purpose businesses like community businesses, social enterprises, co-operatives, and trading charities – what is often referred to collectively as the ‘social economy’. While these organisations contribute to traditional measures of growth, their work also adds significant value through job creation, volunteering and skills development, and by helping people back into work.

To date, the government’s approach has focused on nurturing high-growth sectors. There is an opportunity to couple this with nurturing the social economy. While backing high growth sectors may boost productivity, it is the social economy that is helping to achieve inclusive growth that is seen and felt in people’s everyday lives. By working in some of the most disadvantaged places, these organisations ensure that prosperity is shared and communities are not left behind in the pursuit of growth.

This report explores how, with an increasing focus on creating regional growth through devolution, strategic authorities can support and enable the social economy to create inclusive growth that benefits local people and the planet. Drawing on the insights and experiences of strategic authorities that are already pioneering this approach – including Power to Change’s three strategic regional partners – it sets out a range of lessons that all regions can deploy in their growth plans and beyond.



Edberts House, Gateshead

Current approaches to Local Growth Plans

Through Local Growth Plans, strategic authorities can drive inclusive growth that can be seen and felt in the lives of people across their regions – not just those with access to high growth and high skilled sectors. In addition to identifying local levers that will drive productivity, the plans should also identify local levers that will drive economic inclusion.

Local Growth Plans provide strategic authorities with a timely opportunity to articulate their commitment to social economy development which, with the right resources and support, will contribute to creating inclusive growth for everyone.

Through a series of conversations and a roundtable discussion with officers in strategic authorities who are responsible for developing Local Growth Plans and wider economic strategy, we explored the opportunities these plans present for strategic authorities to support the regional social economy to create inclusive local growth, and the challenges holding them back.

Recognition and strategic vision

While many strategic authorities want to prioritise the creation of inclusive growth, a lack of understanding of the social economy sector is holding back their ability to contribute to this objective. Senior leadership and support for the social economy – including at the mayoral level – is vital to creating a long-term and strategic vision that will support and grow the social economy in a region.

Sectoral focus

The focus on high-growth sectors in the Industrial Strategy is holding back strategic authorities from supporting social economy growth in their Local Growth Plans. As cross-cutting organisations that address a range of public sector priorities (like health and wellbeing, housing, employment and skills) while keeping their margins low to maximise community benefit, these organisations are hard to fit into a strategy dominated by a focus on high-growth sector verticals.

Achieving broader objectives

Strategic authorities want to use Local Growth Plans as an opportunity to achieve objectives broader than just Gross Value Added (GVA) growth. Social economy organisations can help strategic authorities create positive social and environmental, as well as economic, impacts for their communities, helping strategic authorities to achieve their objectives in a cost-effective manner. Strategic authority officers who understand the potential of the social economy are working to persuade their colleagues and other local partners of these benefits.



Ten lessons for local growth

The report sets out a series of lessons in local growth, shaped by Power to Change's work supporting the growth and development of the social economy in three regions. This was supplemented by conversations with strategic authorities preparing their Local Growth Plans. The lessons comprise a set of principles, challenges and good practice examples that we hope will serve as inspiration for strategic authorities – and their constituent local authorities – seeking to drive local growth by working with the social economy.

These lessons are not a one-size-fits-all solution. To be successful, approaches to supporting regional social economy development should be informed by the unique context of a place and its social economy. However, these lessons can be tailored to a region's needs and sector position to create investment and support for the local social economy, as part of Local Growth Plans and wider economic strategy.

Lesson 1: Create a bold vision and the organisational culture to achieve it

By setting out a bold and clear vision for how the social economy will contribute to the region's ambitions for inclusive growth, strategic authorities can galvanise support for inclusive growth both within and outside of their institution.

Lesson 2: Understand your local social economy

By using data to build a comprehensive picture of the local social economy, strategic authorities can better shape and measure their impact and contribution to local growth.

Lesson 3: Make the social economy a key equal partner in the region

By ensuring social economy organisations have a say in decision-making and delivery of regional economic policy, strategic authorities can build closer connections to their communities and adopt a collaborative approach to achieving shared goals for the region.

Lesson 4: Convene partners to grow and develop the social economy

By utilising their role as convenors, strategic authorities can build support and investment in the social economy as well as valued partnerships between social economy organisations and local anchors – including local authorities, other public bodies and the private sector.

Lesson 5: Build the right business support and infrastructure

By enabling social economy organisations to access appropriate business support, networks, and infrastructure through mainstream or bespoke routes, strategic authorities can play an important role in supporting the sustainability of social economy organisations and their long-term contribution to inclusive growth.



Lesson 6: Deliver access to finance to drive innovation and impact

By unlocking access to finance through their own funds, and by bringing together partners to address supply and demand-side barriers to appropriate and affordable finance for social economy organisations, including through place-based investments, strategic authorities can help ensure that finance is in place to drive good growth.

Lesson 7: Utilise the buying power of the strategic authority and partners

By using commissioning and procurement as a lever to support the social economy, and influencing other local organisations to procure from within the social economy, strategic authorities can use their buying power to achieve inclusive local growth.

Lesson 8: Support communities to own local spaces and shape their futures

By facilitating and resourcing communities to play a greater role in community-led regeneration and to take ownership of local assets, strategic authorities can enable communities and social economy organisations to have greater agency over local spaces and places, building more sustainable communities in the long run.

Lesson 9: Test, learn, and grow approaches iteratively

By taking an iterative approach to supporting and growing the social economy, strategic authorities can take measured risks, fine tune their approaches as they develop, and use what they learn to shape future activity.

Lesson 10: Implement through Local Growth Plans

By using the opportunity of the Local Growth Plans, and complementary economic strategies, to set out their plans for inclusive growth through social economy development, strategic authorities can deliver on devolution and achieve local growth that is seen and felt in people's everyday lives.



Equal Care Coop, Hebden Bridge

Introduction

In July 2024, the Labour government swept to power with a mandate to deliver growth and a manifesto commitment to “transfer power out of Westminster, and into our communities, with landmark devolution legislation to take back control”.¹ The government has wasted little time in progressing devolution legislation, pursuing plans for broader and deeper regional devolution, with an English Devolution Bill expected to be introduced later this year. While this bill presents exciting opportunities to devolve power beyond local government, thereby enhancing community rights such as the Community Right to Buy, this report focuses on the progression of strategic authorities as a model for regional governance, the duties of these strategic authorities (such as the duty to create Local Growth Plans), and the opportunities available to them to shape inclusive growth with and through the social economy through further devolution.

The government has rightly recognised the role of the regions in achieving its national mission for growth; in their first meeting, the Prime Minister asked mayors to produce Local Growth Plans setting out how their region will contribute to economic growth. But while the regions are well placed to drive this national agenda, growth plans must also be geared towards tackling challenges closer to home and raising living standards and prosperity throughout the regions.



Star and Shadow Cinema, Newcastle

To date, the government's approach has focused on nurturing high-growth sectors. There is an opportunity to couple this with nurturing the social economy. Social economy organisations, which trade for social purpose and invest their profits into their communities, create jobs and opportunities for local people, including those furthest from the job market, and they generate wealth that stays in their local economies. While backing high growth sectors may boost productivity, it is the social economy that is helping to achieve inclusive growth that is seen and felt in people's everyday lives. By working in some of the most disadvantaged places, these organisations ensure that prosperity is shared and communities are not left behind in the pursuit of growth.

This report explores how, with an increasing focus on creating regional growth through devolution, strategic authorities can support and enable the social economy to create good growth. Drawing on the insights and experiences of strategic authorities that are already pioneering this approach, it sets out a range of lessons that all regions can deploy.

These lessons capture the key learnings, strategies and examples that have been used to support the growth and development of the social economy in regions across the country. They draw on insights from discussions and interviews with staff in eight strategic authorities conducted in March and April 2025, and on lessons from Power to Change's partnerships with three regions – the Liverpool City Region, West Midlands and North East combined authorities.

We have worked in partnership with these regions to grow the social economy and unlock access to investment and support – including by incubating Kindred² in Liverpool City Region, supporting the implementation of the West Midlands social economy growth strategy, and shaping the North East Flexible Social Finance fund³. Detailed case studies of our partnerships in each region and the different approach these combined authorities are taking to developing their social economies are published in parallel to this report.

A note on terminology

The officers engaged in this research all work in mayoral combined authorities, with varying degrees of organisational maturity and differing devolution deals with the government. For the purpose of this report we have adopted the language of 'strategic authorities' as set out in the English Devolution White Paper, which will encompass mayoral and non-mayoral combined authorities – all of which have a role to play in promoting local growth.



Star and Shadow Cinema, Newcastle

Creating good local growth

A growing agenda

The crises that have impacted our economy and society in recent years, including the Covid-19 pandemic and the cost of living and inflation crisis that followed, have exposed the limitations of traditional models of local and regional economic development for improving living standards and addressing inequalities and deprivation within places. The recognition of these limitations has led to the adoption of a range of progressive, alternative models for economic development. At their core, these aim to create social and environmental wellbeing through the workings of the economy.⁴

This includes approaches such as inclusive growth, the foundational economy, the wellbeing economy, and community wealth building. A common thread amongst these various approaches is the critical role of social purpose businesses and organisations that prioritise local social, economic and environmental benefit over personal profit – what is often referred to collectively as the ‘social economy’.

Retaining wealth locally and more equally distributing the benefits of growth is a core part of the operating model of these businesses, as opposed to extractive growth generating models. While they do contribute to more traditional measures of growth, like GVA and increased productivity (for instance by helping people back into work), their work also adds value beyond that which can be easily ‘priced in’ – like contributions to wellbeing, building cohesion and regenerating nature.⁵

Creating inclusive growth

“

We can’t have inclusive growth without our social economy... it just doesn’t happen.

(Strategic authority interviewee)

”

Organisations in the social economy often work at a hyperlocal level, creating growth that can be seen and felt in people’s everyday lives, and keep wealth in the communities where it is created. They are often present in the most disadvantaged communities; 48% of community businesses operate in the 30% most disadvantaged areas, compared to 14% of mainstream businesses. This helps to ensure that the pursuit of growth does not leave communities behind.⁶ Support for the social economy can also support the government’s objective of doubling the size of the co-operative and mutual sector by building a thriving and diverse sector of social businesses, that trade for the good of local people.

The social economy can also help to tackle pressing political challenges that growth alone cannot solve – connecting Local Growth Plans into regional and national governments’ broader agendas. Research suggests that communities are feeling disempowered and discontented with how decisions are made, and how this impacts their lives. The Community Life Survey in 2024 found that only 23% of people feel

they can influence decisions affecting their area – the lowest level ever recorded by the survey for this measure.⁷ Similarly the British Social Attitudes Survey in 2024 found that trust in politicians and the political system is at its lowest levels ever.⁸ As organisations owned by and accountable to local people, social economy businesses can help give communities more control and more of a say over decisions which affect their lives.

These businesses can also help to connect across the government’s missions in a way that a focus on specific growth sectors cannot achieve. While building growth at a local level, businesses in the social economy are delivering locally-owned clean power, revitalising their high streets and making them safer and more prosperous, and delivering social prescribing for local health services to tackle the effects of loneliness on physical and mental health.⁹ Therefore, strategic authorities with the aspiration to use growth to improve living standards and address inequalities within their region should see social economy businesses as a key partner in delivering these ambitions, and ensure these organisations receive investment and support through their regional economic development strategies – including Local Growth Plans.



Homebaked Bakery, Liverpool

The scale and impact of the social economy

In a time where national economic growth has stalled, the social economy sector is widespread across the UK, showing resilience and stability against challenges. A range of sectors and organisations need to be part of the mix to create sustainable economies, locally, regionally and nationally. Social economy organisations should be seen as core to economic policy in the same way that other sectors and organisations are. These organisations create real impact in their communities – particularly in places that are economically and socially marginalised. By understanding the scale, income, economic and social contributions of the sector, we can better appreciate its potential to create good local growth.

For the purpose of this report, we define the social economy as comprising all businesses trading for social purpose, whose generated profit stays in the local economy. This includes community businesses, social enterprises, co-operatives and mutuals, and trading charities.

The social economy sector

In 2022, there were an estimated

131,000

social enterprises in the UK.



(approximately 1 in 42 of all businesses).¹⁰

Additionally, there are approximately

9,342

co-operatives and mutuals.¹¹

There are also

170,942

registered charities in England and Wales (though not all are trading charities).¹²

In England alone, there are

11,000

community businesses, with community-owned enterprises seeing a

49.5%

increase in growth over five years.¹³

Social economy
businesses' income
is also growing.



Future Yard, Birkenhead

In 2024, the combined annual
income of co-operatives and
mutuals was

**£165.7
billion**

more than double the amount
recorded the year before.

Community businesses' total income was
estimated to be just under

£1 billion

in 2022, and median income was

£154,000

in 2024, higher than median income in 2022
and above pre-pandemic levels.¹⁴

Charities made

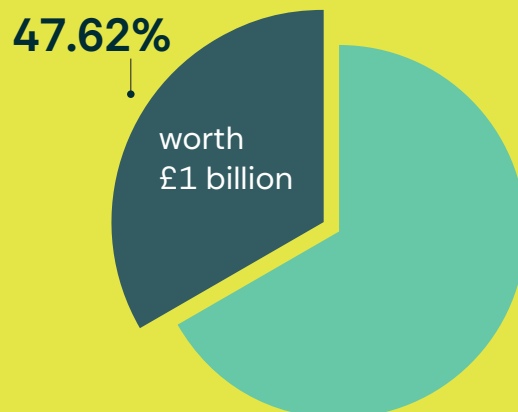
**£96
billion**

in income in 2023-24.¹⁵

In 2023, social enterprises made

£2.1 billion

in profits, of which £1 billion was reinvested into
their social and environmental missions, while their
median income remained stable at £100,000.¹⁶



Social economy businesses are not just feeling stable, but are confident about their business prospects:



Coin Street, London

Two years later, in 2024,

48%

of community businesses were confident in their future financial prospects.



Notably, community businesses are more confident about their financial outlook than members of the Institute for Directors (where

41%

are 'very' or 'quite' optimistic about their organisation over the coming 12 months).¹⁷

Economic contribution

Despite the relatively small size of the sector, social economy businesses certainly impact the national economy.

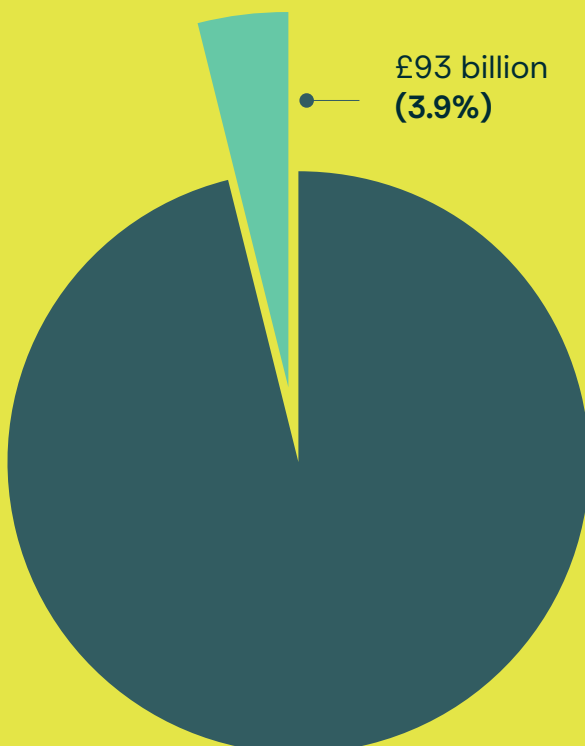


Granby Four Streets, Liverpool

In 2024, co-operatives and mutuals across the United Kingdom contributed an estimated

£93 billion

in total GVA (including direct, indirect and induced contributions), equivalent to 3.9% of national GVA.¹⁸



In 2022 community businesses across England contributed an estimated

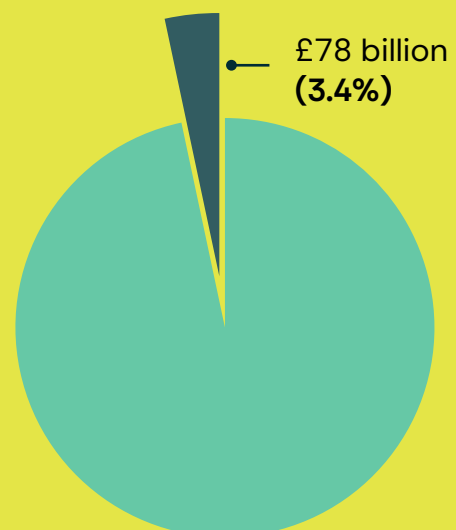
£5.8 billion

in total GVA, approximately 0.3% of national GVA.¹⁹

Meanwhile, the turnover of social enterprises was approximately

£78 billion

in 2022–2023, around 3.4% of GDP.²⁰



These organisations can create a significant return on investment, which can be enhanced by growing clusters of social economy organisations in places. Investing in clusters of social businesses creates scale and critical mass.

Power to Change's research suggests the return on investment can be as much as

£6

of economic contribution (GVA) for every £1 invested.²¹



Star and Shadow Cinema, Newcastle

Importantly, the social economy sector's economic contribution stays local, benefitting local community members.

For example, on average, community businesses employ

81%

of staff locally.



78%

of customers are local.

51%

of suppliers are local.²²

26%

of co-operatives are community-owned and profits are "diverted back into community projects or allocated among members".²³

Social contribution

Reflecting truly inclusive growth, the sector has a much wider impact on local economies through job creation, volunteering and skills development, and helping people back into work after unemployment.



Legacy West Midlands, Birmingham

For example, community businesses contribute an estimated

£95 million

of social value by employing people who were previously unemployed,

£471 million

in social value through volunteering, and

£1.7 million

in social value through improving general health and wellbeing.

It is estimated that the full economic contribution of community business, taking into account social value, could be as much as

9 times

that expressed through GVA.²⁴

The social value through improving general health and wellbeing is the equivalent of freeing up over

30,300

GP consultations.²⁵

Meanwhile, charity shops alone contributed an estimated

£75.3 billion

in social value, with almost half (49%) of this social value attributed to the feeling of 'giving back' to others.²⁶

Going for growth



Selby Centre, London

The backdrop to this growing recognition of the power and potential of the social economy is a government policy agenda that has identified economic growth as its core mission and has committed to advancing devolution to help realise it.

In October 2024, the government published its Industrial Strategy Green Paper, a ten-year vision to create “the right conditions for increased investment, high-quality jobs and ensuring tangible impact in communities right across the UK”.²⁷ The Industrial Strategy is a central part of the government’s mission to make the UK the fastest growing economy in the G7. The Industrial Strategy Green Paper focuses on eight sectors which are deemed to offer the highest opportunity to grow productivity: advanced manufacturing, clean energy industries, creative industries, defence, digital and technologies, financial services, life sciences, and professional and business services.²⁸ In the next phase of developing the Industrial Strategy, the government intends to identify subsectors of these industries in which to address barriers to growth, and develop detailed plans in partnership with business, devolved government, and the regions.

The Industrial Strategy Green Paper also looks at the places with highest potential to nurture these growth sectors – including the city regions. The government’s approach explicitly recognises the vital contribution that regional growth will play in realising this national mission and reconfirms the government’s ask to Mayoral Combined Authorities to develop 10-year, locally-owned Local Growth Plans, as set out by Keir Starmer at a meeting of the metro mayors in his first week in office as Prime Minister. Building on existing local economic strategies, mayors will use the growth plans to further develop their regional economies and attract inward investment.²⁹ Alongside this, plans to further devolve strategic authorities, as set out in the English Devolution White Paper, intends to give mayors a flexible integrated funding settlement and further control of the policy levers needed to stimulate regional growth.³⁰

As part of the growth mission, the government has set a milestone of raising living standards in every part of the UK by the end of the parliament.³¹ This is likely to be a key indicator for voters of whether the government’s missions are delivering results in their everyday lives: the year 2022–23 saw the greatest annual decrease in living standards since the 1950s, while the cost of living and state of the economy ranked among the top issues for voters in the 2024 election.³²

However, with the Industrial Strategy likely to focus on the high growth sectors set out in the Green Paper, significant elements of the economy, employing a large proportion of the British workforce, fall outside of its scope. The ‘everyday economy’ beyond these high growth sectors accounts for half of total UK employment overall; in more than 80% of local authority districts, it represents the largest share of employment.³³ These sectors are often overlooked in economic policy because, while they employ a large proportion of the workforce, they represent a far smaller proportion of GVA growth than the high value service sectors and industries identified by government. They also face challenges around low pay, skills and progression. Tackling these challenges will be key to meeting the government’s milestone of improved living standards, with emerging Local Growth Plans recognising both the role and the challenges of the everyday or foundational economy.



Homebaked Community Land Trust, Liverpool

Current approaches to Local Growth Plans

Through Local Growth Plans, strategic authorities can drive inclusive growth that can be seen and felt in the lives of people across their regions – not just those with access to high growth and high skilled sectors. In addition to identifying local levers that will drive productivity, the plans should also identify local levers that will drive economic inclusion.

Local Growth Plans provide strategic authorities with a timely opportunity to articulate their commitments to the development of the social economy which, with the right resources and support, will contribute to good growth for everyone. Some regions have already published their plans, beginning a long-term process to build inward investment and raise local living standards through growth. Others have produced draft documents or are yet to publish their plans. The social economy should be part of this journey and a beneficiary of the strategies regions deploy to build growth.

Recognition and strategic vision

Strategic authority officers have suggested that there is a desire to recognise and support the contribution of the social economy to creating inclusive growth, through the Local Growth Plan and wider economic strategies. However, a lack of understanding of the wide range of businesses that constitute the social economy and their purpose is holding back progress in securing this recognition and support. Some officers suggested that even where there is a strong strategic recognition of the value of the sector, this may not be shared consistently across teams – preventing a joined-up approach to supporting the social economy.

“

I would say there's good strategic recognition of the sector... However, I would say that strategic recognition doesn't necessarily play out in a consistent way across directorates... I wouldn't say that there's a kind of uniform understanding of all the sort of nuance and variety of the sector.

(Strategic authority interviewee)

”

Recognition from mayors of the role of the social economy in creating good growth is seen to be a key enabler of support for the sector. Some mayors have pledged to support the development of social purpose business models (like social enterprises, community businesses and co-operatives) in their election manifestos to help build inclusive growth, or else pledged support for community-led initiatives like community asset ownership and locally-driven high street regeneration. For example, Mayor of South Yorkshire Oliver Coppard's 2024 manifesto for re-election committed to work with the co-operative sector 'to step in where our economy is most broken', supporting them to provide vital services and supporting the growth of the co-operative sector.³⁴ Richard Parker's manifesto for the West Midlands mayoral election similarly acknowledged the role of 'community groups [in] plugging the holes in the government's safety net'. He also recognised their important role in preserving local social infrastructure – like pubs and venues – that are underutilised or under threat, and pledged to develop a community space strategy.³⁵

“

I would say that it's fairly high on the political agenda. Our mayor is very committed to the community sector... But I would say it's probably quite varied in terms of people's understanding of what the social economy is, and it means different things to different people.”

(Strategic authority interviewee)

”

While all of the strategic authorities we spoke to are following instructions from government to produce Local Growth Plans, their approaches to these plans vary based on local priorities and conditions. For example, where Local Growth Plans fall in the hierarchy of economic strategy documents appears to vary from region to region. Some are using Growth Plans to summarise and restate existing plans for growth and investment, while others are using their Growth Plan as an opportunity for new policy approaches, developed with local stakeholders.

Additionally, the maturity of the strategic authorities varies, which also impacts their experience of local growth planning – with more established organisations having already developed strategic plans for their region prior to government's instruction, and others still in their infancy (some having elected their first mayor in 2024, and with two new mayoral strategic authorities in existence from 2025).

This question of where Local Growth Plans sit in relation to existing strategies and priorities may also impact how future investment is allocated. Some strategic authority staff worry that if they are unable to secure explicit commitments to social economy growth in their region's growth plans, it may become harder to allocate resources to support these organisations further down the line.

Sectoral focus

Strategic authority officers also feel that the government's focus on the eight growth sectors outlined in the Industrial Strategy Green Paper limits opportunities to embed support for the social economy within their strategies. As organisations that cut across multiple sectors and policy objectives, it can be challenging for strategic authority staff to position them within these sector verticals. Furthermore, as organisations that have (often intentionally) low turnover, it can be difficult to situate social economy organisations within a plan focused on high-growth sectors.

“

[Local growth plans] are very sector focused, so high growth, shiny jobs, advanced manufacturing, health sciences, these kind of things. And I think that is something which for the vast majority of social economy organisations isn't in their wheelhouse. So there's something about not being able to articulate that impact in the terms of the stuff that's on people's agenda.

(Strategic authority interviewee)

”

Despite this, some strategic authorities see the potential for social economy organisations to contribute to the priority sectors for their regions, and feel that they need to be taken seriously as economic actors:

“

Despite perceptions, we've got social enterprises in all of our growth sectors. Yet we're still talking about the social economy quite differently... There are serious players in some of our growth economies and some of our growth sectors that are social enterprises.

(Strategic authority interviewee)

”

Many combined authorities are seeking to look beyond these eight sectors and address the sectors which make up the 'everyday' or 'foundational' economy – like health and care, food systems, housing and retail – as part of their Local Growth Plans. For example, the interim North East Combined Authority Local Growth Plan, published in March 2025, describes the region's foundational economy (including food, retail, energy, transport, construction, agriculture, care and education) as “the backbone of [the region's] economy”³⁶ – accounting for around half of employment and 60% of businesses in the region. It also accounts for the unique role of social economy and voluntary sector organisations in raising living standards in the foundational economy, by “promoting cohesion... [and] creating strong and stable communities that provide a good quality-of-life and enable other businesses to thrive”³⁷ However, because the social economy cuts across so many of these sectors (with some individual organisations providing services across multiple different sectors), it can be hard to ensure visibility for these purpose-driven businesses within the everyday economy. This creates further difficulty in ensuring Local Growth Plans provide specific measures to support the sector's growth and role in creating inclusive growth.

The West Midlands Futures Green Paper, published in April 2025 to shape the West Midlands Growth Plan, also situates the social economy in the everyday economy (which comprises 63% of jobs in the region) as a key component to delivering inclusive growth that realises human potential of the greatest number of residents.³⁸ The Green Paper also explicitly recognises the need to look beyond just productivity growth if economic growth is to raise living standards across the region and tackle entrenched poverty and inequalities. In 2019, the West Midlands Combined Authority adopted a definition of inclusive growth which, according to the Green Paper, it intends to put at the centre of the West Midlands Growth Plan. This defines inclusive growth as:

“

A more deliberate and socially purposeful model of economic growth – measured not only by how fast or aggressive it is; but also, by how well it is created and shares across the whole population and place, and by the social and environmental outcomes it realises for our people.³⁹

”



Alcohol Free Zone
it is an offence
to drink alcohol
in this area
Maximum Penalty
£500

No waiting
Midnight - 6 am
except taxis

CORRL **POURING**
ANY N. S. P. ESPRESSO

| | | | |
|---------------|------|------|------|
| ESPRESSO | 4.00 | 4.50 | 5.00 |
| AMERICAN | 4.25 | 4.75 | 5.25 |
| CAFFE LATTE | 4.50 | 5.00 | 5.50 |
| FLAT WHITE | 4.75 | 5.25 | 5.75 |
| MACCHIATO | 4.50 | 5.00 | 5.50 |
| MOCHA | 4.75 | 5.25 | 5.75 |
| HOT CHOCOLATE | 4.50 | 5.00 | 5.50 |
| TEA | 3.50 | 4.00 | 4.50 |
| COFFEE | 3.50 | 4.00 | 4.50 |
| SMOOTHIE | 4.50 | 5.00 | 5.50 |
| WATER | 0.50 | 1.00 | 1.50 |
| SAFARI | 4.50 | 5.00 | 5.50 |
| APRINT | 2.50 | 3.00 | 3.50 |

WELCOME

Achieving broader objectives

Alongside achieving economic growth, many strategic authorities are seeking to use their Local Growth Plans to achieve their social and environmental objectives too, and see the potential for partnership with social economy organisations to achieve these.

“

[We are] looking at growth, not just in a sort of boosting GDP or boosting productivity growth way, but setting some shared ambitions which go beyond just pure economic growth.

(Strategic authority interviewee)

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Responsibility for the social economy often sits within economic policy and strategy teams, but these organisations' work touches on a range of different policy issues under the remit of combined authorities – from employment and skills, to health, transport and urban regeneration. Some of the participants in our research told us they have been working to demonstrate to other teams in their strategic authority how supporting and investing in the social economy can help to address their priorities in a cost-effective way, while building capacity in the social economy and keeping wealth in local communities.

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I've been talking to employment and skills, for example, lately, and they've got goals to provide support for people from disadvantaged backgrounds... but they hadn't quite appreciated that the social economy can do exactly that. So just making them aware of the scale of the social economy, how many people work within employment and skills for disadvantaged communities, and getting that engagement... just to help them understand that this is maybe a way that you can think differently about it.

(Strategic authority interviewee)

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Star and Shadow Cinema, Newcastle

Ten lessons for strategic authorities on supporting regional social economy growth



Star and Shadow Cinema, Newcastle

Overview

In this section, we outline a series of lessons in local growth. These comprise a set of principles, challenges and good practice examples that we hope will serve as inspiration for strategic authorities – and their constituent local authorities – seeking to drive good local growth by working with the social economy.

As these lessons demonstrate, many strategic authorities are already recognising the role that the social economy plays in creating prosperity and ensuring inclusive growth which benefits all communities. Those authorities are playing an enabling role in driving social economy growth in their regions, often working in partnership to achieve this and demonstrating what is possible through specific areas of action.

The lessons also reveal that many more opportunities could be taken. Local Growth Plans provide a tangible opportunity for strategic authorities to demonstrate their commitment by integrating the social economy throughout their plans, as well as doing so through other local economic strategies. There are also opportunities for innovation in how things are done. This is an objective that should be shared across teams and policy areas, with strong leadership, and with other local partners, like local authorities, anchor institutions and the private sector.

These lessons are not a one-size-fits-all solution. To be successful, approaches to supporting regional social economy development should be informed by the unique context of a place and its social economy. However, these lessons can be tailored to a region's needs and sector position to create investment and support for the local social economy, as part of Local Growth Plans and wider economic strategy.



Stour Space, London

Lesson 1: Create a bold vision and the organisational culture to achieve it

Starting with a bold and clear vision for the social economy is a good step for any region wishing to nurture the sector's development. This vision should set out a compelling view of how the social economy will contribute, as a core component of the strategic authority's work, to the region's ambitions for inclusive growth. It should be outcome-focused, galvanise partners towards a shared vision, and be integral to the strategic authority's overall ambitions for local growth.

Developing this vision, and an approach to realising it, collaboratively with the sector can help secure broad buy-in across and outside of a strategic authority. This in turn shapes a more enduring and enabling environment for the social economy, enabling it to weather political changes.

Embedding a strategic vision for social economy growth

The West Midlands Combined Authority has articulated a goal to double the size of the social economy – from around £3.5 billion to £7 billion – over the next decade.⁴⁰ This was developed in conjunction with a social economy taskforce made up of sectoral experts from across the region, recognising the vital contribution of social economy organisations to the region's inclusive growth ambitions. This vision has paved the way for a dedicated regional social economy growth strategy, which provides a framework that WMCA can use over the coming years in planning its actions to support social economy growth. This commitment has been reiterated in subsequent strategic documents for the region, such as the West Midlands Combined Authority Trailblazer Deeper Devolution Deal.⁴¹

Liverpool City Region's Plan for Prosperity clearly embeds social economy as central to the region's long-term vision for a fairer, stronger, cleaner region – where no one is left behind. A stronger and more resilient social economy goes on to be listed as one of 7 measures of success within this flagship document, opening new possibilities to ensure the sector plays an increasingly central role in the local economy – a key marker being the volume and value of contracts being delivered by social enterprises.⁴²

Leadership plays an important role in shaping culture and attitudes within any organisation, including strategic authorities. Political and officer leadership are both critical components. For senior officers, there is an important role to play in supporting staff across departments to understand the social economy's relevance to their work and to promote a joined up approach to harness its potential. They can help position the social economy as a serious player in inclusive economic strategy and work proactively to translate a vision for the social economy into an enabling culture within departments, facilitating attitude shifts and promoting more joined up ways of working.

Recruiting officers who have first-hand experience of working in the social economy is another powerful way to bring trusted relationships and expertise in-house, and shape an enabling culture. In the West Midlands and North East, Power to Change has helped facilitate roles dedicated to the social economy within the combined authorities. These posts have helped combined authorities demonstrate they are serious about social economy development. They have proved a catalyst for raising awareness of the social economy and joining up work within the combined authority, whilst also strengthening relationships between the sector and combined authority.



Homebaked Bakery, Liverpool

Lesson 2: Understand your local social economy



Bernie Spain Gardens and OXO Tower Wharf (in background) are owned and managed by Coin Street Community Builders, London

A key requirement for strategic authorities is to use data to inform strategic decisions and measure the effectiveness of initiatives.⁴³ The stronger local data is, the better local decision-making can be. However, both nationally and regionally there is a lack of accessible and consistent data for the social economy. Without sufficient data, it is difficult for governmental actors to develop long-term strategies that enable the sector to maximise its potential.⁴⁴ This is often cited by strategic authority officers as a barrier to unlocking a supportive environment for regional social economy growth. This underpins a lack of understanding of the sector, its current contribution and its potential.

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One of the barriers for me is [the combined authority] has become very data driven. And we don't have a lot of data around the social economy. It's quite a difficult animal to measure.

(Strategic authority interviewee)

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There are various datasets available nationally that can help build the picture of a region's social economy, including Power to Change's bi-annual Community Business Market report, Social Enterprise UK's State of the Sector survey, and the Community Foundation's Third Sector Trends report, some of which also publish region specific reports. This existing data can, when collated, begin to provide an overview of the nature and scale of a region's social economy.

Understanding the scale, scope and makeup of the social economy

In the West Midlands, recent research by the Centre for Local Economic Strategies, commissioned by Power to Change and the Combined Authority, analysed business data to provide a picture of the social economy in the West Midlands.⁴⁵ It has revealed that the region's social economy is far larger than previously estimated, with more than 9,000 social economy organisations operating across the region. This data will inform the implementation of the West Midlands social economy growth programme and serve as an important baseline for tracking progress.

In Liverpool City Region, 2018 research by Seebohm Hill with the Heseltine Institute also analysed business data to provide an overview of the scale, scope and value of the social economy in the city region.⁴⁶ This dedicated research not only helped provide a clearer picture and understanding of the nature of the region's social economy but it also enabled the social economy to be discussed in economic terms, demonstrating the potential for job generation, GVA and social value. This argument proved pivotal in unlocking Liverpool City Region Combined Authority's £5.5 million investment in Kindred – the region's social investment and support vehicle for socially trading organisations.

Some regions have taken further steps to analyse existing datasets and build a stronger and more detailed picture of their social economy. This work has played a vital role in making the case for investment into the sector and shaping informed interventions. Having robust data for the social economy will also provide a reference point, allowing the impact of interventions to be monitored effectively.

Strategic authorities' own data collection should also be better harnessed to build a more comprehensive view of the regional social economy. More should be done to ensure consistent data collection for the social economy across departments. Social economy organisations themselves tend to have limited capacity to respond to information requests. A challenge to strategic authorities is to be clearer on the role this data plays in shaping regional strategy to support and grow the sector, and demonstrate that they will act on the findings.

Lesson 3: Make the social economy a key equal partner in the region

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The main thing for me is, whatever it is you do, do it in partnership. Don't do it to [others]. And that's been the thing that has created... a lot of other good stuff to happen, because... we've trusted the sector to get on with stuff. We've been a strategic partner in it.

(Strategic authority interviewee)

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At a time where trust in politics and institutions is at an all-time low, communities are tired of things not working, of growing inequalities, of a sense they are being 'done to', rather than listened to.⁴⁷ Mounting frustration with top-down, hierarchical and siloed approaches to public service delivery has led to Do With, a new “network of people and organisations calling for a radical shift in the public sector from 'doing to' to 'doing with'”.⁴⁸ Strategic authorities, and their constituent local authorities, should engage with the examples of positive change this movement is highlighting, and challenge their own practice.

Community business provides a mechanism for communities themselves to address local needs, realise aspirations, and build community power locally. But in order to address inequalities and ensure that economic policy is 'done with' communities, social economy organisations need a seat at the tables where decisions are made. When considering regional economic strategy, the social economy must be recognised and valued as a strategic and equal partner. Through meaningful partnership with the sector, strategic authorities can play a supportive role championing and advocating for mobilisation of the social economy to deliver inclusive growth.

Decision-making

Social economy representation on key decision-making boards within strategic authorities is one way of building trust with social economy organisations, mainstreaming their contribution to the economy and harnessing intelligence and expertise to inform policy, practice and programmes.

Business voice forums, taken over by strategic authorities as part of the absorption of Local Enterprise Partnership functions, should represent the needs of social economy organisations and ensure they have a role in guiding regional policy and investment decisions. Business boards and other business representation forums help strategic authorities shape economic strategy and investment plans. Through participation in these forums, businesses in the social economy can therefore advocate for the investment and support they need, particularly where these are distinct from the needs of mainstream small and medium enterprises (SMEs).



Social economy business representation in combined authorities

Liverpool City Region's Business and Enterprise Board performs the business voice function previously held by the region's LEP, enabling business leaders to feed into the combined authority's economic strategy, policy and investment decisions. It includes representatives from social economy organisations, including Kindred, which strategically aligns the social economy with other types of business in the local economy and with the strategic authority's wider approach to economic development. This is helping to embed social economy across different sectors and priorities.

In the North East, the Voluntary Organisations' Network North East (VONNE) represents the voluntary, community and social enterprise sector as a non-voting member on the North East Combined Authority Cabinet alongside representatives of each of the local authorities.

In some places, dedicated advisory boards have been convened by strategic authorities to help drive forwards regions' visions of supporting a thriving social economy. The Greater Manchester Social Economy Advisory Group, which brings together the combined authority and partners across the public, private, and voluntary, community, faith and social enterprise sectors to principally raise awareness of social enterprises so that they are embedded within the Greater Manchester economy and ecosystem. Dedicated advisory groups can play an important role in bringing together expertise and providing the sector with a voice, however it is important that these do not reinforce existing siloes, and that social economy representation is embedded across existing decision-making boards.

Meaningful co-design

Interventions that are designed and implemented through equal partnerships with social economy organisations will better address needs and ensure devolved investment reaches communities that have been historically underserved. In Liverpool City Region, Kindred was co-designed with over 150 socially trading organisations, ensuring that its offer directly responds to the needs of these organisations. This has resulted in the combined authority's investment successfully reaching historically underinvested communities. The West Midlands Combined Authority is currently supporting a range of mechanisms to ensure that the implementation of its social economy growth programme remains rooted in the needs and priorities of the sector. This includes supporting a Social Economy Forum that provides front-line organisations with the opportunity to discuss barriers and opportunities for growth.



Back on the Map, Sunderland

Lesson 4: Convene partners to grow and develop the social economy

Strategic authorities can make use of their role as convenors to champion the social economy, by bringing together partners in the local public and private sector to support and invest in the sector.

Working with anchor institutions and business

Strategic authorities can bring together anchor institutions in their region (such as local councils, universities, the NHS and businesses with a significant local presence) to increase collaboration, combat shared challenges, and better serve the needs of local people by supporting social economy businesses. Their tasks could include collaborating on hyperlocal projects to address employment and skills gaps and provide opportunities for local people to work for anchor employers in their area; or procuring goods and services from businesses in the social economy to ensure more of the funding spent by anchor institutions is retained in the local economy.

Some regions already have established networks of anchor institutions, often initiated or supported by the region's mayor – such as the London Anchor Institutions' Network, which was initially convened by the Mayor of London and London Councils to respond to the long-standing inequalities in London exacerbated and exposed by the Covid-19 pandemic.⁴⁹

Collaborating with the NHS on public health and wellbeing

The Mayor of Greater Manchester, Andy Burnham – himself a former Health Secretary – views the advancement of the mayoral combined authority model as a “game changer”⁵⁰ for preventing ill health and tackling the challenges facing the NHS. As a result, the Greater Manchester Combined Authority has made a spending review proposal to government to make Greater Manchester the first Prevention Demonstrator in the UK.

At the core of its approach is a proposal for a Live Well service, delivered by community and grassroots organisations, to offer support and social interventions for Greater Manchester's residents. All public services will be able to refer into Live Well, but it is estimated to have the greatest positive impact for the NHS, with an estimated one third of early morning calls for GP services relating to social, rather than medical, needs.⁵¹

The combined authority and NHS Greater Manchester have announced that they will invest £10 million in the region's Live Well vision.⁵² Half of this is earmarked for the voluntary, community, faith and social enterprise sector to support them to lead work in – and with – Greater Manchester's communities while building community wealth.⁵³

Strategic authorities can also utilise their convening power to bring together the private sector so it can play a role in enabling and collaborating with social economy businesses. In recent years there has been growing recognition within the private sector of the need to promote social inclusion and environmental sustainability through the mechanisms of economic growth. Corporate social responsibility can be harnessed by strategic authorities and the social economy to promote inclusive growth. Private

businesses can support the sector by providing access to funding, pro-bono expertise, resources, contacts and procurement opportunities.⁵⁴ The private sector can also provide social economy organisations with access to physical space, strengthening the resilience of these organisations and building social infrastructure without the needs for large amounts of public funding (see lesson 8).⁵⁵

“

I went around the social economy drive last November, which was a week-long series of events which helped raise the profile [of the social economy], particularly amongst the private sector. And I have to say, the engagement that we're getting with the private sector is significantly higher than it has been in the past. They are all interested in being part of that.

(Strategic authority interviewee)

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Strategic authorities can also attract investment into their regions to circulate locally within the social economy by bringing together funders and investors (see lesson 6).

Working with local authorities

Many local authorities are actively developing and implementing their own inclusive local economic strategies, and working collaboratively with social economy organisations. Local authorities will know their areas best and have valuable insights to inform and drive regional approaches.

The role of the strategic authority should complement, not duplicate, the work of local authorities, utilising the different powers and resources they hold. While strategic authorities generally develop policy or initiatives on a regional basis, they may at times be directed by the intelligence of local authorities (and other local partners, like infrastructure organisations) to identify particular cold spots in need of intervention, or areas with high potential for social economy growth. In the West Midlands, for example, the constituent local authorities helped the West Midlands Combined Authority to identify one neighbourhood or area in each local authority with high deprivation and existing social economy activity that could be nurtured through the social economy clusters approach (see page 39).

Strategic authorities can also help to build capacity within local authorities. Some strategic authorities have devolved elements of UK Shared Prosperity Funding (UKSPF) to local authorities for hyperlocal interventions around place and community, helping local authorities to prepare for a move towards a single settlement for local growth funding, rather than the multiple, competitive pots that have characterised local growth funds in recent years. Furthermore, for areas expecting local government reorganisation, strategic authorities could also help to provide stability and continuity, ensuring the social economy growth remains on the agenda through a period of significant change.



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I suppose if we could kind of myth-bust all the trepidations that organisations have about working with local government, then great. The challenge for us is we would have to do it in partnership with local authorities, because we are a strategic authority... We can identify need in grey areas, or cold spots, where there is lots of deprivation, but without our partners in local authorities, not much will move on the ground.

(Strategic authority interviewee)

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Lesson 5: Build the right business support and infrastructure

Devolution of strategic economic development and the transfer of Local Enterprise Partnership responsibilities mean strategic authorities are increasingly responsible for ensuring social economy businesses can access appropriate business support to start up and create inclusive growth. While businesses in the social economy share many of the same needs as mainstream businesses – such as business planning, financial management, marketing and leadership development – their social purpose trading model makes their business needs distinct from both those of for-profit businesses and the non-trading charity and civil society sector. Appropriate business support that understands their motivations and models is key to building the sustainability of these organisations, and enabling their contribution to local growth. Key early decisions such as the governance model they adopt in the start-up phase will have long-term implications. For example, the governance model chosen informs what forms of capital-raising are available, which can influence the future financial viability of a community business or social enterprise.

However, the provision of social economy business support is currently patchy and inconsistent across different localities; in many places it does not adequately meet needs. Recent devolved funding pots for local growth which could be used towards providing such support have been limited in both quantity and the timescale of funding, which has exacerbated this issue.⁵⁶ Strategic authorities are well placed to ensure a more consistent ecosystem of support for social economy businesses across a region, identifying and responding to gaps in provision. With new devolution deals on the horizon and some strategic authorities moving to integrated settlements, it is hoped that there will be scope for developing a more consistent and long term approach to investing in and supporting the social economy.

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[The combined authority] is moving to an integrated settlement, which is the main funding agreement with government, where we combine multiple funding streams into a single, flexible pot. And kind of unlike other local authorities, which receive separate ring fenced funding, this means we have greater control over how money is allocated to different areas, like transport, skills, housing, economic growth, and in a sense, that hopefully should force us to work closer together and make the focus on social economy more central to delivery.

(Strategic authority interviewee)

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Bespoke community business support may be delivered through partnerships with local infrastructure organisations, or through contracts with community-owned businesses themselves. This ensures business support is accessible and delivered by trusted advisers who understand the models and motivations of social purpose businesses. Not all regions will have local capacity to provide appropriate business support, but partnering with these organisations where they do exist, or investing in their development, helps to keep funds spent on business support within the regional economy and create a stronger regional sector in the long term.

Support can also be delivered through the mainstream business support offer, such as by creating a social economy cluster within Growth Hubs – however advisers must have adequate knowledge of social economy businesses and their specific capability support needs and be able to refer into more

specialised services as required. Making social economy business support visible in Growth Hubs, for example, can also help raise awareness of social purpose business models among early-stage entrepreneurs, helping to encourage others to adopt alternative models for their businesses and create inclusive growth.

UKSPF-funded business support

Some councils and combined authorities are utilising place-based funding from central government, such as the UK Shared Prosperity Fund (UKSPF), to bolster their support for community businesses. As part of the Fund's ambition to support local businesses, local and combined authorities have been encouraged to use their funding to support the growth of the local social economy, including community businesses, co-operatives and social enterprises.⁵⁷

In the West of England, Business West has led a consortium of third-sector organisations to deliver a UKSPF-funded social economy support programme, providing tailored support for community businesses, social enterprises and co-operatives as part of the combined authority's Growth Hub.⁵⁸ This includes one-to-one coaching, themed workshops led by local demand, peer networks and mentoring.

Similarly, West Yorkshire Combined Authority has invested UKSPF funding in Business for Good West Yorkshire, an enterprise coaching service for those looking to set up and grow social businesses in the region, delivered by a consortium of local and national third sector and social enterprise organisations. Business for Good also supports business advice professionals to learn about the range of models of social economy businesses, their governance and legal structures, and finance and fundraising routes, to ensure advisers in the region are well placed to support social business growth.⁵⁹

Despite various business support programmes for the social economy being delivered across the country using UKSPF funding and achieving positive outcomes, it's important to acknowledge the limitations of the short-term nature of this funding. This has somewhat limited the range of approaches undertaken by local and combined authorities and providers and their capacity to meet the long-term needs of the sector, while also contributing to a fragmented support landscape.



Infrastructure organisations

Strategic authorities should also work to nurture local infrastructure organisations which provide support to social economy business by acting as a network, voice and catalyst for the sector. Strong local infrastructure organisations can prove a valuable partner for strategic authorities, particularly in reaching the smaller end of the sector and those organisations led by and serving minoritised and underrepresented communities.

The West Midlands Combined Authority is taking an innovative approach to rebuilding the region's social economy infrastructure from the ground up through its social economy clusters programme. The programme aspires to nurture local entry points for social economy support in communities across the region. The combined authority also partner with BSSEC CIC, a regional social economy network organisation, who play a key role in convening the sector on behalf of the combined authority and joining up local place-based work across the region. This approach recognises the importance of investing in local capacity for long-term impact. It also recognises that infrastructure can take different shapes and sizes, including both organisations that act across a region but also community businesses which at the hyperlocal level. These can each play an important convening role, setting and driving a vision for good growth in their communities.

West Midlands Combined Authority social economy clusters

As part of its strategy to double the size of the regional social economy, the West Midlands Combined Authority is supporting the development of nine place-based social economy clusters (one for each local authority area), funded as part of a £2 million support package from the Commonwealth Legacy Fund.

Cluster locations and lead organisations, several of which are community businesses (Witton Lodge Community Association and Legacy West Midlands in Birmingham, the Colebridge Trust in Solihull and Provision House in Dudley), were selected with help from local authorities and Power to Change based on need and where social economy activity was evident. Each organisation has been funded to bring together local stakeholders and the wider community to create an action plan that will be able to grow the local social and circular economy. The programme is strengthening the region's infrastructure from the ground up by nurturing localised social economy development within communities, while also connecting across the regional social economy growth strategy.

The approach recognises the proven role of clustering sector-specific businesses in building economic growth and resilience. Power to Change's five year investment programme Empowering Places, which operated in areas of urban deprivation, also evidences the value of clusters of community businesses and role of community anchor organisations in catalysing these, to create stronger, more prosperous communities.⁶⁰

Lesson 6: Deliver access to finance to drive innovation and impact

Strategic authorities can support social economy businesses to drive good growth by unlocking access to the finance they need to start up, scale and thrive. Like mainstream businesses, social economy businesses access many different forms of funding and finance to start their businesses and grow their income from trading. But because of their focus on purpose, not profit, many of the funding opportunities available to conventional businesses – like traditional start-up subsidies, commercial loans, and certain investment tax reliefs – are not accessible to them. Too often, these organisations face the burden of piecing together a complex patchwork of different grants, loans, traded and locally-raised income to meet their ambitions, at the expense of significant time and resource.

As with mainstream businesses, the funding and finance needs of social economy businesses are likely to change over time, with early-stage pre-venture and start-up organisations needing more small-scale grant funding to begin building their businesses, and more mature organisations seeking large-scale and long-term funding options, like repayable finance (social investment loans and community shares), to establish new trading ventures or buy assets. The support strategic authorities provide is often targeted towards helping organisations diversify their income streams, enhancing their long-term sustainability.

Nurturing the social economy's sustainability is a priority for strategic authorities. With a grant funding landscape increasingly characterised by scarcity and fierce competition, there is recognition of the need to move organisations away from grant reliance to types of income that foster greater resilience and sustainability within the sector. Using devolved funds and convening power, strategic authorities are uniquely placed to drive innovation in this space. Some strategic authorities are piloting innovative financial tools, such as enterprise grants, that directly incentivise social economy businesses to strengthen their trading income, and thus build sustainability.

Go! London match trading programme

Go! London is a partnership of the Mayor of London, London Marathon Foundation and Sport England, which aims to strengthen and diversify the capital's sport and physical activity sector and reduce barriers to physical activity to tackle social and economic inequalities.⁶¹ Go! London's 'Match. Trade. Grow.' programme provides match trading grants to support social economy businesses helping young people access sports and physical activity to grow their income from trading and improve sustainability. The programme offers up to £15,000 of matched grant funding to organisations at the 'Trade Up' stage, who are new to trading (with income of at least £20,000) and £25,000 for 'Scale Up' organisations with some experience of trading (income of at least £150,000). This is provided alongside a learning and support offer from the School for Social Entrepreneurs that helps these organisations to develop their leadership and connect with others on a similar growth journey.

Increasingly, strategic authorities are interested in the role they can play in addressing both supply and demand-side challenges to increase the uptake of repayable forms of finance. Repayable finance can help businesses to strengthen their revenue streams whilst growing their social impact. Social investment also provides strategic authorities with an opportunity to leverage more inward investment in the region that will circulate locally within the social economy and deliver inclusive growth. However, there are well-documented barriers for accessing repayable investment for social economy businesses.

Social economy businesses often report that mainstream repayable finance (such as loans from high street banks) is unavailable to them because their social purpose model and low margins are perceived as too 'risky' or make the cost of investment too high. Social investment can offer an alternative that is better suited to these business models, but the interest rates and repayment terms offered on these products may also be unsuitable for social economy businesses, who often operate in areas of high deprivation and at low margins. Repayable social investment may not be appropriate for early-stage organisations and those without a 'track record' of generating revenue to repay investors, and there are also non-financial barriers to social investment, such as the inaccessibility of the language around investment and aversion to debt among smaller organisations. Additional structural and systemic barriers faced by minoritised ethnic groups have meant social investment uptake amongst these groups has historically been particularly low.⁶²

Strategic authorities can play a valuable role in addressing their region's specific supply and demand-side barriers, helping to create more affordable, accessible social investment by increasing the market for social investment. This can be through market shaping, using convening power to bring together investors and facilitate greater collaboration, building awareness and educating to promote greater uptake of repayable products, supporting investment readiness through business support programmes, and using devolved funds to address specific gaps in the market.

There has been particular appetite in recent years from strategic authorities wishing to explore the development of innovative place-based social investment offers. Power to Change has collaborated with the Liverpool City Region Combined Authority and the North East Combined Authority to address the specific barriers to social investment in these regions, producing two different and locally-relevant approaches. Tailored offers within a place that harness public funds to address barriers to social investment uptake, can be effective in strengthening the social economy. However careful consideration should be taken to ensure the right conditions are in place first, to ensure a new fund is not duplicating existing efforts, that it is accessible, and that it meets the needs of the sector and does not fail to deploy. Other market building activities may need to take place, often over a number of years, before a region is ready to develop a successful place-based fund.



Legacy West Midlands, Birmingham

Kindred in Liverpool City Region

Kindred is a pioneering model of providing repayable money and support that meets the needs of socially trading organisations (STOs) in the Liverpool City Region. It was co-developed by and for the region's STOs, with help from Power to Change and the combined authority. Many years of work locally to grow and strengthen the sector prior to the founding of Kindred helped create a critical mass of STOs with a vision for how money should work better for organisations looking to grow their social impact. It meant an established sector was well placed to engage and collaborate with the strategic authority and attract investment.

Kindred's money is patient and offered at 0% interest, with some money repaid in social return. Kindred is about more than money, it is a movement and community with over 1,500 members. So far, Kindred has invested £2.5m in 55 organisations. Between them, they have created almost 200 jobs, 'levered' a further £16.35m of investment and delivered £35.85m of social impact.⁶³ Kindred's work is organised around 'collaborating communities', which enable people and micro-businesses to overcome the limitations of their small size through mutual support and collaboration. Like industry clusters, they provide a growth-friendly ecology – but tend to be organised around a place, cause or community of interest, rather than an industry sector.⁶⁴ The Black-led Social Traders Network (BlaST) exemplifies the success of this approach in enabling money to flow to historically underrepresented groups, with a quarter of Kindred investment to date going to Black-led businesses.⁶⁵

Kindred and partners, including the Combined Authority and Power to Change, are now collaborating to build out the Kindred model and create Liverpool City Region's Social Investment Pathfinder.⁶⁶ This will bring together national and local investment, broadening the types of money available for STOs, from those starting out to those scaling up, to foster economic growth, stimulate innovation and create positive social impact across Liverpool City Region.



Cycle of Life, Liverpool

North East Flexible Social Finance

In September 2024, the North East Combined Authority launched an offer, developed in partnership with Power to Change and Big Issue Invest, which provides affordable and flexible repayable finance for socially trading organisations across the regions.

This £4 million investment enables lending to organisations that have been deemed too risky by other investors but that have potential to significantly grow their social impact and resilience with the right funding. Phase 1 of the offer, launched in September 2024, is acting as a pilot round, to test the market and inform the shape of future phases. The combined authority is aiming to leverage additional investment into the region, alongside their own investment, to support the growth of the region's social economy and secure the offer's longevity.



Lesson 7: Utilise the buying power of the strategic authority and partners

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I think this is probably where we have the most leverage and influence – through our procurement policies... If we could change our culture, customs and practice, that could be seismic.

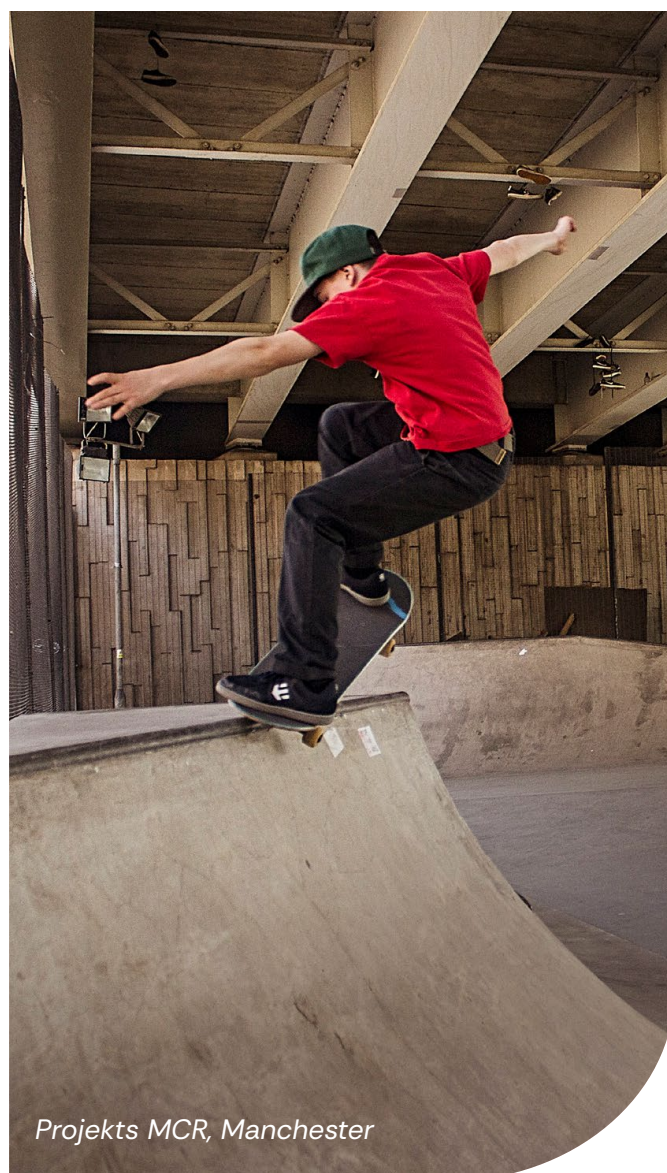
Strategic authority interviewee

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Many social economy organisations supply goods and services to the public sector or aspire to do so. Public sector contracts can be a significant source of flexible income. In return, purchasing goods and services from social economy organisations enables commissioners to generate social value and invest in resilient local economies, as money and social value continue to circulate locally. Across the UK the public sector spends over £400 billion a year on procurement.⁶⁷ Public procurement that embeds social value at its core clearly has huge potential to direct significant investment into communities through the social economy.

However, social economy organisations (particularly small and medium-sized organisations) face a range of challenges in accessing public sector contracts. Barriers range from bidding processes that are burdensome, bureaucratic and resource-intensive, to cashflow challenges arising from payment in arrears, to varying levels of engagement by local government with the Social Value Act, resulting in inconsistent implementation.⁶⁸

The Procurement Act 2023, enacted in early 2025 alongside a new National Procurement Policy Statement, is an important milestone in strengthening social value. It aligns procurement with government missions, embedding social value across contract delivery by adding greater legal obligation on procurement teams to ensure public contracts maximise public benefit and prioritising social value over cost.⁶⁹ Crucially, a top priority of the Procurement Act 2023 is making public contracts more accessible to small and medium-sized enterprises and voluntary, community, and social enterprise organisations by breaking down barriers and introducing targets.



Projekts MCR, Manchester

Strategic authorities cite procurement policies as one of the most notable levers they can use to support social economy growth. Such authorities are well placed to play a leading role in interpreting and implementing the government's guidance and influencing the practice of other public sector bodies:

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There's huge potential there for social economy organisations to start delivering a lot more public sector contracts through the combined authority, and we've got link in with all of the public sector organisations in [the region] to try and cascade that to them as well.

(Strategic authority interviewee)

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If treated as a strategic tool, social value can enable commissioners within strategic authorities to use the procurement process as a means of achieving outcomes that may otherwise lack resource. The procurement act will help nudge in the right direction but to really capture the benefit of public sector procurement significant culture change will be required across departments and public sector bodies. It is therefore vital that leadership across directorates champion and understand this potential.

Inclusive procurement in London

The London Growth Plan includes a ten-year objective to use the procurement and planning systems strategically to achieve local inclusive growth ambitions, including by opening up procurement opportunities in anchor public sector institutions for small businesses and social purpose business models.⁷⁰ This builds on gradual shifts in London's procurement policies to promote inclusive growth.

In 2021, the Greater London Authority Group (which includes City Hall and organisations like Transport for London, the London Fire Commissioner, and London and Partners) introduced a Responsible Procurement Policy.⁷¹ This aimed to improve supply chain diversity, including by removing barriers in procurement processes for community sector and social enterprise organisations, and by maximising opportunities for these organisations to supply and deliver services to the GLA Group.

Following this, the Greater London Authority pledged to spend 30% of its annual direct and indirect spend with diverse small businesses, including community businesses and social enterprises.⁷² Additionally, members of the London Anchor Institutions' Network have collectively spent £2.7 billion of procurement spend with small and medium-sized businesses since 2021.⁷³

Strategic authorities can also play a role in championing and raising awareness of social economy suppliers to both public and private audiences. Supporting the development of social economy directories can make finding a supplier more accessible to buyers. Regional events such as West Midlands Social Economy drive, an annual weeklong series of events across the region sponsored by the combined authority, provide an opportunity to raise the profile and understanding of the social economy across the public and private sector. In previous years this included a social economy 'meet the buyer' event hosted by the combined authority and Department for Transport. The transport sector's willingness and interest in procuring from social economy organisations has been noted across a number of regions.

Based: Liverpool's social economy directory

Based is a directory of socially trading organisations in the Liverpool City Region, designed by Kindred to make it easier to buy from, commission and partner with organisations in the social economy. The directory lists organisations by place (local authority area) and by sector.⁷⁴



Café Laziz, Merseyside

Lesson 8: Support communities to own local spaces and shape their futures

Organisations in the social economy are often active in the physical regeneration of their communities – taking ownership of underused and at-risk local assets to keep them in community hands, reimagining vacant space on struggling high streets and developing their neighbourhoods in inclusive and sustainable ways. By improving the physical fabric of their places, these organisations help to reaffirm or create a shared sense of identity and boost local pride. This can be particularly valuable in areas which have undergone significant transition – like the loss of a traditional industry – and need a positive, shared sense of belonging to shape their future. Some organisations in the social economy are also building and owning affordable homes for local people – a priority for many strategic authorities and for central government. This unlocks growth and develops the social infrastructure needed to create thriving, connected communities around these new homes.⁷⁵

Town and high street regeneration

Strategic authorities can direct their resources towards community-led organisations and social purpose businesses to tackle the challenges facing their high streets. Reviving struggling high streets and finding new, sustainable uses for former retail spaces is a priority for many mayors, as the state of the high street is often a key indicator for an area's wider economic and social health.

Mayors are tackling challenges on the high street by bringing together local expertise, allocating investment for high street improvement and tackling vacant spaces. Both the Mayors of York and North Yorkshire and London have recently established new funds for high street improvement. The Mayor's Vibrant and Sustainable High Streets Fund for York and North Yorkshire will support town centres and high streets to improve their resilience and expand their local offer, and improve communities' and visitors' perceptions of town centres and high streets in the region.⁷⁶ London's new £20 million High Streets Fund, funded from the UK Shared Prosperity Fund, was announced in the London Growth Plan and will be available to London boroughs for improving their local areas.⁷⁷

Investing local growth and regeneration funds into social economy organisations, for instance by supporting them to redevelop town centre buildings for community use or to establish new revenue streams, can create a long-term legacy from investment that is sustained long after the period of intervention ends. Investment is repaid many times over in the form of jobs and opportunities created, increased local spending in these and neighbouring businesses, and through the social capital fostered in the spaces these organisations run.



Future Yard, Birkenhead

Investing in community-led regeneration in Birkenhead

Wirral Council has invested both Towns Fund investment from central government and UK Shared Prosperity Funding from the Liverpool City Region Combined Authority into community businesses working to regenerate Argyle Street in the centre of Birkenhead. The Council invested a portion of their £25 million Town Deal award to support Make CIC, a community business providing cultural and creative space and a Kindred investee, to purchase and renovate a building on Argyle Street to become a permanent cultural hub for the area.⁷⁸

UKSPF funding has supported a consortium of community organisations – including Make CIC – to develop a vision for local regeneration, through the formation of the Argyle Independent Quarter. To date, the group has launched a prospectus setting out their vision for the area, administered funding for shopfront improvements, and it plans to develop a business forum to bring together existing businesses and provide affordable space for new businesses to grow.⁷⁹



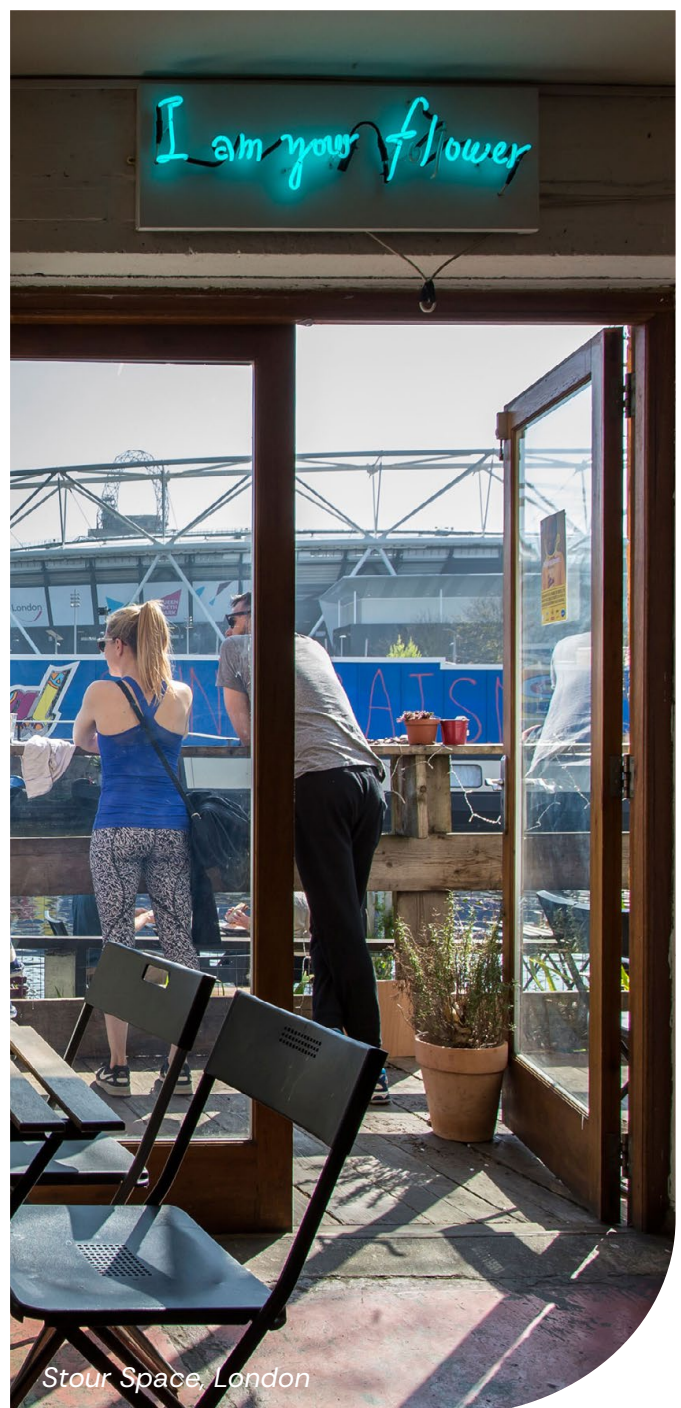
Future Yard, Birkenhead

Community asset ownership

Strategic and local authorities can also facilitate community asset ownership to safeguard locally important assets for community use. Strategic authorities can support communities to identify the assets that matter to them and take ownership of them by supporting campaigns for community ownership and helping communities to identify and register local spaces as Assets of Community Value (ACVs) to protect their function as community spaces in the future. Acknowledging local grassroots campaigns, like Save Birmingham and Save Station Street, the Mayor of the West Midlands pledged in his manifesto to develop a community space strategy, to help communities list ACVs and safeguard creative arts, heritage and cultural spaces.⁸⁰ To ensure local authorities are making best use of their assets and facilitating the transfer of surplus assets to their communities, strategic authorities should work with their local authorities to ensure they all have a Community Asset Transfer strategy in place and are working with their communities to identify appropriate properties for transfer.⁸¹

By facilitating ACV registration, communities will be supported to utilise the Community Right to Buy, which government has committed to introducing through the forthcoming English Devolution Bill.⁸² Combined authorities should take advantage of this forthcoming legislation by becoming early adopters, supporting trailblazer communities to test and achieve early proof of concept for the Community Right to Buy through targeted funding and support.⁸³ This should particularly focus on demonstrating the potential of the Community Right to Buy, and community ownership in general, in areas that are not typically synonymous with community ownership in England, such as deprived urban areas.

Often, communities struggle to access funding at the scale and pace needed to compete with the private sector when it comes to buying local assets. Strategic and local authorities can play a role in providing investment in community asset ownership and assisting communities to access investment, complementing funding from other sources like social finance and community shares. Strategic authorities and their local counterparts should explore whether capital funding from central government could be used to support community organisations to purchase or redevelop local assets which provide vital social infrastructure. For example, in the North East, Kim McGuinness has pledged to introduce a local Community Infrastructure Fund, “to make it easier for communities to take control of public services such as leisure centres and libraries or to save empty public spaces and create local jobs and opportunities”.⁸⁴



Stour Space, London

Lesson 9: Test, learn and grow approaches iteratively

Growing the social economy is a long-term process that requires sustained commitment and resource. Strategic authorities do not have to implement all of these lessons on day one. An iterative approach to supporting and growing the local social economy can help strategic authorities to test and learn what works to fine tune their approaches in partnership with the sector, ahead of rolling out larger-scale programmes and investments.

Starting with pilot activity can enable strategic authorities to take measured risks and ultimately promote more innovative approaches to growing the social economy, which can be developed iteratively and scaled in response to local feedback and need. This approach can help strategic authorities build their evidence base and business case for supporting the growth of the social economy more widely as new resources and powers become available, and can also demonstrate to other partners in the region what is possible, helping to leverage additional support and investment so the social economy can grow and thrive.

Power to Change's regional partnerships

As part of our ambition to shape the conditions for community business to thrive, Power to Change works in partnership with strategic and combined authorities to support the development of local social economies. We've worked with combined authorities to implement a range of approaches that respond to the unique context and needs of a place. There is no blueprint for this work, so we championed a culture of testing and learning. In Liverpool City Region, developing Kindred has built social investment pipeline in the region, galvanised a movement of socially trading organisations and strengthened regional capacity. This serves as a demonstrator for the combined authority, one which has attracted attention nationally, and provides a foundation from which to build out the social investment and support ecosystem. In West Midlands, we've been supporting the implementation of the combined authority's social economy growth strategy. Starting with capacity and market-building activities is creating the right conditions to address other areas of the ecosystem, including access to finance. The North East combined authority has started with access to finance and by launching their offer iteratively there is scope to test the market and flex the offer to meet need, and better understand what further interventions are required to strengthen the social economy.

You can read more about each of our regional partnerships on our [website](#).



Lesson 10: Implement through Local Growth Plans

With the English Devolution Bill set to come before Parliament later this year to bring forward an enhanced devolution framework for local leaders, and the prospect of single financial settlements bringing more flexible funding for strategic authorities, now is an ideal time to grasp the opportunity of the social economy to unlock good local growth.

Strategic authorities can use their Local Growth Plans as a starting point to commit or reaffirm their plans to make the social economy – not just high growth sectors – a core part of regional economic strategy and to encourage other local partners to do the same. The strategic authorities that have yet to set out their Local Growth Plans should detail how they will work with the social economy as both a partner in creating good local growth and as a beneficiary of support and investment in the next decade.

Where Local Growth Plans have already been published, this plan of action can be set out in complementary economic strategy documents. This can catalyse further action as the transfer of powers and resources from Whitehall to the regions progresses, ensuring that inclusive growth remains a priority through the transition to deeper devolution.



Conclusion

As devolution in England progresses, it is clear that the government views regional economic growth as a cornerstone of its mission to achieve the highest sustained growth in the G7. But for strategic authorities to contribute to this mission in a meaningful way that raises living standards and spreads prosperity across all of their communities, they must look beyond just the 'high potential' sectors of the Industrial Strategy. By working with – and through – organisations in the social economy, strategic authorities can create local growth that everyone can feel and benefit from.

Organisations in the social economy are good employers in their own right, providing opportunities for local people to build their skills and access employment. They also help keep wealth in the communities where it is generated. Additionally, they can help strategic authorities achieve cross-cutting objectives, like improving health and wellbeing or creating more vibrant, inclusive places.

This report has set out a range of different approaches that strategic authorities can take to harness the power of the local social economy. It demonstrates how some strategic authorities are already integrating the social economy as part of their Local Growth Plans and wider economic development strategies, whilst others are testing innovations around financing, high street renewal and partnering with local government.

The lessons indicate there is no single approach. Each region should tailor and design a response according to its context and needs. But it is clear that there is significant scope to grow awareness, boldness and impact across all regions and strategic authorities in England to deliver a growth agenda that benefits us all.



The Florrie, Liverpool

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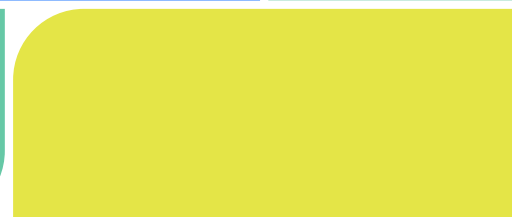
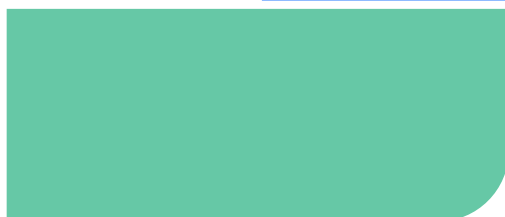
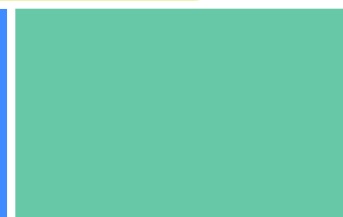
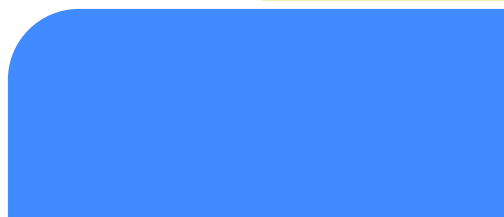
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Alongside this report, Power to Change has published three detailed case studies on our work in partnership with the [Liverpool City Region](#), [North East](#) and [West Midlands Combined Authorities](#) and each region's approach to growing the social economy. Additionally, in our ten years of backing community business, we have built a broad evidence base of what works when it comes to enabling communities to contribute to good local growth, from supporting communities to revive their struggling high streets, to unlocking community power and access to finance.

To find out more about Power to Change and our work with strategic authorities, please visit powertochange.org.uk/our-work/for-regional-government or contact Natalie.White@powertochange.org.uk for more information.

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