

# A Civil Economy for Manchester

A new vision of an economic framework for the city

Prepared by **Centre for Local Economic Strategies**

in collaboration with **Macc**

**March 2014**



Centre for Local  
Economic Strategies



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Manchester's local  
voluntary & community  
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Centre for Local Economic Strategies  
Express Networks  
1 George Leigh Street,  
Manchester,  
M4 5DL  
Tel: 0161 236 7036

[info@cles.org.uk](mailto:info@cles.org.uk)  
[www.cles.org.uk](http://www.cles.org.uk)

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Macc is Manchester's local voluntary and community sector support organisation. Its purpose is to encourage, support and develop voluntary and community groups and individuals to have a real influence over the places and communities in which they live. Macc provides capacity building, policy and influence support to local voluntary and community groups and assists people to find volunteering opportunities through Volunteer Centre Manchester.

Swan Buildings  
20 Swan Street,  
Manchester M4 5JW  
Tel: 0161 834 9823

[info@mcrcommunitycentral.org.uk](mailto:info@mcrcommunitycentral.org.uk)  
[www.manchestercommunitycentral.org](http://www.manchestercommunitycentral.org)

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## Foreword by Mike Wild - Chief Executive, Macc

It's no exaggeration to say this report is something I've wanted to see for years. For as long as I can remember, I have heard of the importance of strategies to grow local business yet never a strategy to grow the voluntary and community sector. To some extent I can understand why: it's fundamental to this sector that we should in fact be doing everything in our power to eliminate the reasons why we set up organisations. The job of a charity is to strive not to be needed any more. That's true for an individual organisation, but a resilient place (city or rural) would inevitably feature an agile, local voluntary and community sector which grows the organisations the community needs.

It was this thinking which prompted Macc and our partners to commission the State of the Sector Survey, published in May 2013. What exactly is the voluntary and community sector in Manchester and is it the sector the city actually needs? That's useful to know in itself but it also allows us to examine the idea that, if we can finally say what the sector is doing and what it contributes to the city's economy, there is an asset which should be built on: not just a sector of fluffy do-gooders but a powerhouse which is collectively tackling deep rooted issues in our communities where both the private and public sectors have not been able to.

But growing the 'social sector' is not an end in itself. We wanted to examine the idea that economic prosperity of a city like Manchester would be greatly enhanced by the combined efforts of the public, private and voluntary and community sectors. Manchester has always been a city of pioneers: how could it lead the way in modelling a vibrant economy which recognises people, the environment and economic growth as equal factors? We wanted to put this question alongside the latest thinking in balancing issues of inclusion, equality and environmental sustainability to indicate how these major agendas interlock.

The opportunity to do this was created by the Transforming Local Infrastructure programme funded by the Office for Civil Society and managed by Big Fund. It was this additional capacity which enabled us to invest in both the State of the Sector work and this report. It has enabled us to work with CLES to develop thinking about "stewardship of place" and consider the implications for Macc in supporting, leading and shaping the local voluntary and community sector.

The key finding for me in this report is the importance of civic leadership: that it is everyone's responsibility to shape the destiny of Manchester by working together. This report starts (but does not and was never intended to conclude) a discussion of issues of poverty, equality and sustainable growth as the key factors in the challenge facing Manchester. It's my hope that this report will spark fresh inspiration amongst the civic leadership in Manchester to take on a new pioneering spirit, raising ambition beyond combating the effects of recession by building a new model for a vibrant and resilient city.

Mike Wild  
November 2013



## Executive Summary:

### Building on Manchester's Success

Manchester's economy is a UK success story. Economic growth has reversed long term population decline and Manchester is a major economic influencer and the key economic driver of the north. However, there is still work to be done. There continues to be a 'productivity gap', with low levels of resident economic activity, a weak skills base and low levels of enterprise. Long standing and significant disparities in the prosperity and welfare of different communities across the city remain.

The challenge of achieving economic success, coupled to higher levels of social justice and within environmental limits is shared by many cities around the world. However, Manchester is well placed to take these challenges on. It has a proven and irrepressible 'can do spirit', which is common to many of its people, social sector, business and public servants, that has resulted in a level of confidence within the city not seen elsewhere.

This framework towards a 'Civil Economy' for Manchester aims to make suggestions about how we can make further substantive progress. It secures people, communities and the social sector at the heart of Manchester's future. This work, through consultation, has found a city laden with existing positives and potential. This report seeks to add further momentum and quality to the city's success. It does not have all of the answers, but it's a step towards for the beginning of a new conversation in Manchester, where social prosperity is an inherent part of economic success.

#### What is a Civil Economy?

A Civil Economy is predicated around:

- Strong communities and social inclusion as inputs to and outcomes of economic and business success;
- Creating an economy which works for all the people in it; and
- Refocusing on how economic success is perceived around the experiences of people and communities within the economy.

This is about a reset. Its about local organisations from all sectors engaging in open, constructive discussion to negotiate a preferred future for a locality. It is about redefining how partners work together to create the best outcomes for communities and the local economy. This approach is central to developing a Civil Economy; an approach which places the interaction of the three sectors as three equally and mutually reinforcing aspects of success.

This paper frequently refers to the social sector as an important input to working towards a Civil Economy. This is our definition of what is frequently termed the voluntary and community sector, or VCS.

## Why Manchester needs to build a Civil Economy

### A rationale based on tackling poverty and inequality

Manchester has success, but it could also be characterised as tale of two cities; one of significant economic success and one of significant socio-economic problems. Manchester continues to have neighbourhoods in the lowest indices of deprivation, and despite efforts a number of areas continue to face significant challenges based around poverty, worklessness and unemployment. The polarization between economic growth and the social progress of Manchester is increasing. For a healthy, resilient economy there is a need to address this imbalance. This can only be achieved through a change in approach.

There is general consensus across public sector agencies that whilst success has been achieved, austerity and cuts have meant that the context has changed and more could be done. The evidence of entrenched deprivation across Manchester's communities and the deep seated inequalities means that different approaches need to be taken. There are innovative models being deployed such as Community Budgets, which are a platform for future development. But deeper change across the sectors is required to ensure lasting change and improvement and this forms the foundation for a Civil Economy.

### The importance of the social sector as an input to the Civil Economy

Deep longstanding inequalities represent a need for different ways of thinking, and form the basis of a Civil Economy. The social sector will play a key role within the development of a Civil Economy, linking communities of disadvantage to economic opportunity.

It is important to note that there is limited evidence available on the social sector and its impact, particularly on comparable data from elsewhere. This is often piecemeal and therefore meaningful intelligence is difficult to come by compared with commercial or public sectors where publicly available information is on hand. Therefore, the inferiority of data means the social sector's relative importance can be batted aside, or in evidence based debates, the social sector by the very paucity of evidence will seem weaker. This is not just an issue in Manchester, but across the UK where it is difficult to state the value of the sector through financial savings or economic impact.

Although limited, there are some anecdotal examples of social sector impact in Manchester and how this helps make savings elsewhere. Some of this is highlighted in the case studies in the report. The importance of the sector in Manchester was also reflected in the cross sector interviews. A number of public sector respondents for instance commented that there is now a new opportunity to strengthen the relationships.

"The savviness of some VCS (health) providers is on a par with acute trusts, and has credibility. These are important organisations and we need to involve them more in work such as the Joint Strategic Needs Assessments, and needs to be done in a more inclusive and developmental way. This process could be the model for marrying cross sector intelligence, sector-led improvement and feed into other policy development processes."

“Raising aspirations is critical for the future of Manchester’s economy – local groups and communities are best at doing this and the council needs to be dedicated in supporting it to do this.”

“Place shaping is important for the council and we could get a lot of people around the table for discussions around this – we need to work with and consider how the social sector can support place shaping. What are the gaps and what is needed for the social sector to achieve this?”

Private sector stakeholders also commented that the sector is of fundamental importance to the vitality of communities, and that community vitality is important for businesses to thrive.

The importance of the sector is highlighted in detail in the report, with a number of messages around:

- **Importance of indirect impacts:** the sector plays a critical role in helping to supply the wider labour pool for the local economy, which directly benefits employers. Therefore the sector is particularly important for the local economy, in an indirect way. The benefits are therefore often more intangible and there is a need to appreciate and understand the value of the sector in a different way.
- **The economic value of the sector:** although the indirect economic benefits of the sector are important, it does have a number of direct impacts. For instance its income is estimated at £477 million in Manchester, higher than the impact of football in the economy which was calculated during a well-publicised study this year. Its GVA is 5.4% of the Manchester total. This may not appear to be high on the surface but it still constitutes £722 million. It is also a significant employer, with 12,400 people estimated to work in the sector (higher than sectors such as ICT, Construction and Real Estate, and only approximately 1,000 less than in Manufacturing).

## An enhanced ‘whole place’ approach for the economy

### Resilient approaches the driver behind a Civil Economy

In developing a Civil Economy, it is critical that all partners view an economy through a ‘whole place’ lens. This is about working to strengthen systems and networks across Manchester and is at the heart of future thinking on economic progress. Understanding a place as a system means recognising how different sectors, organisations and social groups interact to buy and deliver services, develop ideas and mechanisms and carry out activities. Research by CLES has shown that places with strong systems can be more resilient and have stronger economies. The public and private sectors have much to gain through a whole place approach and strategically engaging the social sector in economic development, to a fuller extent. The social sector in Manchester directly benefits local communities and the economy. Learning between the three sectors can develop an understanding of the tangible benefits which the social sector delivers in local communities and local economies. This understanding will lead to alliance, collaboration and shared

vision leading to action. In short, this is the central driver behind developing a Civil Economy.

### **Social growth is important for business**

Many businesses in Manchester already consider themselves as and want to be part of communities; therefore strengthening links between business and social sectors makes sense. As part of this work, CLES interviewed and surveyed 40 leaders from small businesses. 70% of businesses perceived their business as being part of the local community, with 50% of the organisations surveyed already have transactional/ trading relationships with social sector organisations, and 50% have a corporate social responsibility (CSR) strategy or an active commitment to support the social sector. 67% of those surveyed would like to provide in-kind help or support for the social sector in future, with 82% of respondents feel that their business has a role in supporting the local community.

87% think there is value to developing stronger relationships between local businesses and the social sector within Manchester, with the view to developing a stronger economy. Interviewees from the private sector emphasised the important role which communities play in helping businesses succeed by providing skilled staff, a viable customer base and vibrant environments in which to conduct their operations.

### **Aiding public service reform**

As public sector reform progresses, the importance of a whole place approach is increasing, and there are moves towards this through initiatives such as Community Budgets. There are clear links and relationships between the whole place approach and direct economic benefit at the local level, as investment in communities and supporting the social fabric of the locality should be viewed as investment in local economic actors and the local labour pool. As tools being developed to address public service reform evolve further (particularly in light of the successful whole place Community Budget bid for Greater Manchester) then there is an opportunity for the social sector to both influence and be an important element of the collaborative processes to deliver change.

### **The role of the environment in supporting the economy**

Emerging discussions around the notion of a 'steady state' economy seek to balance economies, civil society and environmental concerns to ensure that each is viable without detriment to the others. A fundamental part of this is restructuring our perspective of the economy, and accepting that growth is unsustainable in the 21<sup>st</sup> century. Instead, we should work towards improving quality of life and relationships as a measure of success.

15 percent of social sector organisations in Manchester work in the field of environment and sustainability, demonstrating both the demand for support in reaching environmental objectives across Manchester and the role of smaller, local organisations in these. The environment plays a significant role in making our local places and local economies function effectively, and would therefore be a key consideration in Manchester's Civil Economy.

## Manchester's existing policy framework

There is a strategic policy support for a people first approach in Manchester. In order to deliver success, there is a commitment at both the sub-regional and city policy level to ensure that all people across the conurbation must have access to opportunities to engage with the modern economy. This inherently links to making strong communities. However, arguably a deeper understanding and applied focus on how social growth and development can become a feature of economic planning and activity is required, so that implementation and delivery flows from the strategic visioning.

The key strategic question is how these resources are linked into the policy framework in future. There is a need to explore how this can be made possible. Much of this may need to be about mobilising the social sector from within, using a strategic approach that is not just about delivery by commissioning, but a new process of collective action, discussion and negotiation.

## The framework towards a Civil Economy for Manchester

In order to develop a Civil Economy, shared values would need to become more embedded in Manchester's approach to the economy. We could recommend that this be placed in the format of an agreed 'social contract' or compact – a document signed by key signatories, with a range of defined roles and responsibilities. However, we see this sort of compact or contract, as more as an end of a process, formalising a change of approach. This is not something we are advocating.

Therefore, instead, we offer here - as part of the conversation - a way forward which is more rooted in new behaviours and a 'style' as to how the city operates across all sectors. There are a number of different themes which are central to realising the city's social and economic potential, identified as a result of consultation with 25 cross sector stakeholders across the city.

This report outlines the context and issues around each theme; a 'prospectus' of common features of each theme that would be cultivated within a Civil Economy and examples of good practice which are provided in the main report. These are local (for instance where Manchester is showing good practice), national, and global. The examples are not necessarily new, but highlight existing approaches that can work well if given enough focus and support. There are also a number of high level strategic recommendations for partners to take forward. Much of this is about enhancing structures and programmes of work that are already in place, and effectively utilising the role of the social sector to participate and deliver.

The key aims and objectives of this approach would be to develop the responsibilities of and benefits to local organisations that participate in an enhanced model of civic leadership. There is existing infrastructure in place through the Manchester Partnership Board at the wider city level which can be a foundation to build deeper relational partnerships, built on shared responsibilities, between the public, social and private sectors, which transcends to all areas of the city.

# Theme 1: Collective place leadership at the city wide and local level

## Context

The need for collective leadership is becoming increasingly urgent due to increasingly limited public sector resources. Assets, resources and human capital within the social and private sectors need to be harnessed much more effectively if we are to deal with service delivery and reducing and managing demand on services. Without greater levels of shared leadership across all three sectors, communities may become increasingly polarised and as a consequence the city less competitive. This requires a shift in perception and understanding of what is meant by collaboration.

## Characteristics of collective place leadership

Collective place leadership will be characterised by a strategic approach that is effective marrying up of top down and bottom up structures, processes and activity. This means that bespoke and holistic responses and solutions are developed, under the umbrella of a wider city level strategic framework. This approach therefore allows a degree of flexibility that would lead to flexible, locally responsive partnerships across Manchester which would work to build capacity of residents and communities and build towards to the development of a fully whole place approach.

There would not be a plethora of structures at the local community level. This would result in confusion and duplication. Rather, the Civil Economy is often about simply strengthening existing structures and partnerships. There is a need to bear in mind the operating cost of sustaining partnerships at all levels at there is reduced capacity for this – thus it is important that working in this way would not merely sit alongside existing arrangements, but be used to further enhance what already exists.

- **Recommendation 1: Working group into developing a civil economy**, including considering the key messages emerging from this paper, together with the recommendations.
- **Recommendation 2: Working plan for a Civil Economy**, developed to further enhance mechanisms for different forms of social sector engagement, around key areas such as strategic engagement, collaboration and coproduction, and commissioning.
- **Recommendation 3: Match local needs assessments to local community capacity:** local (area based) needs assessments could feed into strategic needs assessments to reflect the diversity of needs in different local communities across the city, and this process would also include mapping out an understanding of the local community capacity and capability in place locally to help address issues.

## Theme 2: An equal access and benefit economy

### Context

A Civil Economy for Manchester is an economy which works for all. At present, there are individuals and families living in communities across the city who do not leave their neighbourhood, who have no confidence to access the diverse opportunities presented around Manchester and who therefore miss out on the benefits which movement around the city can produce for both them and the economy. There is therefore a need to create pathways to open the economy up to all residents. Residents are the city's greatest - there is talent and potential lying latent and going to waste in the economy when the people who live in the city are excluded from accessing opportunities.

### Characteristics of an equal access and benefit economy

A Civil Economy will focus on the goal of creating a local economy where equity is no longer viewed as an issue of distribution of wealth but also of production of wealth. The arguments for supporting equal access to the economy are powerful; an adaptable, competitive and resilient community with the skills to gain good local employment is a significant resource to a local economy. An equal access benefit economy will focus on an intergenerational approach where civic leadership takes a long term view.

- **Recommendation 4: Social sector to play a key development role in the next community strategy refresh:** The current community strategy runs up to 2015. There is an opportunity for the social sector in using this as an important step in engaging more strategically with policy, and in doing so ensuring that an equal access narrative is a central plank of the strategy, in turn outlining and evidencing how the sector can play a key role not just in strategy, but also delivery.

## Theme 3: Fostering local social-private links

### Context

There is a mutual reliance between the private and social sectors to ensure that the local economy functions effectively. Private businesses rely on an effective workforce and an economy which can support their operations. Communities rely on sustainable employment to provide financial and personal stability. This reciprocal relationship is of key importance to Manchester.

With the public sector being impacted by deep spending cuts, the social and private sectors will increasingly need to be at the centre of stewardship of communities. In order for this to be successful there is a need to forge stronger links between the two sectors. At present these are often weak – reflecting a

pattern across much of the country - and this is a barrier to the development of a Civil Economy.

### Characteristics of fostering social-private links

Within the Civil Economy the emphasis will move away from CSR and towards ingrained behavioural change within both businesses and social sector organisations where the social is not perceived as a 'bolt on', rather incorporated into corporate attitudes and approaches.

The social sector will be effective at engaging private sector organisations. Social sector leaders and infrastructure bodies in particular, would communicate the business case for the involvement of the commercial sector in social activities more clearly and in language which relates to business activities. Through communicating a concept of 'triple profit' (economic, environmental and social benefits), social sector organisations will be more successful in matching their ambitions to commercial enterprises, to create mutual benefits. The social sector would clearly define what forms of support they would benefit from, beyond cash injections, and make these messages clear to the private sector. This will then focus support to be meaningful. Strengthening the social sector through access to the skills and expertise of private sector organisations would foster greater understanding and working relationships between the two and strengthen the potential of social sector organisations to work towards their altruistic objectives.

- **Recommendation 5: Enhance relations between business and social sector infrastructure bodies:** Business network organisations to enhance their existing engagement with Macc to scope out potential for local collaborative working, and schemes for bringing the two sectors closer together. If engagement between the infrastructure organisations is effective, a framework for future activity could be produced to highlight the aims, objectives and expectations of parties involved in this collaboration.
- **Recommendation 6: Create a mechanism for matching businesses with small groups:** what private-social support requires is a coordination which effectively matches businesses and social sector organisations, to ensure that the right skills and attributes are being utilised depending on individual circumstances. Infrastructure organisations are well placed for this coordinating role.

## Theme 4: Supporting pathways to work

### Context

The lack of basic skills and lack of employability for large cohorts of the population reduces the available workforce, constrains economic output levels

and reinforces concentrations of deprivation. It also leads to a shortfall of 'good' employment for residents where wages and terms and conditions are at acceptable levels.

Therefore there is a need to focus on promoting occupational mobility and opportunity, particularly within Manchester's most deprived communities. In order to do this the social sector occupies an important space in the market, accessing those communities to raise aspiration, and provide training and employability skills that employers need. The State of the Sector Report for Manchester highlighted that a third of social sector organisations work in skills/educational development. The social sector is a vital instrument in providing the future labour pool that Manchester employers will need to draw upon, and to provide more locally bespoke and holistic local pathways to work.

### **Characteristics of supporting pathways to work in a Civil Economy**

There are a number of attributes for this theme that have, to some extent, been developed by partners in the city. There will be a focus on skills across the board, on ensuring that people are able to progress along the 'skills escalator', helping building their profile and being able to take full advantage of opportunities within the labour market, such as is the focus of the Greater Manchester City Deal. There will also be just as big a focus upon raising aspirations of local residents to return to or join the labour market. Addressing entrenched attitudes will be difficult and the role of social sector groups will be central to accessing those hard to reach groups and communities, helping to meet their needs.

The social sector will play an important strategic and delivery role across communities and will have the capacity and capability to undertake more community outreach work. There would also be a focus within a Civil Economy on pathways to work leading to 'good' employment for residents and therefore minimising in-work poverty. A range of inter-linked measures rather than one defining action will be developed. The aim will be for new, creative thinking and a long term approach which over time is able to redefine the relationships between employers and low paid workers. This is an area in which social sector infrastructure organisations, in particular, working with public partners, can contribute to the debate, develop lobbying work, and connect with the local private sector to showcase the benefits of good employment.

- **Recommendation 7: Better communication of the social sector skills offer:** skills development is central to achieving economic growth, and is a key area of social sector activity with a third of organisations working in the area. To support and promote the work of its sector, Macc and local social sector skills networks could further consider how the sector can more clearly communicate their offer to partners such as colleges and private sector providers, and how the work of the sector in Manchester links to the wider skills agenda.

- **Recommendation 8: Develop capacity and capability for community outreach:** funding options could be explored in order to further support and build capacity and capability within the sector to be able to reach more people who are currently excluded from the labour market and are not served by mainstream provision.
- **Recommendation 9: Accelerate local investment in employees:** there is a need for infrastructure organisations (the social sector could take a lead in this) and policy makers to work together and communicate/lobby employers and networks around the need for investing in people through both paying a decent wage, but also through training which will allow them to move up the 'skills escalator'.

## Theme 5: Promoting enterprise

### Context

Promoting enterprise also has clear synergies with Theme 4: Pathways to Work, and is important in helping residents maximise their potential. The social sector is again important in having access to and providing the support for people within communities where mainstream provision will not reach them, therefore meeting local need. At present the perception from social sector partners is that there is a potentially strong enterprise culture across the city which is not being accessed and that much more could be achieved through collaborative working.

### Characteristics of enterprise promotion within a Civil Economy

Within the Civil Economy, the notion of enterprise will be familiar across deprived and affluent communities alike, and will entail both social and commercial characteristics. There will be a range of features, outlined in the report, that will provide greater opportunity for people across all communities and increase both self-regard and self-determination.

In addition, within a Civil Economy the development of social enterprises will be a priority. There will be provision to provide the infrastructure and support for both existing social enterprises and helping individuals and groups further develop their ideas, and where relevant, turn these into enterprise functions. There is already a Greater Manchester level platform for this through dedicated social enterprise support at the Chamber of Commerce. New innovations will also be promoted based upon a 'sharing economy'. Sharing leverages a wide variety of resources and lowers barriers to starting small businesses. For instance cities can lower the cost of starting businesses by supporting innovations like shared workspaces, shared commercial kitchens, community-financed start-ups, community-owned commercial centres, and spaces for "pop-up" businesses.

- **Recommendation 10: Create a social enterprise strategy for Manchester:** A social enterprise strategy, as in the examples above, could be used to demonstrate acknowledgement and support of enterprise which in turn supports local community development. It would assess areas of development such as social enterprise franchising, and also how social enterprises could inspire a wider entrepreneurial culture within a locality.
- **Recommendation 11: Enhance capacity to embed enterprise through the social sector:** equipping more individuals with skills and knowledge around enterprise to become mentors for the local community. This could be complemented and supported by enterprise 'champions' who connect with the community.

## Theme 6: The social sector as part of the solution for public services

### Context

Public sector reform is a pressing issue in Manchester as it is in many local economies. Cuts to public spending impact on the service delivery a local authority can provide; Manchester's approach is to focus both on service delivery and on how citizens receive services. In successfully implementing change and supporting communities through this, the social sector can be a central partner for the council. The social sector is considered by cross sector partners to be more flexible and creative in terms of 'doing more with less' to target those who need support at the neighbourhood level, and that this asset needs to be developed. There is a challenge however in outlining more effectively what it is aiming to achieve and how it does it. From the perspective of policy makers there is often confusion about the offer(s) from the social sector and this is an issue when designing policy.

### Characteristics of service delivery within a Civil Economy

Within the Civil Economy the local public sector will perceive social organisations as market providers who deliver at cost and are an asset and therefore an integral part of the economic fabric of the city. This will account for both the larger social sector contractors and those smaller organisations that are often within the supply chain. Commissioners will work closely with local partners to ensure that they have a deeper understanding of the range of social sector providers, and appreciate the need for detailed local market intelligence.

A community led approach would be developed which encourages behavioural change and integrated, co-designed approaches. The local public sector would understand and fully utilise the skills, local knowledge and experience of local social sector organisations and co-production will become an increasingly frequent driver of local services. This will result in increasing levels of social innovation and thus enhanced outcomes.

- **Recommendation 12: Recognising and demonstrating the role of the social sector in delivering efficiencies:** much of the work of the social sector is difficult to define and comes together through informal means. This needs to be accounted for but where impacts can be measured, then this will go some way to developing a narrative as to how the sector contributes to efficiencies through quality delivery. There is a role for Macc to work with the sector to build capacity and capability for evaluative activity that shows/models good practice and impacts. This capacity could be developed with the assistance of public sector partners and organisations such as New Economy, where knowledge and expertise can be transferred to the sector.
- **Recommendation 13: Articulating social value and preparing the social sector for future opportunities within the PSR agenda:** Social value is an important opportunity to embed social considerations across public sector decision making processes, and can play an important role in reducing demand on public services. The social sector can be an effective driver of the social value agenda, working with partners to understand and develop a proper concept of social value, and to develop an approach to contributing to social value across all areas of work. This would involve Macc working with the social sector to strengthen its knowledge and understanding of the agenda, and how they can best measure impact, articulating their social value. This is essential to positioning the sector for the opening up of public services and specifically to enable more opportunities to co-design local provision.
- **Recommendation 14: Develop a programme for co-design of services:** there is an opportunity within this agenda of utilising the social sector in co-design of local services. This could feed into service provision that maximises the impact of resource, together with reducing demand on services. This could take place through a series of co-design pilots across different thematic service areas.
- **Recommendation 15: Developing a growth plan for the social sector:** This would be important for developing and promoting a Civil Economy. It would be led by Macc with input from the council into how to best support the sector to grow in future, within a changing policy and funding landscape. This needs to be focused around how the sector can be grown from within and would encompass a range of the issues and recommendations highlighted in this paper.

# 1 Introduction: Building on Manchester's Success

"Driving economic competitiveness is not simply about our products and accessing markets, not just about how we increase our productivity and strengthen our labour markets but also how Manchester and Manchester people reap the benefits<sup>1</sup>".

Manchester's economy is a UK success story. Economic growth has reversed long term population decline and Manchester is a major economic influencer and the key economic driver of the north. It is the centre of the UK's largest economic region after London and the city has created a critical mass of skilled, knowledge based jobs and the largest travel to work area after London.

However, there is still work to be done. There continues to be a 'productivity gap', with low levels of economic activity, a weak resident skills base and low levels of enterprise. Long standing and significant disparities in the prosperity and welfare of different communities across the city remain, and all of this within the context of global environmental change and the need to protect and nurture our natural resources and assets.

The challenge of achieving economic success, coupled to higher levels of social justice and within environmental limits is shared by many cities around the world. However, Manchester is well placed to take these challenges on. The city and its people have an exceptionally creative character. It has a proven and irrepressible 'can do spirit', which is common to many of its people, social sector, business and public servants, that has resulted in a level of confidence within the city not seen elsewhere. In this, it is well placed to build on the success of the last 15 years, delivering a more inclusive type of economic success, ensuring an even better future for all.

This framework towards a 'Civil Economy' for Manchester aims to make suggestions about how we can make further substantive progress. It secures people, communities and the social sector at the heart of Manchester's future. This work, through consultation, has found a city laden with existing positives and potential.

The present challenge for Manchester is not merely to escape from the effects of a prolonged global recession but to do so in a way which is sustainable and equitable. This report seeks to add further momentum and quality to the city's success. It does not have all of the answers, but should be read as a first step towards for the beginning of a new conversation in Manchester, where social prosperity is an inherent part of economic success.

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<sup>1</sup> Quote from the Strategic Narrative for Manchester 2012-2015, presented to the Manchester Health and Well-being Board in 2013.



## 2 Definitions

### 2.1 What is meant by a Civil Economy?

A growing body of academic literature and practice is starting to place more emphasis on new forms of how we think about place, economy and people. Increasingly collaborative and shared civic arrangements across public, private and social sector institutions are becoming more common.<sup>2,3</sup> Indeed, deep forms of collaboration across the public, private and social sectors are seen as the basis to increased competitiveness, with better social outcomes.

This is about local organisations from all sectors engaging in open, constructive discussion to negotiate a preferred future for a locality. It is about redefining how partners work together to create the best outcomes for communities and the local economy. Co-producing futures based on reciprocity across public, social and commercial sectors should not be 'a static, functionally defined phenomenon, but a contingent, negotiated pathway of change'<sup>13</sup>.

This approach is central to developing a 'Civil Economy'; an approach which places the interaction of the three sectors as three equally and mutually reinforcing aspects of success. There are three key pillars in our definition of a Civil Economy:

- Strong communities and social inclusion as inputs to and outcomes of economic and business success;
- Creating an economy which works for all the people in it; and
- Refocusing on how economic success is perceived around the experiences of people and communities within the economy.

This 'civil' focus has a 'hard' economic reality behind it. Polarisation of communities undermines overall economic prosperity. Poor mental and physical health, low educational attainment, low levels of skills and weak social networks all undermine economies by limiting people who comprise the work force and failing to create a competitive labour pool.

In looking at Manchester, we find a solid base for promoting and supporting change. Manchester has a strong and vibrant social sector which operates across the city to support and grow diverse communities facing multifarious challenges. The sector has a significant impact on the local economy in various positive and well-documented ways, and can be a key input into delivering a Civil Economy.<sup>4,5,6,7</sup>

<sup>2</sup> Kaplan, H. B. (1999) 'Toward an understanding of resilience: a critical review of definitions and models'. In M.D. Glantz and J.L. Johnson (eds.). *Resilience and Development: Positive Life Adaptation*, pp. 17–83. New York: Kluwer Academic/Plenum

<sup>3</sup> Vale, L. J. and Campanella, T. H. (2005) *The Resilient City: How Modern Cities Recover from Disaster*. New York: Oxford University Press

<sup>4</sup> Greater Manchester Poverty Commission (2013) Recommendations report. Manchester: Greater Manchester Poverty Commission.

<sup>5</sup> IPPR North (2013) Taken for Granted? The needs of small voluntary and community organisations in a big society era. Newcastle: IPPR.

<sup>6</sup> Local Government Association (2009) Backing Communities: Local Solutions. London: Local Government Association.

## 2.2 What is meant by the social sector?

This paper frequently refers to the social sector as an important input to working towards a Civil Economy. This is our definition of what is frequently termed the voluntary and community sector, or VCS. The social sector within this paper encompasses a wide range of organisations, including grassroots, neighbourhood, voluntary and community groups, faith based groups, charities, social enterprises, co-operatives and mutual societies, both large and small. These are organisations that work for the benefit of communities and people across Manchester.

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<sup>7</sup> Macc (2013) City of Manchester State of the Voluntary Sector 2013. Manchester: Macc.

## 3 Why Manchester Needs To Build a Civil Economy

This section is split into four themes:

- 1) The rationale for Manchester moving towards a Civil Economy, focused around the deeply entrenched socio-economic issues affecting communities across the city that, despite significant efforts and resources, remain as acute as ever.
- 2) The importance of the social sector as an input to the Civil Economy, in both indirect and direct terms.
- 3) Why moving towards an ingrained 'whole place' approach across Manchester will be good for the local economy and a central driver of achieving the desired outcomes for a Civil Economy.
- 4) The role of a 'steady state' economy within Manchester, illustrating how a focus on the environment is important for a thriving Manchester, and how this links in with the wellbeing of communities.

### 3.1 A rationale based on tackling poverty and inequality

Manchester has success, but it could also be characterised as tale of two cities; one of significant economic success and one of significant socio-economic problems. Manchester continues to have neighbourhoods in the lowest indices of deprivation, and despite efforts a number of areas continue to face significant challenges based around poverty, worklessness and unemployment. This is evidenced through all existing iterations of the indices of deprivation, some of which are explored below, demonstrating inequity and poverty across Greater Manchester.

Table 1 below shows that deprivation is highly concentrated within Manchester, which is ranked as the fourth most deprived local authority area in England, and the second most deprived in terms of income deprivation. Disadvantage in Manchester is most acute in terms of employment deprivation, highlighting the high levels of worklessness in the city. 30.6% of the working age population are classed as economically inactive, which illustrates the deep seated issues that need to be addressed across the city's communities.<sup>8</sup>

<sup>8</sup>NOMIS (2013) Annual Population Survey, June 2013. Available online at [www.nomisweb.co.uk](http://www.nomisweb.co.uk).

**Table 1: Levels of deprivation across Greater Manchester, 2010<sup>9</sup>**

|                   | Overall deprivation | Rank of income scale | Rank of employment scale |
|-------------------|---------------------|----------------------|--------------------------|
| Bolton            | 48                  | 35                   | 25                       |
| Bury              | 119                 | 92                   | 77                       |
| <b>Manchester</b> | <b>4</b>            | <b>2</b>             | <b>3</b>                 |
| Oldham            | 46                  | 44                   | 48                       |
| Rochdale          | 29                  | 47                   | 39                       |
| Salford           | 26                  | 42                   | 28                       |
| Stockport         | 167                 | 69                   | 57                       |
| Tameside          | 34                  | 58                   | 43                       |
| Trafford          | 190                 | 93                   | 81                       |
| Wigan             | 85                  | 40                   | 12                       |

**Table 2: The concentration of deprivation within local authority districts<sup>10</sup>**

|                   | Within top 1% | Within top 5% | Within top 10% | Within top 20% | Within top 50% | Within top 70% | Outside 70% most deprived |
|-------------------|---------------|---------------|----------------|----------------|----------------|----------------|---------------------------|
| Bolton            | 2.9%          | 15.4%         | 22.3%          | 39.4%          | 65.7%          | 87.4%          | 12.6%                     |
| Bury              | 0.8%          | 4.2%          | 9.2%           | 19.2%          | 54.2%          | 79.2%          | 20.8%                     |
| <b>Manchester</b> | <b>7.3%</b>   | <b>25.5%</b>  | <b>45.6%</b>   | <b>65.3%</b>   | <b>91.9%</b>   | <b>99.2%</b>   | <b>0.8%</b>               |
| Oldham            | 2.1%          | 12.5%         | 22.2%          | 40.3%          | 66.7%          | 88.2%          | 11.8%                     |
| Rochdale          | 5.2%          | 19.3%         | 25.9%          | 43.7%          | 73.3%          | 90.4%          | 9.6%                      |
| Salford           | 6.9%          | 20.8%         | 32.6%          | 46.5%          | 79.2%          | 91.7%          | 8.3%                      |
| Stockport         | 2.1%          | 4.7%          | 7.4%           | 12.1%          | 40.5%          | 66.8%          | 33.2%                     |
| Tameside          | 0.0%          | 9.2%          | 19.1%          | 35.5%          | 73.0%          | 92.9%          | 7.1%                      |
| Trafford          | 0.0%          | 1.4%          | 6.5%           | 10.9%          | 34.1%          | 55.8%          | 44.2%                     |
| Wigan             | 0.5%          | 8.0%          | 13.0%          | 30.0%          | 60.0%          | 60.0%          | 40.0%                     |

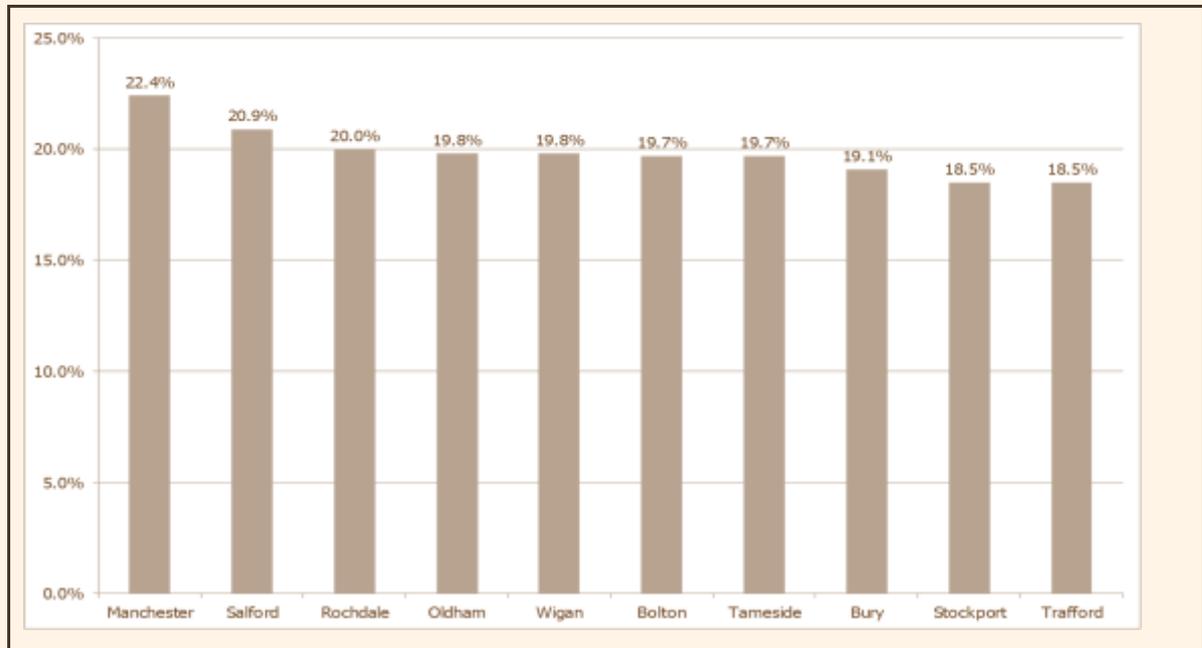
Table 2 above shows the concentration of deprivation within each of Greater Manchester's local authority districts. It highlights that deprivation is more severe and concentrated within Manchester, where just over one in four small areas are within the top 5% most deprived and almost two thirds of areas are within the top 20% most deprived. Almost 92% of Manchester is within the top 50% most deprived areas nationally. However, there are positive signs. For example 46% of the cities lower super output areas (LSOA) were in the most deprived 10% of areas in England in 2010. This compares to 52% in 2007. Harpurhey was the 2<sup>nd</sup> most deprived LSOA in 2007, it has moved up to 10<sup>th</sup> most.

<sup>9</sup> Index of Multiple Deprivation (2010). DCLG. NB: Local authority areas ranked out of 326 local authority areas within England. 1 = most deprived area and 326 = least deprived area

<sup>10</sup> Index of Multiple Deprivation (2010) DCLG. NB: Based upon LSOA analysis

These trends are also reflected within other poverty indicators. For instance Figure 1 below shows levels of fuel poverty across Greater Manchester, and again highlights that in Manchester the issue is most acute. Levels of fuel poverty peak in Manchester (22.4%/ 41,874 households).

**Figure 1: Proportion of households in Greater Manchester that are fuel poor, 2010<sup>11</sup>**



The above is just a snapshot of poverty and inequality within Manchester. It shows that the polarization between economic growth and the social progress of Manchester is increasing. For a healthy, resilient economy there is a need to address this imbalance. This can only be achieved through a change in approach. Added to this is the wider Greater Manchester angle - the fruits of Manchester's economic successes need also to extend to other areas of the city region and its residents otherwise there will be increased polarisation between the conurbation core and other districts. One of the reasons the benefits of development have not reached all communities is because the focus, as per the national trend, has traditionally been on acting upon and implementing large scale projects, without the subtlety of understanding the complex needs of different groups of residents and communities.

There is general consensus across public sector agencies that whilst success has been achieved, austerity and cuts have meant that the context has changed and more could be done. The evidence of entrenched deprivation across Manchester's communities and the deep seated inequalities means that different approaches need to be taken. There are innovative models being deployed such as Community Budgets, which are a platform for future development. But deeper change across the

<sup>11</sup> Department of Energy and Climate Change (2010) Proportion of households in Manchester that are fuel poor. Available online at [www.gov.uk](http://www.gov.uk).

sectors is required to ensure lasting change and improvement and this forms the foundation for a Civil Economy.

## **3.2 Untapped strengths of the social sector**

The following section considers the strengths of the social sector which, if fully utilised, could make a marked difference across Manchester's communities.

### **3.2.1 The impact of the social sector**

It is important to note that there is limited evidence available on the social sector and its impact, particularly on comparable data from elsewhere. This is often piecemeal and therefore meaningful intelligence is difficult to come by compared with commercial or public sectors where publicly available information is on hand. Therefore, the inferiority of data means the social sector's relative importance can be batted aside, or in evidence based debates, the social sector by the very paucity of evidence will seem weaker. This is not just an issue in Manchester, but across the UK where it is difficult to state the value of the sector through financial savings or economic impact.

Nevertheless, within Manchester there is more information about the sector, due to the recent State of the Sector report, and some of the key data is highlighted in this section.

Although limited, there are some anecdotal examples of social sector impact in Manchester and how this helps make savings elsewhere. Some of this is highlighted in the two case studies below.

## 42<sup>nd</sup> Street

42nd Street offers a mental health and well-being resource for young people living in Manchester and the surrounding areas. By providing a space for young people under stress and experiencing distress it offers safety, support and an opportunity to meet other young people that may be experiencing similar emotional and mental health difficulties.

Data issued by the Women and Equality Unit cites the financial cost of a serious suicide attempt to be £9,190. Additionally the cost of anti-social behaviour in the UK is cited at £3.4bn. The Troubled Families Cost Database compiled by New Economy Manchester identifies the cost to the criminal justice system of convicting and imprisoning a young person for 6 months at £26,437. All are direct costs that 42nd Street believes are positively impacted by the interventions and support offered to the young people at 42nd Street. The cost of a service to a young person using 42nd Street is between £1,250 p.a. to £1,530 p.a. and can result in significant savings to the state when assessing the costs identified above. At a time when organisations are being judged not only on economic performance measures but also on social impact, this organisation's activity can result in a net contribution to the public purse.

## The Lesbian and Gay Foundation (LGF)

The LGF is a charity with a wide portfolio of well-established services and a developing range of new initiatives aimed at meeting the needs of lesbian, gay and bisexual people. Its activities have a number of economic impacts, which are outlined below:

- **Mental health:** through the LGF's counselling service it is estimated that £5.89m cost savings are made to the NHS each year.
- **Sexual health:** LGF's HIV prevention and sexual health promotion services save NHS Manchester an estimated £7m to £9m per year in HIV treatment costs.
- **Substance use:** The LGF's 'Village Angels' project provides information and assistance to visitors to Manchester's gay village on Friday and Saturday nights. Their intervention in a typical incident, such as a drunken person falling over, is estimated to save the public purse between £747 and £2,732, and in an alcohol fuelled assault between £8,872 and £37,320. The Village Angels see on average 100 people per night.

The above examples show that the social sector can make a difference in the local economy and importantly provide savings to the public sector. There is clearly a need to understand the untapped strengths of the sector in more detail and the benefits it brings to both society and the economy.

The importance of the sector in Manchester was also reflected in the cross sector interviews. A number of public sector respondents for instance commented that there is now a new opportunity to strengthen the relationships.

“The savviness of some VCS (health) providers is on a par with acute trusts, and has credibility. These are important organisations and we need to involve them more in work such as the Joint Strategic Needs Assessments, and needs to be done in a more inclusive and developmental way. This process could be the model for marrying cross sector intelligence, sector-led improvement and feed into other policy development processes”

“Raising aspirations is critical for the future of Manchester’s economy – local groups and communities are best at doing this and the council needs to be dedicated in supporting it to do this.”

“There are a number of ways the sector does work on a practical basis supporting people in ways the other sectors cannot. For example, people who are distant from the labour market need innovative local projects that suits local needs – ‘Back on Track’ is a good example of this, supporting the economy and there is the potential for this be recognised more in public circles.”

Importantly a number of respondents from across the public and social sectors highlighted the importance of place shaping and how the social sector needs to be an important element of this agenda.

“Place shaping is important for the council and we could get a lot of people around the table for discussions around this – we need to work with and consider how the social sector can support place shaping. What are the gaps and what is needed for the social sector to achieve this?”

### 3.2.2 Importance of indirect economic benefits

A third of Manchester social sector organisations are involved in skills and education, often providing routes back into the labour market for the previously disengaged. 40% work within health and well-being which helps many people on margins of society and the labour market. 25% work with young people aged 13-25 years, particularly important considering that youth services have been cut significantly and youth unemployment is so high.<sup>12</sup> The fact that of the 37,000 people in Manchester claiming Job Seekers Allowance, 18,770 (50%) are aged 18-24,<sup>13</sup> highlights the critical role of local social sector work.

<sup>12</sup> Macc (2013) City of Manchester State of the Voluntary Sector 2013. Manchester: Macc.

<sup>13</sup> ONS (2013) ONS Claimant Count, September 2013. Available online at [www.ons.gov.uk](http://www.ons.gov.uk).

This means that the sector plays a central role in helping to supply the wider labour pool for the local economy, which directly benefits employers. Therefore the sector is particularly important for the local economy, in an indirect way. The benefits are therefore often more intangible and there is a need to appreciate and understand the value of the sector in a different way. This was recognised by a number of public sector respondents, as outlined in the quote below.

“The social sector does not necessarily create growth directly in any great degree, rather it plays an important role in supporting growth and helping create the conditions for it, and this is something we need to recognise more.”

### 3.2.3 The economic value of the social sector

It is common, for standard (and limiting) economic vision to downplay the social and even the public sector inputs to economic success. However, the social sector contributes both indirectly and directly to local economic growth, social growth and success. If this existing strength was harnessed correctly, it could further assist in raising the long term inclusion and productivity of the city’s economy. The section below assesses the information available on the sector in terms of income, GVA and employment, and where possible, compares this with other places.

#### Income and its sources

The value of the social sector to Manchester’s economy is significant, evidenced through the recent ‘State of the Voluntary Sector’ report<sup>14</sup>. The total income of the sector in Manchester 2011/2012 was £477 million.

A notable comparison is that football contributed £330 million to Manchester’s economy in 2010/2011<sup>15</sup>, less than the social sector. This is of particular resonance considering the value placed on football’s economic impact by policy makers.<sup>16</sup>

This voluntary sector contribution compares well with other cities such as Bristol (£318m), South London (£306m),<sup>17</sup> Nottingham (£228m), and Newcastle (£70m). Figure 2 below shows the social sector’s income per person by a range of comparator cities where data was available. It illustrates that in relative terms, the sector is large within Manchester.

#### **Figure 2: Social sector income per person in the population, by city<sup>18</sup>**

<sup>14</sup> Macc (2013) City of Manchester State of the Voluntary Sector 2013. Manchester: Macc.

<sup>15</sup> Financial Times (2013) Football hits the back of the net for Greater Manchester economy. Available online at <http://www.ft.com>.

<sup>16</sup> New Economy (2013) Manchester hosts the economic equivalent of an Olympic games every four years. Available online at [neweconomymanchester.com](http://neweconomymanchester.com)

<sup>17</sup> NB: South London is referred to as opposed to the whole of London to exclude the large number of charity headquarters based north of the river which would otherwise heavily skew the figures.

<sup>18</sup> Various sources from social sector infrastructure organisations. Note that South London was used as opposed to London as a whole in order to avoid skewing from the large number of charity headquarters located in north and central London.



### Gross Value Added (GVA)

In terms of Gross Value Added (GVA) share of the economy, the social sector's contribution is on a par with other European places – 5.4% of Manchester's economic output (£721.8 million) is attributable to the social sector. This compares with Barcelona's GVA contribution of 4.5% for instance. However both are lower than in Portland, Oregon where the social sector contributes 9.4% of local economic output. GVA is even greater in other areas such as the Emilia Romagna of Italy, which is a prosperous area known for high end manufacturing with a large scale cooperative economy – 30% of regional GVA is accounted for by cooperatives within a highly productive economy. Of course this model could not be directly comparable to the Manchester context; however it shows that different forms of collaborative approaches can be effective and productive with the right conditions and support.

### Complementing and adding to the diversity and vibrancy of the city

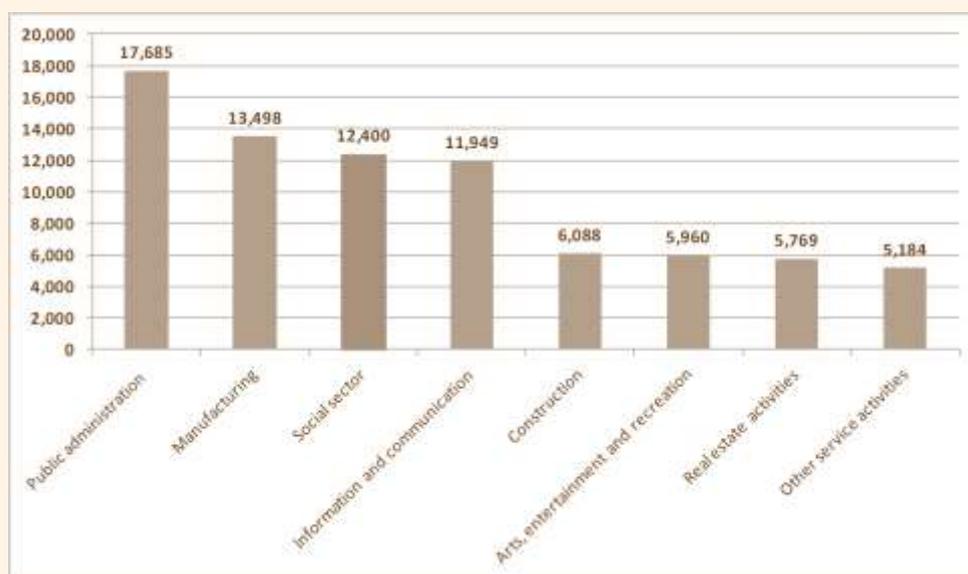
It is important to also understand the breakdown in size of organisation. 64% are micro (annual income under £10,000), 17% are small (annual income between £10,000 and £100,000), 13% are medium sized (annual income between £100,000 and £1 million), and 5% are large (annual income greater than £1 million). It is a revealing characteristic that nearly two thirds of organisations have an income of £10,000 or lower, showing that many are local community groups working to make a difference for communities and residents, and making a vital contribution that is yet unmeasured in economic terms, but are not reliant on significant investment to deliver.

### A significant employer

The sector is also a relatively significant employer within Manchester, employing 12,400 people across the city. Figure 3 below shows that as a whole, the sector employs more people than in ICT, Construction, Arts and Entertainment, Real Estate, and Other Service sector activities. It is estimated that paid employees of the social sector contribute equivalent to £390M worth of GVA to the economy per annum.

There is, though, an important distinction that needs to be made here. 70% of the 12,400 staff are employed in larger organisations (with an income of at least £1 million). The micro and small organisations which constitute over 2,500 (over 80% of all social sector organisations) employ just 4%. Thus there is a two tier system within Manchester in terms of employment within the sector between the fewer larger organisations which employ larger numbers of people, and the overwhelming majority of social sector 'stock' which are smaller and employ small numbers of people, but provide the diversity and vibrancy of the sector across the city, and are often best positioned to access communities and hard to reach groups. This is the trend across the UK and not just limited to Manchester.

**Figure 3: Employees by sector in Manchester<sup>19</sup>**



### 3.2.4 The importance of place and people: social capital as an equal alongside the financial and physical

"Some communities can provide the social capital that gets people through tough times, as others can also be so depleted of resource that they are powerless in the face of global change...We need to pay exquisite attention to what is really going on. We risk ignoring it at our peril<sup>20</sup>".

There is increasing recognition of strong links between social capital and economic prosperity.<sup>21,22,23,24</sup> Inputs to a successful economy are not simply about physical and financial capital, but also human and social capital.<sup>25,26</sup> Location decisions for people and businesses can be influenced significantly by how somewhere is

<sup>19</sup> ONS (2011) Business Register and Employment Survey. UK: ONS.

<sup>20</sup> Joseph Rowntree Foundation (2012) A Lecture by Julia Unwin – What future for a devolved approach to opposing poverty? Some reflections from research and from experience. York: Joseph Rowntree Foundation.

<sup>21</sup> Knack, S. and Keefer, P. (1997) Does social capital have an economic payoff? The Quarterly Journal of Economics 112 (4): 1251-1288.

<sup>22</sup> Fukuyama, F. (2001) Social capital, civil society and development. Third World Quarterly 22: 7-20.

<sup>23</sup> Kenworthy, L. (1997) Civic Engagement, Social Capital, and Economic Cooperation. American Behavioral Scientist 40: 645-656

<sup>24</sup> Christoforou, A. (2001) Social capital and economic growth: the case of Greece: European Institute.

<sup>25</sup> Cohen, D. and Prusak, L. (2001) In Good Company. How social capital makes organizations work, Boston, MA, Harvard Business School Press.

<sup>26</sup> Crudelia, L. (2006) Social capital and economic opportunities, Journal of Socio-Economics, Vol. 35(5), 913 – 927.

perceived in terms of attractiveness as a place to live and viability as a stable business environment. Places where communities work well and have good levels of social capital are more attractive to potential residents.<sup>27</sup>

Strong social capital can also impact on the location decisions of talent<sup>28 29</sup>; talent in turn attracts investment. Therefore social capital is an important link in the chain of prosperity and the activities undertaken by the social sector is central to developing social capital – for instance 43% in Manchester work operate in the field of community development.

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<sup>27</sup> Grant, J. L. and Kronstal, K. (2010) The social dynamics of attracting talent in Halifax. *The Canadian Geographer*, Volume 54, Issue 3, pp. 347 – 365.

<sup>28</sup> Christoforou, A. (2001) *ibid.*

<sup>29</sup> Cohen, D. and Prusak, L. (2001) *ibid.*

### Case Study: Barcelona

Barcelona is an economically successful city, which has experienced rapid growth (its GDP output ranks fourth in the EU and 35<sup>th</sup> globally), and is an example of how a dual approach focused upon economic and social growth can lead to an economically successful and vibrant city which offers opportunity across all of its communities. The approach is that economic growth does not have to be at the expense of social development.

In Barcelona, the understanding of the social sector and the importance of social capital are deeply ingrained within city policy and have been for some time. The Economic and Social Council of Barcelona, for instance, was set up in 1992 and the current Strategic Framework for 2012-15 is built upon collaboration between the public, social and commercial sectors that is based upon shared responsibility, and makes specific reference towards to the Civil Economy. Barcelona aims to develop a model for the city based on cooperation, involvement and shared responsibility between the City Council and social stakeholders. The Council has expressed its strong support for the social sector and declared the importance of creating a patronage law which would support it.

Barcelona's commitment to 'putting people first' and its ambition to become a leading city in care, services and quality of life reflects the city council's understanding of the importance of social growth for sustainable development.

Barcelona also shows how a progressive approach which puts economic and social growth as two sides of the same coin fits in with the economic growth agenda. GVA growth has been high and greater in Barcelona than in Greater Manchester over the past decade,<sup>1</sup> despite Greater Manchester's significant rise to the highest performing UK city – in terms of economic output – outside of London. Economically it ranks far ahead of the other Spanish cities and the city's success should also be put in the context of a struggling Spanish economy.

### 3.2.5 Social networks, an integral part of strong communities

Social networks are formed through social capital acting as a mechanism for joining people together in socially (and economically) productive ways<sup>30</sup>. Social networks are important to supporting economic success. The supportive ties between people, groups and local organisations operate to allow knowledge transfer. Furthermore, happiness, health and prosperity all grow when communities and organisations collaborate to support each other, form relationships and work together towards shared goals. These social networks can act as the basis upon which economy

<sup>30</sup> Coleman, J. S. (1988) Social capital in the creation of human capital. American Journal of Sociology Vol. 94, Supplement: Organizations and Institutions: Sociological and Economic Approaches to the Analysis of Social Structure, pp. S95-S120.

activity is forged, a conduit for allowing ideas and innovation to flow, and the basis to wellbeing in individuals, making them potentially more productive workers.

Social sector organisations have a developed understanding of how networks and groups support different interests and sections in society. Networks are often overlooked in traditional approaches to economic development. In Manchester, these networks are perceived as being diverse and strong. This can open up greater potential for partnership and networking across the city.

### **Case Study: Copenhagen**

Copenhagen faces fewer challenges than Manchester in terms of unemployment and deprivation. However, the city still takes a creative and pro-active approach to addressing disadvantaged neighbourhoods. In Copenhagen the approach to place stewardship is based strongly upon inclusion and quality of life, with a strategic framework that focuses on localised approaches for job creation and employability across the city's communities.

There are a wide range of innovative local programmes across Copenhagen focusing on a number of themes such as jobs, the environment and community development. These are all based on strong levels of local collaborative governance, with 'social zones' having long been established in disadvantaged areas to provide local platforms for cooperation and coproduction. The zones support economic growth in areas of business which also addresses social development targets, thus increasing the city's employment rate by both creating jobs and supporting unemployed people into work.

There is a strong emphasis therefore on the generation of local solutions to meet local area needs. In addition to this there is a specific social enterprise strategy in place which encourages further diversity and vibrancy within local communities. It promotes innovative solutions to socio-economic issues, through developing higher levels of social entrepreneurship. As a result, strength of the myriad of local connections, networks and quality of life increases as does health and prosperity, meaning stronger communities and narrowing inequality gaps.

## **3.3 An enhanced whole place approach for the economy**

### **3.3.1 The driver of a Civil Economy**

A 'whole place' approach is one which embraces the need to focus on developing local communities as an intrinsic and fundamental part of economic success. This approach progresses beyond a 'traditional' economic view, which considers the

economy in isolation from society and takes into account the much broader contextual relationships between the two<sup>31</sup>.

In developing a Civil Economy, it is critical that all partners view an economy through a 'whole place' lens. This is about working to strengthen systems and networks across Manchester and is at the heart of future thinking on economic progress.<sup>32,33,34</sup> Understanding a place as a system means recognising how different sectors, organisations and social groups interact to buy and deliver services, develop ideas and mechanisms and carry out activities. Research by CLES has shown that places with strong systems can be more resilient and have stronger economies<sup>35</sup>.

CLES work has shown that systems within a locality are often characterised in two ways: there are those with a small number of key actors who play a major role within the system, making the key decisions that affect people and institutions. And there are those with a wide range of actors from a range of sectors who are well connected and able to make decisions, as well as playing important facilitation and brokerage roles, which connect a wide range of assets and resources. CLES' resilience work is based upon the latter and its principal assumption is that, through improving the quality of the multitude of relationships within a local place, synergies and innovative responses to socio-economic problems can be fully developed. CLES' existing work on place, economic, town centre and community resilience has enabled us to identify the factors which create resilience as a result of effective systems and relationships between public, commercial and social sector organisations.

'Resilience is an emergent property of a system – it's not a result of any one of the system's parts but of the synergy between its parts'<sup>36</sup>.

The public and private sectors have much to gain through a whole place approach and strategically engaging the social sector in economic development, to a fuller extent. The social sector in Manchester directly benefits local communities and the local economy. Learning between the three sectors can develop an understanding of the tangible benefits which the social sector delivers in local communities and local economies. This understanding will lead to alliance, collaboration and shared vision leading to action. In short, this is the central driver behind developing a Civil Economy.

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<sup>31</sup> Omerod, P. (1994) *The Death of Economics*. Faber & Faber.

<sup>32</sup> Pikea, A., Dawleya, S. and Tomaney, J. (2010), Resilience, adaptation and adaptability, *Cambridge Journal of Regions, Economy and Society*, 3(1), pp. 59-70.

<sup>33</sup> Kaplan, H. B. (1999) Toward an understanding of resilience: a critical review of definitions and models. In M.D. Glantz and J.L. Johnson (eds.), *Resilience and Development: Positive Life Adaptation*, pp. 17-83. New York: Kluwer Academic/Plenum.

<sup>34</sup> Vale, L. J. and Campanella, T. H. (2005) *The Resilient City: How Modern Cities Recover from Disaster*. New York: Oxford University Press.

<sup>35</sup> CLES (2011) Productive Local Economies Creating Resilient Places. Available online at [www.cles.org.uk](http://www.cles.org.uk).

<sup>36</sup> Homer-Dixon, T. (2006), *The Upside of Down*, Souvenir Press Ltd.

### Case study: Portland, Oregon

Portland is a good example of a 'whole place' approach. This is centred on marrying 'bottom up' and 'top down' governance processes and activities in the most effective way. Indeed, neighbourhoods have been perceived as being at the core of the vision for citywide economic and social growth. A wide range of local community cross sector partnerships have for years been used to drive job creation across the city. There are three integrated drivers for local development both at the wider city level and in neighbourhoods. These are:

- Business growth
- Commercial growth (centred on high tech industries)
- Community capacity

Each of these is viewed as mutually dependent on one another. Portland has also moved towards a 'steady state' approach where environmental considerations are as important as both the economic and social – it has taken the approach towards a 'triple profit' where economic, social and environmental benefits are merged together within a cohesive and fully developed strategy, which importantly, is implemented across the area.

Portland suffered during the recession like many other US cities, but bounced back quickly. This was due to the combination of factors outlined above which make it relatively resilient. Unemployment is still relatively high compared with pre-2008 levels, but at 8% it is lower than other places such as Manchester with (13%), and does not suffer the same long term worklessness issues and inequalities as many UK - and indeed US - cities. It has now become a powerhouse of Asian trade and green technology.<sup>1</sup>

**Case study: Lille**

Although not as advanced as Portland, Lille is an example of a city that is attempting to move towards a whole place approach to address its issues and build for the future. Economically, Lille has similar inequality and unemployment issues as Manchester, having suffered as a result of economic restructuring over the past couple of decades. Despite the issues it has faced, and still faces, its approach to place and economy is progressive, with a long term view towards improved quality of life and prosperity for its population.

This is reflected in Lille's attitude towards its young people, whose prospects had been limited for a long time, particularly in its deprived communities. The city takes an approach to developing young people to become community leaders and taking a lead in developing models and advocating sustainable development. This is designed to act as a catalyst for raising the aspirations of young people, creating robust local networks and connections, and developing stronger localities for the future. This differs from many UK processes as it proactively engages disadvantaged young people in the democratic agenda at the community level, and works closely with them to develop a strong affinity with their community and city. This then acts as an example for other young people within similar deprived areas.

Added to this are attempts to driving increased connections within and across sectors through urban frameworks and contracts, developed at community levels to help build stronger places and develop the skills people need to gain employment. The city is also active in encouraging social entrepreneurs and supports social enterprises through small pots of funding and advisory services.

### **Knowsley, Merseyside**

Knowsley is a local example of where the principles of a whole place approach are being adopted, and there is a significant focus on social growth. This is achieved through a robust strategic framework that is embedded into practice. The local authority has driven the agenda through initially undertaking research and beginning to utilise the principles of social growth in the borough and the value of it. It identified the key driver of this as the social sector. There is a commitment within Knowsley from the council to grow the social sector. A Knowsley Social Growth Steering Group was set up, which included Chief Executives from the Chamber of Commerce and CVS alongside the main housing provider in the area. A social growth framework was developed, adopted by the Knowsley Partnership, and as a result social growth is a key facet in the borough's regeneration strategy.

The council has worked very closely with the CVS to progress thinking around social growth and ensuring that the sector develops from within. There is now a focus on how they the sector can become more entrepreneurial and develop an offer based around key products and services, and how impact can be demonstrated effectively. The CVS has worked with the council in developing the capacity and capability for collaborative providers that include those very small community organisations who are often at the forefront of engagement with beneficiaries.

The CVS has also worked closely with the council around social value, defining it and developing a range of indicators across a number of specific outcomes, with the aim of embedding its principles the activities of all partners. With the support of the council, the CVS will be working with the social sector over the next 12 months to strengthen knowledge and understanding of this agenda and how they can best measure and evidence impact, articulating their social value. This is deemed as being essential to position the sector for the opening up of public services and specifically to enable greater opportunities to co-design local provision.

### **3.3.2 Social growth is also important to businesses**

Many businesses in Manchester already consider themselves as and want to be part of communities; therefore strengthening links between business and social sectors makes sense. As part of this work, CLES interviewed and surveyed 40 leaders from small businesses. Key findings were as follows:

- 70% of businesses perceived their business as being part of the local community;

- 50% of the organisations surveyed already have transactional/ trading relationships with social sector organisations, and 50% have a corporate social responsibility (CSR) strategy or an active commitment to support the social sector;
- 67% of those surveyed would like to provide in-kind help or support for the social sector in future;

“Business owners can give their own time and knowledge or allow one of their staff members to spend a day with a voluntary group. If this was done on a very large scale the benefits to Manchester's economy would be fantastic.”

- 82% of respondents feel that their business has a role in supporting the local community;
- 87% think there is value to developing stronger relationships between local businesses and the social sector within Manchester, with the view to developing a stronger economy. Respondents highlighted the need to support such organisations so that the communities that they operate in become stronger, and subsequently are better places to both live and trade. This links to the importance of social capital – social capital creates strong communities that these businesses state is important. Many also highlighted the possibilities of working with organisations to provide training and placements to local people and help them improve their skill sets.

Interviewees from the private sector emphasised the important role which communities play in helping businesses succeed by providing skilled staff, a viable customer base and vibrant environments in which to conduct their operations.

### 3.3.3 Aiding public sector reform

As public sector reform progresses, the importance of a whole place approach is increasing, and there are moves towards this through initiatives such as Community Budgets. There are clear links and relationships between the whole place approach and direct economic benefit at the local level, as investment in communities and supporting the social fabric of the locality should be viewed as investment in local economic actors and the local labour pool.

However, to achieve this, there is a whole array of issues that must be addressed to support people into actively contributing to the local economy. These relate to personal circumstances and relationships which may serve to enhance or limit access to the labour market. For example, people are only able to access work when they are healthy enough to maintain employment, both in terms of physical and mental health. Support for people suffering health conditions comes both in the form of public sector support, and, increasingly, social sector support. In terms of

accessing training opportunities, the social sector frequently acts to bridge gaps in communities' ability to access jobs available in the local market.

When communities and businesses are properly supported, through investment in local people and the labour pool, demand on public services will fall. Healthy, happy local people who are able to access valuable employment opportunities require less public sector support. A strong social sector enhances local social capital, which enables mutual support at the community level and so communities place less demand on public services – effectively enabling independence for residents, a key aim of the public sector reform process.

Through working with partners to maximise its assets, the social sector can therefore have a key contribution in delivering the Manchester Community Strategy Delivery Plan's objectives. Community Budgets are one of the key tools being operated by the city to meet these objectives and deliver public service reform. As these evolve further (particularly in light of the successful whole place Community Budget bid for Greater Manchester) then there is an opportunity for the social sector to both influence and be an important element of the collaborative processes to deliver change.

### **3.3.4 Centralisation is the enemy of a Civil Economy**

For Manchester to build on its success and achieve even more social progress, Greater Manchester must receive greater self-determination, with Whitehall loosening its hold on inputs to Manchester's success. The city region must be freed from the pre-determined 'tramlines' and budgets, which are broadly set by national government. In this, the national picture focuses on economic growth in a traditional linear sense, limiting the capacity for the local level to adopt a more progressive approach.

However, the centralisation whilst true for local economic development and government is also true for the social sector and the ways in which it is funded. These are limited and do not reflect an embedded approach to 'whole place' economic strategy. More often, social sector projects and schemes which seek to develop local communities are reliant on national grant schemes such as the Big Lottery funding. By this funding approach, the potential to make social projects intrinsic to local economic plans is neglected.

More control and power is needed at the local level to deliver 'whole place' economic strategy. Actors at the local level are closest to the communities who need support from social investment, and have a better understanding of the social sector organisations who can deliver this. The current arrangement supports inconsistent and fractured approaches to local development which do not necessarily reflect the capacity and ability of local actors across the public, private and social sectors to engender effective change.

### 3.4 The role of the environment in supporting the economy

Progressive economic thinking, with a focus on the role and value of civic society to the economy, must also consider the relationship that the economy has with the environment. Economic sustainability, social sustainability and environmental sustainability are all intrinsically linked and mutually influential. Emerging discussions around the notion of a 'steady state' economy seek to balance economies, civil society and environmental concerns to ensure that each is viable without detriment to the others. A fundamental part of this is restructuring our perspective of the economy, and accepting that growth is unsustainable in the 21<sup>st</sup> century<sup>37</sup>. Instead, we should work towards improving quality of life and relationships as a measure of success.

'A steady state economy is about better lives rather than more stuff'<sup>38</sup>.

Focusing on better lives instead of 'stuff', or growth, will enable our economy to remain active whilst contributing to environmental objectives. An economy which emphasises the well-being of citizens therefore will support environmental sustainability. This concept is about social sustainability promoting both economic and environmental sustainability. If a steady state Manchester were progressed, the social sector would have a key role to play in realising this, due to their close working relationships with local communities.

A balance must be reached between the economy and the environment if both are to flourish. Placing a reduced emphasis on consumption as a means to economic growth, the economy must serve to develop an adequate level of well-being for all within the constraints of eco-systems.<sup>39</sup> Portland is an example of a city that has moved towards a Steady State approach. It regularly wins the Greenest City award in the US, and is an important example of a city that has found a successful balance between economic and social growth and the consideration of the environment. This has also led to the development of niche industry, as one of the national leaders in green technology.<sup>40</sup>

Working towards a steady state Manchester would rely on a solid understanding of how communities and people can be supported best; this is the social sector's area of expertise. Micro and large social sector organisations represent diverse communities and interest groups in a way which is significantly more tailored and locally responsive than the public and private sector.

A focus on people rather than growth, improving well-being as a priority over capital gains, will support a more sustainable environment.

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<sup>37</sup> Centre for the Advancement of the Steady State Economy (2013) Discover the Steady State Economy. Available online at [www.steadystate.org](http://www.steadystate.org).

<sup>38</sup> Centre for the Advancement of the Steady State Economy (2013) Home page. Available online at [www.steadystate.org](http://www.steadystate.org).

<sup>39</sup> Steady State Manchester (2012) In Place of Growth. Manchester: Steady State Manchester.

<sup>40</sup> The Management Journal for local authority business, 7<sup>th</sup> November 2013, pp 14-15.

### 3.4.1 The social sector's environmental role

In addition to recognising the important relationships between civil society, the economy and the environment, the social sector has a more direct role to play in supporting environmental objectives.

The environment plays an important role in Manchester's economy; it is a source of enterprise, it impacts upon personal well-being and it influences the market through making areas more or less attractive to residents and businesses alike.

The social sector is already playing a role in this. 15 percent of social sector organisations work in the field of environment and sustainability<sup>41</sup>, demonstrating both the demand for support in reaching environmental objectives across Manchester and the role of smaller, local organisations in these.

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<sup>41</sup> Macc (2013) City of Manchester State of the Voluntary Sector 2013. Manchester: Macc.

## 4 Manchester's Existing Policy Framework

Below explores the existing overarching strategy and policy narrative within the city, and how this relates to any Civil Economy approach.

Within Manchester, there are a number of plans and strategies that provide an overarching narrative to economic development across the city. This includes such documents as The Sustainable Communities Strategy and its refresh,<sup>42,43</sup> and the Strategic Narrative for Manchester 2012-2015. These come under the framework of the Greater Manchester Strategy 2013-2020<sup>44</sup>. This framework supports the development of a Civil Economy.

### 4.1 The Greater Manchester Strategy (GMS)

The GMS sets out a vision for Greater Manchester to:

'Secure long-term economic growth and enable the city region to fulfil its economic potential, whilst ensuring that our residents are able to contribute to and share in that prosperity'<sup>45</sup>

So at the wider sub-regional level there is a commitment to reducing inequalities in the long term. The tone throughout the document is focused around growth, created through enhancing productivity. An important element of achieving this is through getting people into work and thus reducing the demand for public services together with aligning with the skills base. The strategy's outcomes are particularly 'people' and 'community' focused:

- Where all people valued and able to fully participate in and benefit from the city region's success;
- Known for a good quality of life, low carbon economy and commitment to sustainable development;
- A city-region where every resident, neighbourhood and borough can contribute to and benefit from a sustainable future; and
- Continued growth into a fairer, healthier, safer and more inclusive place to live.

### 4.2 Strategic Narrative for Manchester and the Community Strategy

Manchester City Council developed a draft strategy to help inform Manchester's budget setting process. There are a number of elements to the city's vision which align with those of the Greater Manchester Strategy.

To achieve this, the emphasis is on a people-focused approach, to benefit and contribute to economic success and raise skills across the board. This strategic

<sup>42</sup> The Manchester Partnership (2006) The Manchester Way: Manchester's Sustainable Community Strategy 2006-2015; Manchester Community Strategy Refresh 2012-2015.

<sup>43</sup> Manchester City Council (2013) Manchester's Community Strategy Refresh 2012-2015. Manchester: Manchester City Council.

<sup>44</sup> AGMA (2013) Draft Greater Manchester Strategy, 2013-2020. Greater Manchester: AGMA.

<sup>45</sup> AGMA (2013) *ibid.*

narrative provides Manchester with the high level policy framework for the city and basis for developing with partners the refreshed Community Strategy.

Against the backdrop of reduced funding it is the view that there is a need to augment the way the city approaches its key economic, social and environmental challenges. Driving economic competitiveness is not just about products, accessing new markets and labour and organisational productivity. It is also about how Manchester residents can drive up productivity; improving the skills base and reducing worklessness is central to achieving this.

Supporting and investing in people is central to Manchester's future approach. The strategic narrative states that in part, this demands that the city addresses the low skills and worklessness across deprived communities. This requires integrated approaches which involve driving the health and work agendas closer together with the support of new service delivery and investment models.

It is recognised that there needs to be a stronger link between the action the council takes and the role of communities, families and individuals. This is about strengthening community resilience with communities encouraged to do more themselves. This means supporting the social sector to increase its capacity to create stronger communities, tackling inequality and promoting inclusion.

The Community Strategy for Manchester<sup>46</sup> also highlights the issues across Manchester's communities and discusses, how, against a backdrop of reduced funding, there is a need to radically rethink the way that challenges are addressed, and to challenge conventional public sector intervention. It sets out a framework that, if refined through the development of enhanced cross sector collaborative partnerships, can be an effective driver for a Civil Economy and help deliver objectives; a framework that is centred on three key planks – growth, people and place.

### **4.3 A move towards an economy for the people**

The above illustrates that there is a strategic policy support for a people first approach in Manchester. In order to deliver success, there is a commitment at both the sub-regional and city policy level to ensure that all people across the conurbation must have access to opportunities to engage with the modern economy. This inherently links to making strong communities.

However, arguably a deeper understanding and applied focus on how social growth and development can become a feature of economic planning and activity is required, so that implementation and delivery flows from the strategic visioning.

This is explored further within the next section: a Civil Economy framework for Manchester.

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<sup>46</sup> Manchester Partnership (2012) Manchester's Community Strategy Refresh 2012-2015. Available online at [www.manchesterpartnership.org.uk](http://www.manchesterpartnership.org.uk).

#### **4.4 Linking the untapped resources of the social sector into policy framework**

Section 3.2 briefly highlights some of the key benefits of the social sector, and its untapped resources that are important for building a Civil Economy. The key strategic question is how these resources are linked into the policy framework in future. There is a need to explore how this can be made possible. Much of this may need to be about mobilising the social sector from within, using a strategic approach that is not just about delivery by commissioning, but a new process of collective action, discussion and negotiation.



## 5 A Civil Economy for Manchester

This section of the document outlines that in order to develop a Civil Economy, shared values would need to become more embedded in Manchester's approach to the economy. We could recommend that this be placed in the format of an agreed 'social contract' or compact – a document signed by key signatories, with a range of defined roles and responsibilities. However, we see this sort of compact or contract, as more as an end of a process, formalising a change of approach. This is not something we are advocating.

Therefore, instead, we offer here - as part of the conversation - a way forward which is more rooted in new behaviours and a 'style' as to how the city operates across all sectors. This is first and foremost driven by key objectives, which we detail below. Following that subsequent sections identify a number of different themes which are central to realising the city's social and economic potential, identified as a result of consultation with 25 cross sector stakeholders across the city. This included policy makers, key figures within the social sector, and businesses.

### 5.1 The aims of a Civil Economy for Manchester

The key aims and objectives of this approach would be to develop the responsibilities of and benefits to local organisations that participate in an enhanced model of civic leadership. There is existing infrastructure in place through the Manchester Partnership Board at the wider city level which can be a foundation to build deeper relational partnerships, built on shared responsibilities, between the public, social and private sectors, which transcends to all areas of the city.

For example:

1. Reducing inequalities across Manchester and in doing so creating a more productive workforce and deeper labour pool.
2. Providing greater opportunities for the local private sector to be embedded within communities and the benefits it brings to both themselves and the locality – a stronger place resulting in a better area to live, work and do business.
3. Addressing the issues and needs of local communities more responsively and effectively through developing engagement practices through a new, deeper form of collaboration; maximising the impact of investment in social development through implementation of policies and interventions that are closely tailored to local need.
4. To create more economically active and innovative local economies through developing stronger and more productive internal and external cross-sector networks.
5. Policies will deliver the dual ambitions of economic prosperity and social well-being.

These are just some of the benefits that cross sector partners could put into effect through a Civil Economy. The above points are of course, being addressed now to a degree, but what we are stating is that a civil economy approach could make a more marked impact on those longstanding structural issues. The key message for all stakeholders therefore being that adopting and adhering to this approach will bring benefits for all – business, residents, communities and the public sector.

## 5.2 Framework for developing the Civil Economy

There are a number of key themes which emerged from the consultation exercise (with cross sector stakeholders who are listed in Appendix 1) which are important to the development of a framework. Each also works towards addressing a number of the strategic issues the city faces. The overarching themes are:

- Collective place leadership;
- An equal access and benefit economy;
- Fostering local social-private linkages;
- Supporting pathways to work;
- Promoting enterprise; and
- The social economy as part of the solution for public services.

The shared threads - none of which are mutually exclusive - running through these themes are concepts of joint values and of reciprocal, mutually beneficial relationships. A prosperous, inclusive and resilient economy will be founded on these shared values and relationships.

It is important to note that despite specific sector based messages, there were broadly similar messages came from across the sectors during the consultation (public, social and private) which are described in this section. This highlights a common understanding of the issues and priorities.

This section outlines the context and issues around the theme; a 'prospectus' of common features of each theme that would be cultivated within a Civil Economy and examples of good practice. These are local (for instance where Manchester is showing good practice), national, and global. The examples are not necessarily new, but highlight existing approaches that can work well if given enough focus and support. There are also a number of high level recommendations for partners to take forward. Much of this is about enhancing structures and programmes of work that are already in place, and effectively utilising the role of the social sector to participate and deliver.

## 5.3 Theme 1: Collective place leadership at the city wide and local level

### 5.3.1 Context and issues

One of the most important and overarching elements to the framework is leadership. Place leadership has been and should be firmly led by the council. However, the way that the social sector communicates and interacts with the private and public sectors would still be further enhanced for a well-functioning Civil Economy to deliver.

This requires a shift in perception and understanding of what is meant by collaboration. The over-riding perception is that collaboration has at times been confused with consultation based activities, and increasingly, through commissioning.

“There needs to be an understanding of where the [social] sector can work collaboratively and where it cannot do this due to auditing/regulations [in the public and private sectors]”.

“There is a willingness amongst the public sector to get input from the social sector but they do not have the structures in place to do it properly... There is a new language needed to successfully connect to the social sector”.

To enable effective collective place leadership there is also a need to consider changes in the way the social sector participates and attempts to work with the public sector in particular.

“Often those in the sector are passive recipients of information. We need sector reps to move away from the spectator-critic role to support and challenge role. The culture and ethos of sector reps at the table needs to change.”

This need for collective leadership is becoming increasingly urgent due to increasingly limited public sector resources. Assets, resources and human capital within the social and private sectors need to be harnessed much more effectively if we are to deal with service delivery and reducing and managing demand on services. Without greater levels of shared leadership across all three sectors, communities may become increasingly polarised and as a consequence the city less competitive. The foundations are in place through robust structures such as the Manchester Partnership Board; the challenge is to take these to the next stage in their evolution to support an enhanced collaborative approach in which the social sector is fully connected – to do this effectively requires cultural change across the sectors.

### 5.3.2 What will be the characteristics of collective place leadership in a Civil Economy?

#### Effectively marrying up the top down and bottom up

Within a Civil Economy, collective place leadership will be characterised by an approach that is effectively marrying up of top down and bottom up structures, processes and activity.

For instance, joint strategic needs assessments would be developed alongside local needs assessments that would have greater input from local social organisations based on their extensive local knowledge and experience. This would aid the understanding of what needs to be delivered and procured and both city and local levels.

#### Strengthening local structures and key principles for success

The Civil Economy is about simply strengthening existing structures and partnerships. Indeed many of the principles for collective leadership can be drawn from a number of the operating principles of Health and Well-being Boards.<sup>47</sup> Clearly there will be variance with regards to the extent to which these are applied universally. However they provide the foundations for a cross sector stewardship role based on collective leadership.

- Building horizontal and vertical cross-sector, constructive relationships/partnerships – and not chained to local geographical boundaries;
- Assessments and strategic planning (with partners, communities);
- Jointly considering how best to use collective budgets across agencies to improve agreed outcomes;
- Integrated thinking about funding and delivery (by all agencies and partners in an area);
- A shared responsibility for developing and contributing to the delivery of joint strategy;
- Citizen involvement perceived as crucial and viewed as being central to all partner's interests;
- Enhanced Councillor involvement within communities beyond current levels;
- Accountability mechanisms in place for all cross sector partners and their input;
- Dedication to ensure that local capacity building occurs.

Both local and citywide partnerships would also be characterised by strong focus which links into wider economic development policy. Community level partnerships in particular will focus on linking strongly into, for example, skills and enterprise strategy, planning, investment and education, similar to Portland's Neighbourhood Associations that have a focus on job creation.

There is a need to bear in mind the operating cost of sustaining partnerships at all levels as there is reduced capacity for this – thus it is important that working in this

<sup>47</sup> NHS Confederation (2011) Operating Principles for Health and Well-being Boards. UK: NHS Confederation.

way would not merely sit alongside existing arrangements, but be used to further enhance what already exists. This approach would aim to build the capacity and capabilities of the sector so that with less public resource, the social and private sector can be in a position to continue collaborative working.

### 5.3.3 Examples

There are strong examples from case studies researched as part of this paper, which highlight where shared leadership can be applied.

**Portland, Oregon** has a strong collective leadership model which has been the foundation for its development of a whole place approach. This is centred on marrying up 'bottom up' and 'top down' governance processes and activities in the most effective way. Neighbourhoods are at the core of the vision for citywide economic and social growth, and a wide range of local community cross sector partnerships have for years been used to drive job creation across the city. Portland has a network of 95 Neighbourhood Associations which are uniform in their structure sitting within a city level policy framework. However each of these varies in character depending on the neighbourhood. They receive support from the city, and local Business District Associations (of which there are 40) have worked closely with Neighbourhood Associations work with them – this combined, joined up local approach works to deliver both economic and social growth.

**Barcelona** aims to develop a model for the city based on cooperation, involvement and shared responsibility between the City Council and social stakeholders. It's Economic and Social Council of Barcelona, for instance, was set up in 1992 reflecting the growth over time in attitudes that reflecting shared leadership; and the current Strategic Framework for 2012-15 is built upon collaboration between the public, social and commercial sectors that is based upon shared responsibility, and makes specific reference towards to the Civil Economy.

**Copenhagen's** 'social' and 'creative' zones having long been established in disadvantaged areas to provide local platforms for cooperation and coproduction. The zones support economic growth in areas of business which also addresses social development targets. to develop a model for the city based on cooperation, involvement and shared responsibility between the City Council and social stakeholders. It's Economic and Social Council of Barcelona, for instance, was set up in 1992 reflecting the growth over time in attitudes that reflecting shared leadership; and the current Strategic Framework for 2012-15 is built upon collaboration between the public, social and commercial sectors that is based upon shared responsibility, and makes specific reference towards to the Civil Economy.

### 5.3.4 Potential actions

#### **Recommendation 1: Working group into developing a civil economy**

The first recommendation is an overarching one and also linked into a collective approach. It would involve a cross sector group that has a remit of exploring how the sector can contribute to the economic success of the city, considering the key messages emerging from this paper, together with the recommendations. This could be similar for instance to Knowsley's Social Growth Panel. It could involve organisations such as New Economy, the Chamber of Commerce, Macc and the council. It would provide the first steps for a new discussion on future collaboration across the sectors.

#### **Recommendation 2: Working plan for civil economy**

Contrasting pressures on both the public and social sectors mean that new ways of working together could be negotiated so that each is fully supported in the local economy. This would require an enhanced understanding of the different ways in which the two sectors can work together, thinking towards a relational partnership as opposed to primarily transactional.

Led by Macc and the council, a joint working plan could be developed to further enhance mechanisms for different forms of social sector engagement, around key areas such as strategic engagement, collaboration and coproduction, and commissioning. This may be a natural follow on action as a result of Recommendation 1.

A joint working plan would formalise relationships, and would be a proactive response to changing circumstances. It would also filter through from a strategic level towards enhanced cross sector community and neighbourhood partnerships.

#### **Recommendation 3: Match local needs assessments to local community capacity**

The Manchester Joint Strategic Needs Assessment is currently being prepared in partnership between Manchester City Council, North, Central and South Manchester

Clinical Commissioning Groups and Macc. This strategic-level assessment seeks to understand the effects that different issues have around particular health concerns and different age groups. In terms of delivery on these issues, the strategic level alone may be too far removed from individuals, groups and communities to understand actions that need to be taken at local levels.

Local (area based) needs assessments could feed into strategic needs assessments to reflect the diversity of needs in different local communities across the city. Development of these would be led by the council, with much of the local level contribution being arranged in through and with the support of Macc and its support networks which have strong ties to individual local communities through organisations in the social sector. In addition to strategic needs assessments, there are regular state of the city reports, which highlight key needs and inform policy and delivery. The intelligence gathering activity for this could also include developing an understanding of the community assets (both physical and organisational) to determine how these are being developed or where there is scope to utilise these further in order to strengthen communities. Thus such reports are not just about local issues and needs, but mapping out an understanding of the local community capacity and capability in place locally to help address these - in short scoping out the scale of the local social sector and its capability to deliver.

## 5.4 Theme 2: An equal access and benefit economy

### 5.4.1 Context and issues

The aim of an equal access and benefit economy is to contribute to the goal of creating societies where:

“equity is no longer viewed as an issue of distribution of wealth but also of production of wealth” (Employment Equity Act Review of the Canadian Human Resources and Skills Development, Section 5).

Equality is a key priority within the Civil Economy as it is centred on ensuring that all people from all communities are able to access opportunity and realise their promise. Supporting and developing excluded communities across a place will make the economy more competitive, enabling individuals to access opportunities to meet their economic and social potential.

A Civil Economy for Manchester is an economy which works for all. At present, there are individuals and families living in communities across the city who do not leave their neighbourhood, who have no confidence to access the diverse opportunities presented around Manchester and who therefore miss out on the

social capital benefits which movement around the city can produce for both them and the economy.<sup>48</sup>

There is therefore a need to create pathways to open the economy up to all residents. Residents are the city's greatest asset - there is talent and potential lying latent and going to waste in the economy when the people who live in the city are excluded from accessing opportunities.

The barriers to access are complex. There are personal, cultural and subjective realities which can create situations in which people feel uneasy or unable to engage with different groups or activities or beyond geographic boundaries. This is unhealthy in terms of stimulating a competitive economy.

#### **5.4.2 What will be the characteristics of an equal access and benefit economy?**

A Civil Economy will focus on the goal of creating a local economy where "equity is no longer viewed as an issue of distribution of wealth but also of production of wealth"<sup>49</sup>. The economic impact of an unequal society goes far beyond failed markets and leads to social disruption, undermining community cohesion and weakening local relationships<sup>50</sup>. Local relationships will be fundamental to enhancing the economic resilience and potential of a place as part of the Civil Economy.

A local economy is reliant on its residents, and is acutely impacted when individuals and communities are not economically active, or are underemployed. The arguments for supporting equal access to the economy are powerful; an adaptable, competitive and resilient community with the skills to gain good local employment is a significant resource to a local economy. An equal access benefit economy will focus on an intergenerational approach where civic leadership takes a long term view.

It is also worth noting the importance of the diversity of the population and how the population is growing. This in itself requires a strong social sector that is more connected to local people and is best placed to ensure that people are best informed and about accessing opportunities and support.

#### **Concepts to support an equal access economy**

Equality of economic access will be a key contributor to the viability and sustainability of the Civil Economy. It will create a workforce which is matched to and progresses the local economy. To gain significance and impact within economic policy debates, the critical value of equality to the Civil Economy will be conceptualised and articulated in terms which resonate with traditional economic thinking.

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<sup>48</sup> Hall, J. P. (2012) Developing Techniques to Measure the Social Consequences of Brownfield Regeneration. Unpublished doctoral thesis, the University of Manchester.

<sup>49</sup> Canadian Human Rights Commission (2013) Employment Equity Act Review of the Canadian Human Resources and Skills Development, Section 5. Available online at [www.chrc-ccdp.ca](http://www.chrc-ccdp.ca).

<sup>50</sup> Levy Economics Institute (2013) New York: The Levy Economics Institute.

To support this shift of emphasis in economic approach, a model will be needed to be applied to demonstrate the link between economic success and social inclusion.<sup>51</sup> To gain support in economic policy circles and for socially progressive policies to be adopted, the cost benefits of social inclusion will be explicit. Existing econometric models could be applied to the city of Manchester to progress this, for example along the lines of the approach detailed in the box below.

An understanding which will be intrinsic to Manchester's Civil Economy will reflect a 'whole place' approach to place, recognising the link between people and economic growth in local areas. Using such a model will have significant implications for how we think about the cost benefit or investment implications of economic development activity, building pathways to employment and local growth. This model will serve to broaden cross-sector thinking about community development towards economic activity. It will provide a way to assess socially motivated activities in economic terms, to provide a measure of the economic implications of community development.

### 5.4.3 Examples

**Greater Manchester** has, via the City Deal, its regional strategy and its whole-place Community Budget business case, laid out a new econometric model. The implications of this have not yet had the chance to filter through to create significant effects. An explicit understanding of a new overarching economic metric is based on:

*Success = increased growth (GVA) + reduced Public Sector Spend drag*

This means that Greater Manchester has expanded its conception of economic success beyond simply looking at GVA, and is placing equal emphasis on its role in supporting local communities. Building community capacity across Greater Manchester is perceived as the route to reducing the 'drag', or detrimental effects, of public sector cuts across the region. Supporting local communities from the bottom up will reduce demand on public services, and so lessen the impact of these reforms. Along with GVA, success relies in large part on reducing this impact, and enabling public service provision to target its resources most effectively.

There is a void of best practice examples demonstrating integrated approaches to driving equality as part of economic growth strategy. One key factor in creating equality of access to economic opportunities is a shared understanding of the locality amongst diverse communities<sup>52</sup>. This relates closely to establishing a common understanding between actors from all sectors in the local economy.

<sup>51</sup> Levy Economics Institute (2013) The Economics of Inclusion: Building an Argument for a Shared Society. New York: The Levy Economics Institute.

<sup>52</sup> Benner, C., & Pastor, M. (2012). Just Growth: Inclusion and Prosperity in America's Metropolitan Regions. New York, NY: Routledge.

Promoting equality and integration in the local area serves to develop shared understanding.

“Regions that are more equal and integrated—across income, race, and place—are better able to sustain growth over time”<sup>53</sup>

Much contemporary research has effectively explored and demonstrated the link between equality and economic success. Despite this and a significant policy push for equality (certainly in the UK), “we can’t simply point to one city and say, ‘Orbit City is doing it right. It should be a model for all cities.’”<sup>54</sup> There isn’t a template to follow in this regard. Building on its existing successes in promoting equality across the city, there is an opportunity here for Manchester to take the lead. Through integrated city-wide economic policy promoting and supporting access of opportunity for all, Manchester could become a best practice model.

#### 5.4.4 Potential actions

##### **Recommendation 4: Social sector play key development role in community strategy refresh**

The current community strategy runs up to 2015. There is an opportunity for the social sector in using this as an important step in engaging more strategically with policy, and in doing so ensuring that an equal access narrative is a central plank of the strategy, in turn outlining and evidencing how the sector can play a key role not just in strategy, but also delivery.

## 5.5 Theme 3: Fostering local private-social links

### 5.5.1 Context and issues

#### **A mutual reliance for shared gain**

There is a mutual reliance between the private and social sectors to ensure that the local economy functions effectively. Private businesses rely on an effective workforce and an economy which can support their operations. Communities rely on sustainable employment to provide financial and personal stability. This reciprocal relationship is of key importance.

With the public sector being impacted by deep spending cuts, the social and private sectors will increasingly need to be at the centre of stewardship of communities. In order for this to be successful there is a need to forge stronger links between the two sectors. At present these are often weak – reflecting a pattern across much of the country - and this is a barrier to the development of a Civil Economy. There are a lot of support activities being undertaken across the two sectors, which is not formalised. Businesses however want a better link and in this the social sector has

<sup>53</sup> Benner, C. and Pastor, M. (2013) Buddy, Can You Spare Some Time? Social Inclusion and Sustained Prosperity in America’s Metropolitan Regions (working paper). Building Resilient Regions A MacArthur Foundation Research Network. p.35.

<sup>54</sup> Bradley, B. (2013) Inequality a Predictor of Poor Economic Success in Cities. Available online at [nextcity.org](http://nextcity.org).

yet to develop this. The role and stability of the VCS infrastructure here is important as a leader to convene and champion cross sector working.

### **Flexibility of approach and differentiating between large and small business**

There is a range of ways to engage effectively with business that can be explored. Larger organisations tend to have structured and predetermined Corporate Social Responsibility (CSR) programmes in place and are often easier to engage due to size and resource. Smaller and micro sized businesses are more often embedded within a particular location and may frequently perceive themselves as part of the community, as stated by respondents to the survey informing this paper. Due to different perspectives on how they can input into a community, their more limited human and capital resource available, this necessitates flexible approaches in terms of outreach and communications – more formalised for larger businesses and tussling local community resources from both the public and social sectors to connect with the smaller businesses where the spatial scope is limited to smaller areas.

The role of the social sector infrastructure needs to be a focal point and spur for developing relationships, just as the Chamber of Commerce and Federation of Small Businesses are for the private sector. Building this cross sector relationship is a long term strategy that needs to be understood and sustained, not simply a short project.

## **5.5.2 What will be the characteristics of fostering social-private links in a Civil Economy?**

### **Moving beyond CSR as a result of effective outreach**

Within the Civil Economy the emphasis will move away from CSR and towards ingrained behavioural change within both businesses and social sector organisations where the social is not perceived as a 'bolt on', rather incorporated into corporate attitudes and approaches.

The social sector will be effective at engaging private sector organisations. Social sector leaders and infrastructure bodies in particular, would communicate the business case for the involvement of the commercial sector in social activities more clearly and in language which relates to business activities. Through communicating a concept of 'triple profit' (economic, environmental and social benefits), as done successfully in Barcelona, social sector organisations will be more successful in matching their ambitions to commercial enterprises, to create mutual benefits.

### **Provision of meaningful support**

The social sector would clearly define what forms of support they would benefit from, beyond cash injections, and make these messages clear to the private sector. This will then focus support to be meaningful. Strengthening the social sector through access to the skills and expertise of private sector organisations would foster greater understanding and working relationships between the two and strengthen the potential of social sector organisations to work towards their

altruistic objectives. The focus of support will make meaningful impact. There are various support measures that would be undertaken, such as:

- **Encouragement of private sector representatives to become trustees.** This would help impart business knowledge and other skill sets within social sector organisations. For example, following work that CLES led on in Cheetham Hill, the manager of the Manchester Fort shopping park volunteered to become a trustee of a local charity to lead by example before promoting this to managers in the outlets at the shopping centre. However it is important to note the issues regarding this approach. Social organisations can often have trouble recruiting leading to vacancies on boards, and those individuals from private sector backgrounds also need to have the skill sets and knowledge that different social sector organisations need which often varies considerably. Social organisations often recruit trustees from the same networks as they have always done and this is one of the biggest problems facing many not-for-profit organisations, even when recruiting private sector individuals.
- **Local business and social sector infrastructure organisations would work together to develop mentoring schemes** which partner business representatives with particular social sector organisations. Social sector staff would then be provided with the tools and knowledge to enable behavioural change which allows them to become more able to adapt within a changing public funding-commissioning landscape and become more entrepreneurial. Over time the social organisations which are benefiting are then imparting knowledge and behaviours within the wider sector making it more resilient and further strengthening partnership working between the commercial and social sectors.
- **These structures would also work the other way too** – by pairing up with social sector organisations business representatives will learn more about how that sector operates, the values, strengths and niches which can be transferred and embedded to elements of the commercial sector; encouraging more partnership working between them. This is important – it is not just about philanthropy from the private sector, but building a culture of cooperation and collaboration which will take time to develop.
- **The public sector will also play a key role within the partnership.** The role of the public sector in influencing this relationship is to provide the space to allow these relationships to take root and grow. Examples of this might include providing small scale seed grants to organisations who take on roles organising formal relationships between social and private sector organisations in priority local areas, and acting in a wider brokerage role between the sectors.

## The outcomes: bringing clear and tangible benefits for all

For the social sector, such partnership working can be critical in allowing it to be more resilient and using increasing commercial acumen to be able to potentially scale up products and services to provide greater income. They will have greater capacity and knowledge to develop refined business models, strategies, marketing and communication plans.

Through working with the social sector, businesses will explicitly understand the benefits to them:

- Improved internal and external image of the company;
- Optimization of socially responsible investment;
- Better communication with stakeholders;
- Strengthening corporate culture and values;
- Identification and alignment of human capital with business strategy;
- Improved internal working environment, increasing the sense of pride and belonging;
- Increased sales through social marketing campaigns; and
- Increasing the level of competitiveness of the company.

The culmination of all of the above is stronger relationships between the two sectors which in turn, help create stronger communities and opportunity for local people within a socially minded economy.

### 5.5.3 Examples

**42nd Street, a charity for young people under stress**, received mentoring support which helped it in winning Greater Manchester Chamber of Commerce Building of the Year 2012 for their new building on Great Ancoats Street:

*"A local organisation provides workshops and opportunities to be mentored. I was matched with the legal executive of a Spanish company who run airports in the UK. This made me think out of the box and gave me perspectives about the pathway that we wanted to go down and played a part in our thinking six years ago (when moving out of rented building) ... we have the building now and we will continue to struggle money wise but what we have here is a symbol of hope"*

### **Be Involved, Bradford**

The Be Involved Business Brokerage service was delivered by Bradford Chamber of Commerce built on five years' experience in the delivery of business engagement in Bradford to create a programme of support to businesses that:

- Promotes corporate social responsibility;
- Uses the social commitments of businesses to develop a thriving enterprise environment.

At the heart of the programme was the transfer of skills from the private sector to social sector organisations through a combination of skills sharing, mentoring, volunteering and pro bono work; in particular supporting local enterprises operating in the most deprived areas or who have customers/beneficiaries living within the most deprived areas.

Support to participants in the programme comprised one or more of the following elements:

- Mentoring - the main activity of the project was to promote a mentoring scheme, using business brokers to promote links between established local employers and social sector organisations looking to become more entrepreneurial, providing benefit to both organisations.
- Volunteering - Be Involved has helped place volunteers from business in activities that allow them to share and develop skills, and support community and voluntary sector organisations. These opportunities ranged from board membership to individual placements.
- Pro bono work - supporting professional firms to offer their services free of charge to community and voluntary projects is an excellent way of helping small organisations to develop big plans. Be Involved matched participating businesses and third sector organisations on projects that meet the identified needs of both partners and the wider needs of people in deprived communities.

A reason for the programme's success was that the team at the Chamber worked as brokers for ensuring that the skills needs of the social sector organisations, particularly with regards to volunteering and pro bono work, were met through their understanding of the expertise of interested businesses. This 'matching' process minimised the risk of bringing organisations and volunteers together where specific need was not met.

**Catalan Federation of Social Volunteers** works closely with the commercial sector with one of its main missions to raise awareness about voluntary work, through advocacy, events and training. The Federation works closely with the commercial sector in terms of talking about 'triple profit' (economic, environmental and social benefits) and corporate social responsibility. The Federation matches commercial enterprises to the social sector to find mutual benefit for both sectors through collaboration, using contractual agreements of collaboration with businesses and accepting a small fee from the commercial sector (\$250) for setting up the arrangement.

#### 5.5.4 Potential actions

##### **Private and social sector collaboration**

The private sector and the social sector share many of the same operational and local challenges, with both functioning to identify local demand and meet this in an effective and viable way. There is potential for these two sectors to work more closely together, to learn from each other and support each other as partners in the local economy.

Private sector organisations are keen to support the local social sector, but there can be divergence of understanding between different organisations as to what other parties would like to see in terms of their engagement. Neither the social sector nor the private sector comprises homogenous organisations; different groups have wide-ranging motivations and operations. Enhanced mutual understanding is needed to create benefits for both sectors and for local communities.

##### **Recommendation 5: Enhance relations between business and social sector infrastructure bodies**

As small businesses are most closely associated with local communities, there is potential for the Greater Manchester Chamber of Commerce and the Federation for Small Businesses (FSB) (and other localised business networks) to enhance their existing engagement with Macc to scope out potential for local collaborative working, and schemes for bringing the two sectors closer together.

This is about building upon relationships which, to an extent, already exist. This should be seen as a progressive step towards building meaningful and outcome focussed cross-sector relationships rooted in local communities, starting discussion of how businesses and the social sector can work more closely together to support each other.

Infrastructure organisations such as Macc and the private sector act as 'glue' for bringing members from different sectors together. It is important that cross-sector narratives are established and developed for discussions to take place, bolstering the resilience of local economies.

If engagement between the infrastructure organisations is effective, a formal framework for future activity could be produced to highlight the aims, objectives and expectations of parties involved in this collaboration. This would help guide working arrangements towards practical, meaningful activities to benefit both the private and social sectors as well as local communities, all within a robust strategic framework.

### **Recommendation 6: Create a mechanism for matching businesses with social groups**

The examples above show that the development of mentoring schemes and other support such as pro-bono can be effective, if managed properly. What private-social support requires is a coordination which effectively matches businesses and social sector organisations, to ensure that the right skills and attributes are being utilised depending on individual circumstances. Infrastructure organisations are well placed for this coordinating role. The exact nature of the coordinating role would need to be developed, as there could be cost implications, but this could be augmented by more localised networks which may be effective at linking local businesses with local social organisations together.

## **5.6 Theme 4: Supporting pathways to work**

### **5.6.1 Context and issues**

A sufficient stock and flow of basic, intermediate and higher skills are crucial to the successful development of the city's economy and to the prosperity of its people. The skills of the resident workforce have lagged behind in many communities and many do not have the most basic skills, threatening the long term growth and development prospects for the economy. The lack of basic skills and lack of employability for large cohorts of the population reduces the available workforce, constrains economic output levels and reinforces concentrations of deprivation. It also leads to a shortfall of 'good' employment for residents where wages and terms and conditions are at acceptable levels. In short, it poses a real threat to economic prosperity and is unlikely to change in future without significant changes in the long term approach to up skilling residents.

The Manchester Independent Economic Review (MIER) explicitly stated that it is essential to improve skills across the board<sup>55</sup>. The up skilling of the whole workforce is needed to grow the productivity of the most highly skilled.

"It is an illusion to think that highly skilled niches can thrive for long in a sea of low skills and poverty<sup>41</sup>".

Therefore there is a need to focus on promoting occupational mobility and opportunity, particularly within Manchester's most deprived communities. In order to do this the social sector occupies an important space in the market, accessing

<sup>55</sup> Manchester Independent Economic Review (2009) Understanding Labour Markets, Skills and Talent. Manchester: MIER.

those communities to raise aspiration, and provide training and employability skills that employers need. The State of the Sector report for Manchester highlighted that a third of social sector organisations work in skills/educational development. The social sector is a vital instrument in providing the future labour pool that Manchester employers will need to draw upon, and to provide more locally bespoke and holistic local pathways to work. This is particularly important given that the national Work Programme has not been as effective so far as it could have been in reaching hard to reach groups because although the stated intentions were to build on the capabilities of all sectors, it has been undermined by the processes put in place to deliver it. The social sector was squeezed out of delivery as the model in place was not designed to maximise the sector's assets.

Without a greater appreciation of the social sector's input, and without working in effective collaboration with the public and private sectors to drive up employability and skills across the city, this constraint upon growth and development will not be addressed sufficiently.

### **5.6.2 What will be the characteristics of supporting pathways to work in a Civil Economy?**

#### **Development of holistic and collaborative pathways to work system**

There are a number of attributes for this theme that have, to some extent, been developed by partners in the city through effective collaboration. There will be a focus on skills across the board, on ensuring that people are able to progress along the 'skills escalator', helping building their profile and being able to take full advantage of opportunities within the labour market, such as is the focus of the Greater Manchester City Deal. There will be recognition that locally led and bespoke schemes are the most efficient way of delivering local skills for local jobs. A locally tailored and responsive approach will be developed to address the variance in employment rate and skills needs.

There will also be just as big a focus upon raising aspirations of local residents to return to or join the labour market. Addressing entrenched attitudes will be difficult and the role of social sector groups will be central to accessing those hard to reach groups and communities, helping to meet their needs.

There will be an effective pathways to work system based upon:

- Providers, including those from the social sector, understanding and responding to local businesses and community needs within their respective areas; and
- Businesses being able to understand and take advantage of what local providers are offering them.

To ensure that this happens, an effective coordinating actor in the role of the local public sector will be important. The sector has meaningful links with businesses and providers, and through working with the local private and social sectors through collective leadership and collaboration, will have a thorough understanding of local economic and community needs that are required to broker the dialogue

between businesses and providers. The role of the social sector in skills development and education, together with raising aspiration, is significant, as outlined earlier in this paper. Therefore the sector will play an important strategic and delivery role across communities and will have the capacity and capability to undertake more community outreach work.

### **A strong focus on 'good' employment**

There would be a focus within a Civil Economy on pathways to work leading to 'good' employment for residents and therefore minimising in-work poverty. There will be an understanding that creating and sustaining good employment requires active involvement from a wide range of partners, which includes businesses, employers, employees, the social sector, unions, and other public sector actors such as academia. A range of inter-linked measures rather than one defining action will be developed. The aim will be for new, creative thinking and a long term approach which over time is able to redefine the relationships between employers and low paid workers. Partners will have an understanding that decent work will increase productivity, boost the wider economy, improve the health and well-being of individuals and families, and reduce the costs associated with welfare and health. This means significant time and resource being put into expanding the living wage concept amongst employers in the private sector, and working with businesses to highlight the positive effects of good terms and conditions.

Issues such as Minimum Wage and Zero Hours Contracts are controlled nationally. There are powers however that would be used locally. The local public sector would, for instance, develop principles of good employment practice to be applied for local government/NHS, contracting authorities and suppliers, as highlighted for instance by the Cabinet Office<sup>56</sup>. This could mean higher weighting within procurement assessments around ensuring that employees are paid a decent wage, that terms and conditions are at a minimum standard, and that working practices are acceptable. This will help develop attitudes and may filter into other sectors. This is an area in which social sector infrastructure organisations, in particular, working with public partners, can contribute to the debate, develop lobbying work, and connect with the local private sector to showcase the benefits of good employment.

To develop good employment, a Civil Economy will have a strong focus upon employer engagement, developed in the first instance through an employer engagement strategy. This would involve a cross-sector approach incorporating the social, private and public sectors. Through such an approach, influence across the local economy will be enhanced, and there will be a thorough understanding of employer skills needs and potential resource to partake in locally tailored pathways to work programmes.

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<sup>56</sup> Cabinet Office (2010) Principles of Good Employment. UK: Cabinet Office.

### 5.6.3 Examples

There are a whole host of examples of where locally tailored approaches can impact upon skills and employment – some more strategic approaches and others specific approaches from different organisations, highlighting the range of innovative approaches to accessing and helping communities and cohorts into employment. A few of these are outlined below, including a local example of good practice that can provide a template for scaling up future joined up working in Manchester.

#### **The Works, Manchester**

With two sites - in West Gorton and Moss Side - The Works is an employer led one-stop-shop supporting local people to find jobs, develop skills and access training courses and financial advice. It is a partnership between The University of Manchester, Manchester Metropolitan University, City South Manchester Housing Trust and Work Solutions (the latter which draws upon a network of social, private and public training providers). These partners have come together due to their common objectives to provide the support and training needs for local people from all backgrounds to be able to access the labour market. Training is delivered across a range of areas such as CV writing, IT skills, job interview skills, job specific pre-recruitment training, literacy and numeracy, and ESOL. The Works is also home to Manchester Credit Union, with staff trained to provide benefits advice. It is an example of a local model that works effectively due to joined up working and meeting the objectives of a wide range of cross sector organisations.

**Procurement as a means to create skilled employment:** the policy environment around procurement is changing in both the UK and Europe. There are increased requirements to consider economic, social and environmental well-being in connection with contracts, and aspirations to enhance benefit for places and local economies through the process. Public procurement, through clauses that ensure targeted recruitment and training, can create jobs for people out of work and living in deprived communities, thus potentially providing a route out of poverty. When procurement and economic development teams within local authorities work together, public procurement can be used as a means of developing the capability of local businesses, and the voluntary and community sector, to bid for contract opportunities. At Manchester City Council, a focus on progressive procurement has seen spend with local suppliers increase from 52 per cent to 54 per cent between 2009 and 2012; spend with local suppliers based in areas of deprivation increase from 48 per cent to 53 per cent; and the re-spend of suppliers in the local economy increase from 25p in every £1 to 47p in every £1. This type of approach can only help in safeguarding and creating new employment.

**Specialist employment outreach from the social sector:** a social group, Tomorrow's People, established a specialist employment outreach clinic in a London Health centre. The initiative was a response to the fact that many people on Incapacity Benefit and Disability Allowance wanted to work, but needed help if they were to find their way back into employment. A Tomorrow's People Employment Adviser operates as a member of the primary healthcare team. They provide employment advice and guidance in what is a familiar and comfortable setting. The advisers tend to meet clients on a weekly basis. The sessions provide support, mentoring and information, and if necessary support is given 'off-site', i.e. away from the GP surgery. This successful programme has now also been rolled out to over 80 GP surgeries around the UK.

**Increasing local capacity to undertake community outreach work:**

Mottingham Community and Learning Shop and The Centre (Cotmandene) in Bromley, South London, took an innovative approach to increase the take-up of Adult Community Learning, in particular to reach non-traditional learners to get them interested in further guided learning. The learning shop developed a novel plan to 'grow their own' community learning workers. The LSC (now SFA) provided funding for a six-week course for people interested in working in the community, with a focus on engaging local people in learning.

The main aim of the course was to train local people to undertake community outreach work, engaging groups of people who are hard-to-reach and involving them in learning. Groups included travellers, older people and refugees. Six of the original cohort of learners were then employed to work in the local community to identify and assess which courses would engage local people in learning. This work resulted in 20 short courses being offered. The range of courses covered basic information technology, 'skills-for-life' courses in literacy and numeracy, and courses to help people prepare for employment.

#### 5.6.4 Potential actions

**A pathways to work system that maximises the role of the social sector**

Manchester needs to help get its citizens into decent, sustainable and fairly-paid jobs. All sectors have a role to play in this, in terms of understanding and responding to local businesses and community needs. Local businesses also need to understand and take advantage of what local providers are offering them, such as social sector organisations facilitating training for people towards particular roles. Principles of good employment practice need to be applied for local government/NHS, contracting authorities and suppliers. Investment in supporting its citizens into work is investment in the local economy.

There is already a significant amount of positive work in Greater Manchester within the skills agenda, and existing good practice. The challenge is to engage with residents of all communities and this is where the social sector can add significant value.

### **Recommendation 7: Better communication of the social sector skills offer**

Skills development is central to achieving economic growth, and is a key area of social sector activity with a third of organisations working in the area. The sector plays important roles in raising aspirations, creating job opportunities and developing people's capabilities. To support and promote the work of its sector, Macc and local VCS skills networks could further consider how the sector can more clearly communicate their offer to partners such as colleges and private sector providers, and how the work of the sector in Manchester links to the wider skills agenda. This might be achieved most effectively through working with skills networks within the social sector to understand and develop their offer as a vital driver of growth. The sector's important input to local skills and education needs to be harnessed

### **Recommendation 8: Develop capacity and capability for community outreach**

The sector already engages in pre-employment support. This is based around basic employability skills to ensure that people have the attributes to work. This is a particularly important area in ensuring that all communities can access opportunity and pathways to work are developed. It does require significant community outreach work, and funding options could be explored in order to further support and build capacity and capability within the sector to be able to reach more people who are currently excluded from the labour market and are not served by mainstream provision.

### **Recommendation 9: Accelerate local investment in employees**

On its own, basic skills training will not eradicate poverty. In work poverty is an increasing issue and if low paid jobs serviced by those with basic skills do not pay a living wage and/or have poor terms and conditions, then employment will not make enough of a difference for people and communities. There is a need for infrastructure organisations and policy makers to work together and communicate/lobby employers and networks around the need for investing in people through both paying a decent wage, but also through training which will allow them to move up the 'skills escalator'. This will ensure that proper pathways to careers are developed, rather than basic pre-set outputs being met that put people into jobs that will not do enough to narrow inequalities.

## 5.7 Theme 5: Promoting enterprise

### 5.7.1 Context and issues

Entrepreneurial behaviour and enterprise is promoted by vibrant and healthy communities where residents have the confidence and skills to act innovatively and productively.

This is not just about local trade/business, but all enterprise whether it be profit making or developing social good through community organisations and social entrepreneurship. This was an important distinction emerging from the consultation exercise, and a key message it that there is an opportunity to provide enhanced local support for building an entrepreneurship culture within communities across the city.

“Small businesses share many of the same challenges as community organisations. And community enterprises are very much part of the voluntary and community sector....both sectors have to be entrepreneurial in the current climate. They have shared interests in fostering and nurturing talent, and have the potential to work with local schools, colleges, training providers and employment bodies to offer employment opportunities and shape provision.”<sup>57</sup>

Promoting enterprise also has clear synergies with Theme 4: Pathways to Work, and is important in helping residents maximise their potential. The social sector is again important in having access to and providing the support for people within communities where mainstream provision will not reach them, therefore meeting local need. At present the perception from social sector partners is that there is a potentially strong enterprise culture across the city which is not being accessed, and that much more could be achieved through partners working closely together.

### 5.7.2 How will the characteristics of enterprise be promoted within a Civil Economy?

#### A number of key features

Within the Civil Economy, the notion of enterprise will be familiar across deprived and affluent communities alike, and will entail both social and commercial characteristics. There will be a number of key features, including:

- Dramatically increasing the numbers of people in the community who are exposed to the concept of enterprise, and who are then able to access enterprise support;
- There will be limited barriers to cohorts who have not traditionally engaged in mainstream enterprise support;
- Local provision will have been proactively mapped to bring partners closer together to create a more seamless pathway for enterprise;

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<sup>57</sup> Tizard, J. (2013) What happens when local business and the local community sector work together? Available online at [www.newstartmag.co.uk](http://www.newstartmag.co.uk)

- Community organisations will have increased their capacity and internal knowledge around enterprise, together with sign-posting services that they subsequently cascade out to communities;
- Local entrepreneurs will work with community organisations to champion and promote enterprise across all communities, through events and training;
- A focus upon social investment within communities will allow for more strategic working with social investors;
- New models of entrepreneurship will be developed and encouraged within target communities. For instance women will be further encouraged to become entrepreneurs, and women-led social sector groups will be encouraged; and
- Utilising the skills and opportunities of BME communities and potential of immigrant markets.

Combined, all of the above will work to provide greater opportunity for people across all communities and increase both self-regard and self-determination.

### **Support for social enterprises**

In addition to the above, within a Civil Economy the development of social enterprises will be a priority. Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. The social enterprise sector will be robust and vibrant, and the variety in terms of the scope and scale of social enterprises will mean that the ability to bring in external income to the economy is enhanced, and there will be a greater scope and capacity for increased social investment. There will be provision to provide the infrastructure and support for both existing social enterprises and helping individuals and groups further develop their ideas, and where relevant, turn these into enterprise functions. There is already a foundation for a Greater Manchester level platform for this through dedicated social enterprise support at the Chamber of Commerce.

### **New innovations based on the sharing economy**

New innovations will also be promoting based upon a 'sharing economy'.<sup>58</sup> Sharing leverages a wide variety of resources and lowers barriers to starting small businesses. For instance cities can lower the cost of starting businesses by supporting innovations like shared workspaces, shared commercial kitchens, community-financed start-ups, community-owned commercial centres, and spaces for "pop-up" businesses. Cities can also lower permitting barriers for home-based micro-enterprises.

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<sup>58</sup> Shareable (2013) Policies for Shareable Cities. Available online at [www.shareable.net](http://www.shareable.net).

### 5.7.3 Examples

#### **Increasing capacity to embed enterprise through community groups**

An example of a project bringing together many of the above points is the 'Embed' initiative which was developed to address areas of low enterprise performance in the Coast to Capital Local Enterprise Partnership (LEP) region. It brought together a range of partners from higher and further education, the social sector, and local authorities. The project was designed to harness existing provision, through equipping more individuals and volunteers, working directly with the community, with the skills, knowledge and confidence to raise the concept of enterprise to more people, using training and web based tools to enhance their knowledge and understanding and to become fully effective mentors for the community. This is a good example of embedding enterprise deep into the community without relying on long term funding initiatives. Although for a range of reasons this project struggled, mainly through poor management, it nevertheless outlines the possibilities of utilising community resource to directly contribute to stronger and more enterprising communities.

#### **Enterprise within BME and immigrant communities**

In the United States immigrant entrepreneurs account for a disproportionate share of new businesses, and given their language skills and established networks in their native countries, there is clear potential for many to export their goods and services. Chicago and Los Angeles are targeting these enterprises in order to double citywide exports, thereby boosting local economic growth. Export assistance programs are helping these businesses expand domestically by venturing abroad. This is undertaken through collaboration between local government, education sector, businesses and community organisations that can access these communities. There are lessons here for elsewhere including Manchester with its diverse communities. It shows that by viewing the diverse human capital within a place as an economic asset, there are many possibilities. It does not of course have to be focused around exports, rather on a multitude of enterprise based opportunities.

### **Building on creativity of local people across all communities**

Releasing Entrepreneurial Spirit Using Local Talent (RESULT) was developed by Norfolk Business Advice Services (NBAS) who were formed through a Partnership of Norwich City Council, Norfolk County Council, and Business Link.

RESULT initially developed as a project to:

- Tackle the barriers to the idea of self-employment and business start-up, and provide guidance to pathways through which entrepreneurs can progress;
- Increase the provision of pre-start-up business support to individuals; and support and sustain existing entrepreneurs by tailoring the type of support to match the needs of people in these communities;
- Develop a culture of enterprise, building on the imagination, skills and aspirations of people living in deprived communities.

In the longer term, RESULT aimed to provide an evidence base for the development of alternative approaches to business support in deprived communities by mainstream providers.

Outcomes centred around developing a more formal approach to people's business, which in many cases was previously run as a hobby or operated with no clear long-term vision of a professional approach to areas such as business planning and marketing. The most successful examples of support resulted in the individuals moving from freelancing, to operating in a more formal and professional manner which helped to bring in extra business. Longer-term impacts include a legacy of improved self-regard and aspiration, together with a structure for continuing the support for micro business start-up and development, and increased support to community and voluntary groups resulting in stronger local networks.

### **Intensive support for social enterprises**

In Copenhagen, one of the current neighbourhood renewal projects is working to develop a social enterprise zone in the disadvantaged neighbourhood, Fuglekvarteret Øst. The area is considered to already have potential for attracting social enterprises due to its high number of educational institutions, existing businesses which have a strong social ethos, a job centre, a creative enterprise zone and more affordable rents. The social enterprise zone is intended to reduce unemployment in the area and address other social challenges. As part of the project, a physical hub will be created which will act as an incubator and venue for events, workshops, counselling, mentoring programmes, skills development processes and office facilities and workshops. This should create a local platform for cooperation and co-production that can generate local and unique solutions to the area's challenges and needs. The zones and the neighbourhood renewal projects actively involve local voluntary sector organisations and businesses in the delivery of the projects which encourages cross-sector partnership and local ownership of development initiatives.

A number of cities also have dedicated social enterprise strategies (including Copenhagen, Edinburgh, Brighton and Glasgow) and this provides the strategic acknowledgement and support of their importance and activities, outlining how they will be supported through policy and delivery.

### **Social Enterprise Franchising (or social replication)**

Social replication is a relatively new concept and little support exists for those wishing to grow their social enterprises in this way. It may well become increasingly important for local economies because it stimulates not only the development of new enterprises but also the building of supply chains within the economy. It can potentially play a role in increasing the resilience of the emerging social enterprise sector, and create a virtuous circle of enterprise and growth. There are examples of these from across the UK. For instance Enabled social enterprise<sup>1</sup> is a Community Interest Company based in Shrewsbury which provides back office and virtual support to start-ups and SMEs, with a particular focus on the social enterprise/business sector. It was set up to provide back office support to one large social enterprise, and it is now looking to expand this to support two organisations. There are a growing number of other organisations looking to secure the services of Enabled and so they are now looking at franchising to increase impact across the country to support more social and private sector organisations.

### 5.7.4 Potential actions

Promoting enterprise is fundamental in allowing people with entrepreneurial spirit to realise their potential in the local economy. In the civil economy, Manchester will support citizens along productive pathways to work who have aspirations to run their own businesses. Barriers to people acting upon their desire to innovate in the economy must be anticipated and addressed before they have a limiting effect on local growth. The social sector and private sectors, working closely with communities and having experience of enterprise, will have a wealth of knowledge to feed into this.

#### **Recommendation 10: Create a social enterprise strategy for Manchester**

There is an opportunity for the championing of social enterprise, and its role in supporting the economy. As part of enhancing effective pathways to work system (see Theme 4), partners might choose to embed more specific working arrangements around promoting social enterprise with the support of the private and social sectors. The strategy would be written by a social enterprise with input from other bodies - for instance in Knowsley the strategy was developed by the main housing association in the borough, with input from the CVS, the council and business community.

A social enterprise strategy, as in the examples above, could be used to demonstrate acknowledgement and support of enterprise which in turn supports local community development. This is about helping people progress within the economy for their benefit and for the communal benefit of the city. It would assess areas of development such as social enterprise franchising, and also how social enterprises could inspire a wider entrepreneurial culture within a locality. It is important to consider social enterprise and new types of models as part of public service reform.

#### **Recommendation 11: enhance capacity to embed enterprise through the social sector**

One of the examples above highlights the importance of equipping local workers and volunteers to connect directly with the community. This would involve equipping more individuals with skills and knowledge around enterprise to become mentors for the local community. It would require exploration of initial funding to train individuals up, but, if effectively managed, once they have the skills and aptitudes needed, then an existing resource is in place to embed enterprise. This could be complemented and supported by enterprise 'champions' who connect with the community (for instance those who have developed their own businesses or social enterprises), and perhaps provide time to train those individuals who will become mentors.

## 5.8 Theme 6: The social sector as part of the solution for public services

### 5.8.1 Context and issues

There are a number of key issues to consider regarding this theme. Public sector reform is a pressing issue in Manchester as it is in many local economies. Cuts to public spending impact on the service delivery a local authority can provide; Manchester's approach is to focus both on service delivery and on how citizens receive services. It is recognised that in successfully implementing change and supporting communities through this, the social sector will be a critical partner<sup>59</sup> for Manchester City Council.

The overall aim is to improve the lives of Manchester residents and reduce dependency on services<sup>60</sup>.

A focus on improving the lives of Manchester residents chimes with the ethos of the civil economy, and with the steady state economy. Whereas the public sector and larger private sector organisations operate at more of an arms-length reach from individuals in communities, the social sector and smaller businesses are closely entwined with local communities. It is essential then for successful public sector reform that the public sector works effectively with the social sector and with local businesses. For the social sector, who works most closely and altruistically with local communities, there may be barriers to this – for example an over-emphasis on commissioning rather than a collaborative approach.

There is a perception from the social sector but also from some public sector respondents that the language towards the social sector from public organisations requires change. Commissioning does not apply to many organisations within Manchester. The State of the Sector report for Manchester highlighted two thirds (64%) of social sector organisations in the city are micro, with an annual income of under £10,000. Many of these organisations do not have the scale or resource to work within larger consortiums, as they have a very specific and holistic focus within certain communities and towards groups within those communities. Therefore although they may be part of the wider supply chain of services, much of the language around commissioning does not apply to many. This means the sector needs to be approached in varied ways, and not primarily as low cost service deliverers.

The social sector, in partnership with the local authority, offers an effective solution to making public sector reform work for Manchester's citizens. The sector is an effective driver of social gains, with the potential to ameliorate some of the risks inherent in public sector reform. Linked to this, social value is intrinsically important as public sector reform progresses; refining the concepts and definitions

<sup>59</sup> Manchester City Council (2012) Community Strategy Delivery Plan 2012. Manchester: Manchester City Council.

<sup>60</sup> Manchester Partnership (2013) Public service reform. Available online at [www.manchesterpartnership.org.uk](http://www.manchesterpartnership.org.uk).

of social value used across all sectors will help to ensure all partners work towards shared objectives.

There is a need for greater distinction across the sectors between:

- The role of the sector in potentially delivering services; and
- The role of the sector as an input to the community and being a force in reducing demand for public services.

The social sector is already contributing to reducing demand for public services and can contribute further still. This is about involving the social sector in a much more strategic and ingrained way towards improving communities, service delivery and the economy beyond commissioning. There is a risk through processes of commissioning that the social sector will morph into a profitless clone of the commercial sector; rather than allowing this to happen, the public sector needs to nurture and develop the social sector. The social sector needs to grow to match local demand for services which result from public sector reform. In partnership with the public sector, perhaps this is time to develop a growth strategy for Manchester's social sector.

The social sector is considered by cross sector partners to be more flexible and creative in terms of 'doing more with less' to target those who need support at the neighbourhood level, and that this asset needs to be developed. There is a challenge however in outlining more effectively what it is aiming to achieve and how it does it. From the perspective of policy makers there is often confusion about the offer(s) from the social sector and this is an issue when designing policy. Articulating a clear offer must therefore be a priority.

### **5.8.2 What will service delivery be like within a Civil Economy?**

#### **The social sector viewed as an economic asset**

Within the Civil Economy the local public sector will perceive social organisations as market providers who deliver at cost and are an asset and therefore an integral part of the economic fabric of the city. This will account for both the larger social sector contractors and those smaller organisations that are often within the supply chain. Commissioners will work closely with local partners to ensure that they have a deeper understanding of the range of social sector providers, and appreciate the need for detailed local market intelligence. Social sector organisations will coherently evidence strong relationships with the local community, awareness of local needs, and expertise within their field, as well as an ability to deliver outcomes.

#### **Community led approach to service delivery predicated on co-production**

A community led approach would be developed which encourages behavioural change and integrated, co-designed approaches. The local public sector would understand and fully utilise the skills, local knowledge and experience of local social

sector organisations and co-production will become an increasingly frequent driver of local services.

Co-production is recognised as a way of engaging citizens and addressing multiple challenges through collaborative service design.<sup>61</sup> It adopts an asset-based approach to individual service design and delivery, meaning people have the opportunity to grow their capabilities and improve their own situation while contributing to wider (deprived) communities. Co-production is based around reciprocity; feeling valued in the design of services can play an important role in raising self-esteem. It will be an important part of contributing towards collective place leadership (Theme 1).

### 5.8.3 Examples

The principles behind neighbourhood budgets can be an effective way of targeting resources and delivery to places in greatest need. Evidence suggests that neighbourhood budgets enable people to get more involved in provision; this develops individual and collective skills, and fosters better relationships with budget holders. Examples are provided in the evaluation of Neighbourhood Budget pilots,<sup>62</sup> which show a number of important learning, principles and outcomes that need to be considered when delivering services at the local level, and highlight some of the key facets of a Civil Economy.

These below examples highlight different ways of using cross sector assets to help address deep seated community issues. They may not be totally successful or fully realise their aims, and the approach of developing new community structures may be something that is not transferable to other places where a range of these are already in place. But it does provide examples of the potential of integrated working between cross sector partners and how that can result in positive impacts within communities.

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<sup>61</sup> CLES and JRF (2013) Addressing poverty through local governance. UK: JRF.

<sup>62</sup> DCLG (2013) Neighbourhood Community Budget Pilot Programme: Research, Learning, Evaluation and Lessons. UK: DCLG.

### **Shard End, Birmingham**

The aspiration is to build pride in the community and to resolve some of the deeply entrenched issues in the community through locally determined action. Birmingham City Council recognised the persistence of poor outcomes despite traditional interventions and the need to achieve greater efficiencies. The focus is upon improving life chances for children, young people and families; raising education, employment and enterprise levels. In terms of outcomes the aim is for a new devolved youth service model to be created, co-designed with young people, a Health and Well-being "village" co-designed with partners and local residents. This will lead to wider impacts including co-ordinated links with local employers. In the future the highly integrated and cross sector approach should develop a foundation for community working with service providers and influencing decisions to reflect local priorities, which will be delivered through a Community Development Trust accountable to a newly formed Parish Council.

### **White City, London**

The key aim in White City is for an effectively managed neighbourhood, with devolved decision making, decentralised services co-designed and delivered by an active and responsible community able to take part in tough decisions, reduced benefit dependency, reduced public expenditure, improved life chances and all local people taking advantage of local opportunities. The drivers behind this are community, local authority and private partners - all who see the benefits of a community-led neighbourhood approach to improving the life chances of people in White City. The focus will be upon a holistic approach across all major services based on robust neighbourhood data and local knowledge. The aim therefore is to decentralise decisions on, and delivery of, public services and increase democratic participation and social responsibility.

In terms of outcomes these will include: a newly incorporated community led social enterprise able to deliver local services, improved management of social housing (local lettings policy); increase in volunteering (parent mentor network; health champions); leveraging in of private sector funding and resources (Business Partnership Network); a Neighbourhood Community Safety Panel to address crime and ASB; community leadership of the design and delivery of a collaborative care centre.

## 5.8.4 Potential actions

### **Understanding the potential of the social sector**

Reducing demand for services can only come about when communities are better supported into self-sustainability. A key element of this has to be the social sector, in terms of its ongoing understanding of highly-contextual local concerns and its ability to work flexibly and reactively to individuals and local communities. To fully use the resource and potential offered by the social sector, communication and understanding between the public sector and social sector needs to be enhanced through shared language.

### **Recommendation 12: Recognising and demonstrating the role of the social sector in delivering efficiencies**

The social sector works across many policy themes and can be an important input into delivering efficiencies and public savings through its role in delivery and reducing service demand. This role needs to be recognised by partners but in order for this to happen the sector needs to evidence the impacts of its activities. There is limited evidence at present, as highlighted in this report, but what evidence there is shows the nature of savings to the public sector that can be made through the social sector. There is a role for Macc to work with the sector to build capacity and capability for evaluative activity that shows/models good practice and impact. This capacity could be developed with the assistance of public sector partners and organisations such as New Economy, where knowledge and expertise can be transferred to the sector. Of course much of the work of the social sector is difficult to define and comes together through informal means. This also needs to be accounted for but where impacts can be measured, then this will go some way to developing a narrative as to how the sector contributes to efficiencies through quality delivery, and help shape articulating a clear 'offer' to partners.

### **Recommendation 13: Articulating social value and preparing the social sector for future opportunities within the PSR agenda**

Social value is an important opportunity to embed social considerations across public sector decision making processes, and can play an important role in reducing demand on public services. The social sector can be an effective driver of the social value agenda, working with partners to understand and develop a proper concept of social value, and to develop an approach to contributing to social value across all areas of work by all partners. Macc could play a leading role in promoting this agenda, developing measures/indicators across a range of outcomes, as has been done in Knowsley for instance.<sup>63</sup> Part of this will involve working with the social sector to strengthen its knowledge and understanding of the agenda, and how they can best measure impact, articulating their contribution to social value. This is essential to positioning the sector for the opening up of public services and specifically to enable more opportunities to co-design local provision.

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<sup>63</sup> Knowsley: An emerging approach to social value (2013) Available online at [www.knowsley.gov.uk](http://www.knowsley.gov.uk).

**Recommendation 14: Develop programme for co-design of services**

Following on from the above recommendation, there is an opportunity within this agenda of utilising the social sector to help in co-design of local services. This would be an effective way of using local knowledge and expertise, ingrained understanding of local need and of local assets, to feed into service provision that maximises the impact of resource, together with reducing demand on services. This could take place through a series of co-design pilots across different thematic service areas.



## 6 CONCLUSIONS

There are four overarching themes which run through this work:

- Interaction of the public, social and commercial sectors are three equally and mutually reinforcing aspects of success.
- Strong communities and social inclusion are inputs to and outcomes of economic and business success;
- Refocusing on how economic success is perceived around the experiences of people and communities within the economy; and
- The need for the social sector to articulate a clear, tangible offer and developing this in conjunction with public sector.

Some of the challenge for the social sector will be 'selling' itself more effectively as a source of economic activity. There has to be an 'offer' that the social sector puts forward for it to be recognised as an important input and alternative to some of the status quo modes of working. This is not how the social sector has traditionally worked. Working at the very local level, the social sector has responded to local needs and has not necessarily had to always demonstrate its offer to those other than its service users. It is important that the sector adapts to changing circumstances so that it continues to be able to support its service users in changing contexts.

Modelling good practice and demonstrating impact is the key to developing this offer. Aligning its offer to different agendas will make the social sector's messages heard more clearly, creating space for more productive conversations across sectors.

It is also just as important that the public sector enhances its understanding of what the social sector needs. New ways of working will require a certain level of guidance from partners and Macc so that individual organisations in the social sector are clear about ways in which they can enhance their offer.

The ideas in this paper are just the start of the discussion. They are the nuclei of themes to be considered more widely and by all sectors across Manchester's economy. Different parties will be better placed to take forward different elements of this collaborative process, based on their own working arrangements. In all of the recommendations, Macc are essential in leading the social sector's role in a progressive local economy.

### **Recommendation 15: Developing a growth plan for the social sector**

This paper concludes with a final recommendation concerning a growth plan for the social sector that would be important for developing and promoting a Civil Economy. This would be led by Macc with input from the council into how to best support the sector to grow in future, within a changing policy and funding

landscape. This needs to be focused around how the sector can be grown from within and would encompass a range of the issues and recommendations highlighted in this paper. There would be a range of elements to consider, including but not restricted to:

- Where appropriate, the use of grants as a commissioning tool;
- Investing in the social sector's workforce;
- Consideration of the building and other physical assets available to/required by the sector;
- Focusing on what is delivered well (e.g. peer support/mentoring/networking) and providing evidence of this;
- Stimulating social entrepreneurship;
- Developing capacity for collaborative provision that importantly includes those small community based organisations who have frequent engagement with beneficiaries;
- Helping the sector develop well defined and articulating 'offers' based upon a product that resonates with public sector partners.

## 7 RECOMMENDATIONS

The table below lists the recommendations that are provided within this paper by theme and by the suggested lead organisations.

| Theme   | Recommendation   | Lead organisations   |
|---|--|--|
| <b>Collective place leadership at the city wide and local level</b> | <b>1 Working group into developing a civil economy:</b> including considering the key messages emerging from this paper, together with the recommendations.  | Macc, Manchester City Council, New Economy, Chamber of Commerce/FSB. |
|   | <b>2 Working plan for a Civil Economy:</b> developed to further enhance mechanisms for different forms of social sector engagement, around key areas such as strategic engagement, collaboration and coproduction, and commissioning.  | Macc, Manchester City Council  |
|   | <b>3 Match local needs assessments to local community capacity:</b> local (area based) needs assessments could feed into strategic needs assessments to reflect the diversity of needs in different local communities across the city, and mapping out an understanding of the local community capacity and capability in place locally to help address issues.        | Macc, Manchester City Council  |
| <b>An equal access and benefit economy</b>                          | <b>4 Social sector to play a key development role in the next community strategy refresh:</b> the current community strategy runs up to 2015. There is an opportunity for the social sector in using this as an important step in engaging more strategically with policy, and in doing so ensuring that an equal access narrative is a central plank of the strategy. | Macc, Manchester City Council  |
| <b>Fostering local private-social links</b>                         | <b>5 Enhance relations between business and social infrastructure bodies:</b> Business networks to enhance their existing engagement with Macc to scope out potential for local collaborative working, and schemes for bringing the two sectors closer together.   | Chamber of Commerce, FSB, Macc                                       |

| Theme                              | Recommendation   | Lead organisations                |
|------------------------------------|--|-----------------------------------|
|                                    | <b>6 Create a mechanism for matching businesses with social groups:</b> what private-social support requires is a coordination which effectively matches businesses and social sector organisations, to ensure that the right skills and attributes are being utilised depending on individual circumstances. Infrastructure organisations are well placed for this coordinating role.   | Macc, Chamber of Commerce         |
| <b>Supporting pathways to work</b> | <b>7 Better communication of the social sector skills offer:</b> Skills development is central to achieving economic growth, and is a key area of social sector activity with a third of organisations working in the area. To support and promote the work of its sector, Macc and local VCS skills networks could further consider how the sector can more clearly communicate their offer to partners such as colleges and private sector providers, and how the work of the sector in Manchester links to the wider skills agenda. | Macc and local VCS skills network |
|                                    | <b>8 Develop capacity and capability for community outreach:</b> Funding options could be explored in order to further support and build capacity and capability within the sector to be able to reach more people who are currently excluded from the labour market and are not served by mainstream provision.   | Macc                              |
|                                    | <b>9 Accelerate local investment in employees:</b> There is a need for infrastructure organisations (the social sector could take a lead in this) and policy makers to work together and communicate/lobby employers and networks around the need for investing in people through both paying a decent wage, but also through training which will allow them to move up the 'skills escalator'.  | Macc                              |
| <b>Promoting enterprise</b>        | <b>10 Create a social enterprise strategy for Manchester:</b> A social enterprise strategy, as in the examples above, could be used to demonstrate acknowledgement and support of enterprise which in turn supports local community development. It would assess areas of development such as social enterprise franchising, and also how social enterprises could inspire a wider entrepreneurial culture within a locality.  | Macc, Manchester City Council     |

| Theme  | Recommendation   | Lead organisations                         |
|--|--|--|
|  | <b>11 Enhance capacity to embed enterprise through the social sector:</b> equipping more individuals with skills and knowledge around enterprise to become mentors for the local community. This could be complemented and supported by enterprise 'champions' who connect with the community.   | Macc                                       |
| <b>The social sector as part of the solution for public services</b> | <b>12 Recognising and demonstrating the role of the social sector in delivering efficiencies:</b> much of the work of the social sector is difficult to define and comes together through informal means. This needs to be accounted for but where impacts can be measured, then this will go some way to developing a narrative as to how the sector contributes to efficiencies through quality delivery.  | Macc, Manchester City Council, New Economy |
|  | <b>13 Articulating social value and preparing the social sector for future opportunities within the PSR agenda:</b> working with the social sector to strengthen its knowledge and understanding of the agenda, and how they can best measure impact, articulating their social value. This is essential to positioning the sector for the opening up of public services and specifically to enable more opportunities to co-design local provision. | Macc, Manchester City Council              |
|  | <b>14 Develop a programme for co-design of services:</b> there is an opportunity within this agenda of utilising the social sector to help in co-design of local services. This could feed into service provision that maximises the impact of resource, together with reducing demand on services. This could take place through a series of co-design pilots across different thematic service areas.  | Macc, Manchester City Council              |
|  | <b>15 Developing a growth plan for the social sector:</b> This would be led by Macc with input from the council into how to best support the sector to grow in future, within a changing policy and funding landscape. This needs to be focused around how the sector can be grown from within and would encompass a range of the issues and recommendations highlighted in this paper.  | Macc, Manchester City Council              |



# APPENDIX 1

## Individuals consulted in the development of the document

- Evelyn Asante-Mensah OBE, Interim Chief Executive, TheBHA
- Chris Bagley, Development Manager, Federation of Small Businesses
- Jessica Bowles, Head of City Policy, Manchester City Council
- Richard Caulfield, Chief Executive, Voluntary Sector North West
- Atiha Chaudry DL, Chair, Greater Manchester BME Network
- Lucy Danger, Executive Director, Emerge
- Caroline Downey, Executive Director, MERCI / Director, TogetherWorks
- Alex Fairweather, Chief Executive, Greater Manchester Youth Network
- Ross Grant, Development Manager, Voluntary Youth Manchester
- Craig Harris, Head of City Wide Commissioning, NHS Manchester
- John Holden, Deputy Director of Research, New Economy Manchester
- Charles Kwaku-Odoi, Faith Network 4 Manchester
- Angela Lawrence, Manchester Active Voices Youth Empowerment
- Paul Martin OBE, Chief Executive, The Lesbian and Gay Foundation
- Vera Martins, Chief Executive, 42<sup>nd</sup> Street
- Councillor Sue Murphy, Deputy Leader, Manchester City Council
- Mike Oglesby, Chairman, Bruntwood
- David Regan, Director of Public Health, Manchester City Council
- Hazel Summers, Head of Commissioning, Manchester City Council
- Iain Taylor, Partnership Director, Peel Holdings
- Alex Whinnom, Chief Executive, GMCVO
- Mike Wild, Chief Executive, Macc





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Centre for Local Economic Strategies

Express Networks

1 George Leigh Street,

Manchester,

M4 5DL

Tel: 0161 236 7036

Fax: 0161 236 1891

[info@cles.org.uk](mailto:info@cles.org.uk)

[www.cles.org.uk](http://www.cles.org.uk)

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