

The plural economy, social economics, and building communities





Derry Designer Makers



Contents

Key messages	4
Background	5
The social economy as a policy framework	6
What can a social economy do?	7
Connectivity	8
An economy to address poverty	9-10
Area-based regeneration and social enterprises	11
A targeted spatial approach: housing estates and concentrations of poverty	12
Spatial clusters and social enterprise poles	13
Integrated urban economies	15-16
Building social inclusion	17
Innovation and the next generation of social enterprises	18
Limitations of the social economy	19
Implications	20-21
Resources	22

Key messages

- There is conceptual confusion about the *plural economy* and here we focus on the social economy as an ecosystem to build a sustainable approach to poverty, area-based regeneration, tackling social exclusion, and labour market connectivity.
- Northern Ireland has changed significantly over the last three decades, with people and places not connected to the growth economy trapped in poverty and social immobility. Connectivity to growth sectors is a priority of developing intermediary labour markets, supply chains, procurement bodies, and social enterprise consortia, including the private sector. But it also means restructuring deprived places by building a workable, sustainable, and locally embedded economy in which social enterprises can play an anchor role.
- The social economy is significant with a turnover of nearly £1bn per annum, a gross value added (GVA) of £625m and around 25,000 employees, but there is potential to scale up and diversify the sector, and how it delivers regeneration and anti-poverty objectives.
- The sector works effectively in deprived areas, integrating those furthest from the labour market into good quality work, and delivering services in demand-deficient neighbourhoods, and to some of the most excluded people in the region.
- In particular, there is a need for comprehensive (financial, fiscal, and skills) support to build the capacity of social enterprises from start-up, incubation, and growth, through to scaling and diversification.
- The policy rationale for the social economy is that it addresses poverty; strengthens area-based regeneration; targets concentrations of poverty; develops spatial clusters and social enterprise poles; integrates urban economies; builds social inclusion; and innovates with the next generation of community-based models.
- Jobs, skills, and salaried income are not the only pathways out of poverty, but they have untapped potential, especially among the most excluded people and places. Building the social economy and how it is spatialised is a significant policy instrument that has worked successfully and at scale in a range of cities and regions.
- There is also an opportunity to develop an area-based approach to support anchor social enterprises, growth poles, clusters, and wider urban strategies within the context of area-based regeneration.
- There is also a need to experiment with spatial interventions (such as Social Enterprise Zones); connect social innovation with scaling-up, replication, and diversification processes; and support sectors that reach into the most excluded and marginal communities.
- Clearly, working in partnership with departments and agencies is important to build the ecosystem needed to embed a strong economic dimension within community wealth building.

Background

Terms such as *solidarity*, *ethical*, *social*, *plural*, and *inclusive economy* do not provide a policy focus about what we need to prioritise and why, i.e., the outcome from a community wealth economy that the Department for Communities (DfC) (and government more broadly) wants to achieve. DTNI (n.d.) makes the point that building a plural economy is an integral part of Community Wealth Building because this recognises the need to connect more effectively with the private sector and at the same time build a viable economy for people and places left out during the process of socio-economic and spatial restructuring. The Centre for Local Economic Strategies (CLES) (2020) also points out that the vulnerabilities of the poorest communities have been exposed by the Covid pandemic, but that those with a strong social enterprise base have adapted and coped most effectively. This paper reflects on the community wealth survey, information sessions, and sectoral engagement in the context of wider debates on the social economy to highlight its potential to deliver a range of policy outcomes including:

- an economy to address poverty
- area-based regeneration and social enterprises
- a targeted spatial approach, e.g., housing estates and concentrations of poverty
- spatial clusters and social enterprise poles
- integrated urban economies
- building social inclusion, and
- innovation and the next generation of social enterprises.

The social economy as a policy framework

It is important not to get lost in competing definitions and terminology but to focus on the policy levers that can create more inclusive outcomes across the resources, regulatory instruments, agencies, and opportunities that DfC can bring to the development of the social economy. Here, we focus on the concept of the social economy and in particular how this can help to tackle poverty; address the needs of people and places left behind in economic (and in particular labour market restructuring); create sustainable urban regeneration models; strengthen connectivity between the most excluded areas and the mainstream economy; and provide demand-deficient resources and assets in more sustainable ways. To clarify the context, it is important to summarise a number of terms and how they can support departmental planning in this arena of Community Wealth Building. There are, of course, different types of businesses within the social economy, with different structures, legal forms, and governance rules. These include producer and consumer cooperatives, associations, and foundations, but our concern in this research has been primarily with development trusts, usually asset-holding social enterprises structured as a company limited by guarantee. To avoid getting lost in terminology, the terms 'social enterprises that hold assets' and 'development trusts' are used interchangeably.

- **The social economy is like the private economy:** an arrangement of producers (of goods and services) and consumers (places and/or socially excluded communities). These goods and services can be exchanged for money, time, or barter, but the aim is to provide social value rather than financial profit. The sector has its own form of social finance, separate legal entities, and intermediaries (e.g., technical support, knowledge and co-ordination) within an integrated economy.
- **A social enterprise** is the engine of the social economy. These are firms with various legal structures whose main objective is to have a social impact and use profits to support their aims. They are run by stakeholders rather than shareholders, and they are accountable to a wider community of interest (e.g., in a place, a sector or across a particular group such as women, migrants, people with disabilities, and so on).
- **Social entrepreneurs** are critical to the performance of the social economy, and how community businesses scale their work and create new opportunities for building social value.
- Bespoke forms of **social finance** are important because the social economy works beyond pure profit-making to deliver a range of social, environmental, and ethical outcomes that require more complex forms of debt and grant provision to start up and grow within the sector.

What can a social economy do?

The data shows that there are diverse and active sectors of the social economy in Northern Ireland, with exceptional businesses delivering a complex mix of services, but that it lacks scale and impact, especially in the most socially deprived communities. The Department for Economy (DfE) supports the social economy by including the sector network, Social Enterprise Northern Ireland (SENI), advice on starting a social enterprise, annual awards, and co-ordination across government departments and agencies. There is no single strategy for the sector, and the DfE's recent 10 X Economic Strategy sees social enterprises as existing, primarily, to deliver labour market integration – an important objective, as shown in Technical Advisory Paper (TAP) 3 on work. However, what characterises regions with a strong social economy, as set out below, is the financial and fiscal environment, regulatory support, co-ordinating mechanisms, research and development, capacity building, and a commitment to invest in sectoral growth. DfE has many of these instruments and policy levers at its disposal, and part of the challenge in Northern Ireland is to demonstrate that it is not a marginal localised sector with an emphasis on employment access, but that it is an integrated, sustainable, and vital economy delivering multiple policy outcomes.

In **Québec, Canada**, the government made the development of the social economy an explicit political and policy priority. They established Chantier de l'économie sociale (Chantier) in 1996 in response to a prolonged recession that had disproportionate impacts on the poorest communities, young people, women, and First Nations. The organisation supports social enterprises via training and skills development, research and intelligence, and advocacy networks. Chantier also provides integrated social finance and technical assistance, and its loan funds are capitalised with a mix of public and private sources backed by tax incentives to attract investment into social enterprises and co-operatives. A distinctive feature of the approach is the establishment of 22 Poles of the Social Economy, distributed regionally, which support the development and co-ordination of community businesses within First Nations. Québec now has more than 11,200 social enterprises, with 220,000 employees and overall sales of CA\$47.8bn. These poles are anchor institutions that support the incubation and development of social enterprises, build spatial clusters to create economies of scale, and co-operate through consortia networks into higher value and more profitable supply chains.

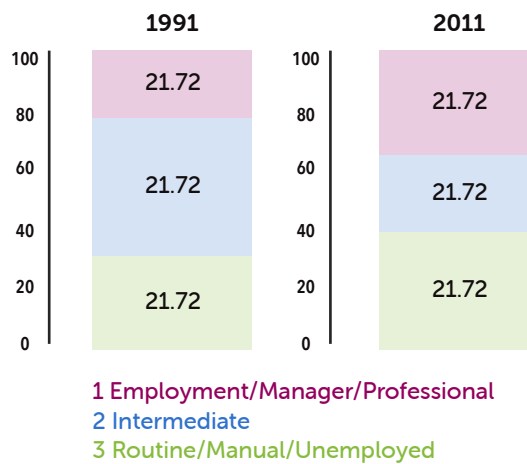
The Basque Country has developed one of the most advanced social economies in the world, and has legislation, policies, and investment programmes that promote social enterprises and co-operatives that serve the needs of local people. The **Mondragon Corporation** emerged from the threatened closure of a factory in the small Basque town and now employs 81,800 people across 150 countries. The co-operative is structured into four business areas including finance, industry, retail, and knowledge. It has its own co-operative bank with 1.2m customers, a revenue of around €14.8bn, and assets valued at €33bn. The average salary ratio between highest and lowest paid employees/members in the co-operative is 1:6, and by contrast, the average equivalent salary ratio for a FTSE100 company is 1:130. Profits are reinvested via a solidarity fund, which in 2014 allocated €40m to inter-co-operative linkages, training, and research and development. The Mondragon University not only trains workers for the core businesses but invests heavily in innovation, expressly to create the next generation of co-operatives in sectors such as nanotechnology, advanced fabrication, and artificial intelligence.

Centred on **Bologna**, the sector in **Emilia Romagna** has its roots in a strong trade union movement and a co-operative agricultural tradition across the small family farm economy. Legal structures are constantly evolving and there is now a distinction between Type A co-operatives that deliver a range of health, education, and social services, and Type B co-ops that promote labour market integration (although some businesses combine both types). The dense network of co-operatives, institutional support, and technical assistance is a product of, and reproduces, a solidarity culture across businesses, government, trades unions, and civil society. Thirty-five per cent of Italy's co-operatives are located in Emilia Romagna, making it one of Europe's most concentrated sectors. In Bologna, two out of three citizens are members of a co-operative and co-operatives directly account for over 40% of the region's GDP. Moreover, co-operative networks have enabled small manufacturing firms to integrate and achieve scale, especially in supply chains, and to pool resources to share marketing, research and development, training, and distribution costs.

Connectivity

The social economy has a particular role to play in the changing economic, social, and spatial structure of Northern Ireland in the last three decades. It needs to better connect with the mainstream economy in terms of labour market access, supply chains, social procurement, business consortia, and so on. But the mainstream economy will often bypass the people and places left out by labour market restructuring, the global and open nature of our economy, and in particular, the demand for high-skilled graduates.

The diagram shows that there are more people moving into the higher socio-economic groups (SEGs) and, at the same time, into the lowest SEGs. The new economy demands high levels of skills and advanced qualifications, to degree level or higher. It appears in new investment precincts, major employment locations, and high value housing markets that are often disconnected from deprived neighbourhoods. Two processes are important: the **spatial mismatch** in which jobs are going to new investment sites rather than traditional working-class neighbourhoods; and the **skills mismatch**, where new (knowledge-intensive) jobs require a high level of education rather than routine or manual skills. Source: Moriarty et al. 2017.



An economy to address poverty

DfC has conducted a wide ranging analysis of poverty and its impacts, and emphasises that work, economic activity, and skills are central to lifting people and places out of social exclusion. Moriarty et al. (2017) show that what determines who moved into the top three SEGs is whether they were male, the profession of their parents, and, most significantly, whether they were qualified to degree level or above. In short, the social economy is an effective and highly efficient arena to address complex forms of poverty but could do more if its scale and impact was strengthened. SENI (2019) showed that the GVA of the social enterprise sector, including direct and indirect benefits, was £625m, and that they put £581m worth of wages into the regional economy per annum. Moreover, the table below shows that while the sector is significant, it is less well-developed than in the rest of the UK.

Area	Northern Ireland ¹	Ireland ²	United Kingdom ³
Enterprises	843	1,420	471,000
Employees	24,860	25,000	1,440,000
Turnover	£980m	€1.4bn	£15bn

¹SENI, 2019; ²SFF and DRCD, 2018; ³DDCMS and DBEIS, 2017.

A quarter of organisations surveyed operate and trade in the top 50 most deprived super output areas, with a third in the top 100. Social enterprises are concentrated in service industries including education, employment and skills, and business support, and health and social care also constitutes a significant area of activity. However, the survey also showed that 58% of organisations earn between 76% and 100% of their income from trade (lower than the UK average of 74%); and 20% generate less than 25% of their income through trading. Three-quarters of those surveyed made a profit, 12% broke even and 13% recorded a loss. Around 44% of social enterprises are less than five years old, and, as with most sectors, building small enterprises into more sustainable businesses is a financial, technical, and skills challenge. If the social economy is to be an effective instrument to tackle poverty, address exclusion, and scale urban regeneration approaches, then it needs to be better capitalised and upskilled, especially around growth, financial management, and commercial sustainability. The diagram below is encouraging about both growth and restructuring, but clearly a more co-ordinated approach is needed to maximise the potential of the sector across the department's functions.

The profile of the social enterprise sector and how it has changed is shown in the key indicators here. Notwithstanding sampling limitations the sector has grown substantially in terms of numbers, employees and turnover.

The data also show a growth in new legal forms such as Community Interest Companies (CICs) based on company registration data. These have more than doubled between 2014 and 2018.

The sector is also restructuring with an increase in high turnover businesses and a slight decline in those with revenues less than half-a-million pounds. The percentage of social enterprises with a turnover in excess of £1m has increased by 85% and now around a quarter of the sector is in this range.

61% of those surveyed reported an increase in turnover in the last 12 months compared to the previous financial year; while 75% made a profit in the last financial year, compared with 68% in 2013.

The sector is smaller in terms of volume, organisational size, turnover and employees than in the rest of the UK and faces challenges to move into higher growth sectors.

Variable	2013	2018	Change
Organisations	437	843	78%
Employees	12,200	24,860	104%
CIC*	129	305	136%
Made profit	68%	75%	10%
Turover	£593m	£980m	65%
Turnover > £1m	13%	24%	85%
£500,000-£999,999	19%	12%	-37%
£100,000-£499,999	32%	30%	-6%
Turnover < £99,999	36%	34%	-6%

*Data from 2014 to 2018

The analysis also shows a strong correlation between development trust activity and multiple deprivation. In building local and plural economies, development trusts are often the main providers of waged income, basic services, and access to work in the poorest areas. The diagram below shows that for the 52 surveyed organisations, 60% of their income and 49% of profit are in the top 20% most deprived super output areas (SOAs). The analysis also shows that the average income, profit, and asset value is lower than that of the surveyed social enterprises, reflecting the tight market conditions in such places. However, nearly two-thirds (64%) of development trusts, in terms of their asset value, are also in the top 20% SOAs, and in places characterised by market failure, disinvestment and dereliction, these are often the primary drivers of regeneration. The connection between community assets, employment, tackling poverty, social capital (especially in crisis conditions such as Covid), and how these are arranged in spatial clusters needs to be explored further, not least in the context of area-based regeneration.

Indicator	Total	N in top 20% SOAs	%
Number	52	31	60%
Income	£61.36	£35.42m	58%
Profit	£4.10m	£2.00m	49%
Asset value	£115.12m	£73.06m	64%

Source: DTNI Development Trust Survey 2021

Queen's University Belfast (2014) surveyed 81 social enterprises involved in urban regeneration in Northern Ireland and found that:

- Most community businesses operating at a neighbourhood level are small and receive less than 10% of their income from trading, and only 12% have more than three-quarters from such sources.
- The most important barrier to development was access to capital to grow the business (80%), but nearly half (48%) also experienced problems with skills and learning opportunities.
- Sixty-three per cent of respondents were critical of the lack of support from the public sector, including financial, technical, and programme development.
- In particular, a number of respondents highlighted the lack of tailored supports for social enterprises, the need for grants to incubate businesses, and for clearer objectives around the type of sectors that should be prioritised.
- The barriers to growth include a lack of appropriate skills, competent staff, experienced board members, and a shortage of grant and/or soft loans.

Much of the criticism of previous policies has been of the stop-start nature of support: that investments tend to be too small and short term; technical support is weak; there are unrealistic expectations about how social economies (and social enterprises) can grow in areas of market failure; and there is an absence of laws and regulations that have supported development trusts across Britain (such as asset transfer, see PAT 1). The DTNI survey did show that the support environment had improved, including through Social Enterprise Northern Ireland (SENI) and its programme of training and qualifications. SENI now offers support with marketing and promotion for the sector, lobbying and advocacy, corporate services, and networking and capacity building. DTNI has also built a portfolio of training and one-to-one support on start-up, utilities management, financing, and innovation, and this part of the ecosystem has strengthened considerably in the last ten years.

Area-based regeneration and social enterprises

The survey data, sectoral seminars and area-based engagements also show that social enterprises achieve a range of integrated urban regeneration outcomes:

- They create employment, strengthen skills, and build pathways to work, especially for people who lack the education and experience to access high-growth sectors of the economy. Moreover, it is good quality jobs, with fair pay, decent working conditions and inclusive employment practices that social enterprises protect at a time of increasingly precarious forms of work.
- The social economy also aims to create services in 'demand-deficient' areas where the private (and even the public) market does not work effectively. More recently, for example, there have been significant developments in retail, community supermarkets, and food banks, often designed, delivered and managed by social enterprises.
- Linked to this, social enterprises nurture 'local consumption' circuits by providing the types of goods and facilities that create local demand, support the profitability of community businesses, and keep money in the local economy. In short, spending, even in the most disadvantaged areas, can be recycled within the neighbourhood, producing local multiplier effects and sustaining jobs, services and facilities in under-invested communities.
- Distinct forms of social savings, including credit unions, micro-finance, and community shares, that provide credit for people often denied access to bank accounts or who rely on predatory short-term finance or money lenders.

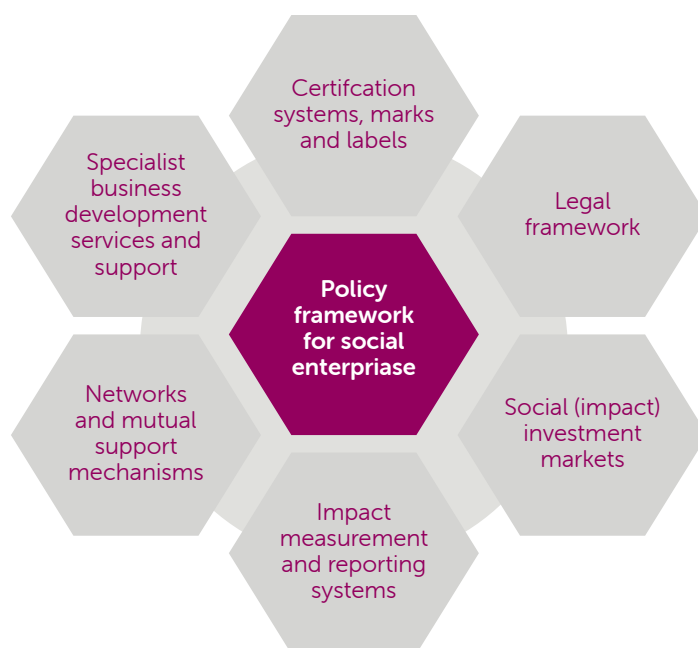
Vickers et al. (2017) have reviewed the relationship between social enterprises and neighbourhood effects across the UK (including in Belfast) and confirmed the labour market, local service, and business generation effects in some of the poorest urban communities in the country. What this points to is the development of an ecosystem, some of which is in place and supported by DfC, some of which can develop independently (such as grant support), and some that will require working with other departments and agencies.

Effective and well-integrated social enterprises can deliver:

Job creation, strengthening skills and employability by providing support services; creating decent jobs; employment-related support such as the provision of affordable childcare, housing or transport; building diversified local economies.

A contribution to entrepreneurship and innovation by brokering economic opportunities with private and public sectors; building social capital; stimulating local consumption and retaining money within local economies.

A contribution to wider economic and institutional transformation by supporting the creation of a more resilient economy; influencing how all businesses could or should work; promoting the wider uptake of values-led innovation. Based on Vickers et al. 2017, p.30.



A targeted spatial approach: housing estates and concentrations of poverty

An important issue about social enterprises (and the wider social economy) is the spatial scale at which it operates. There is of course, as will be shown later, dangers in a 'local trap' by focusing on small geographies that lack the consumption power to create a sustainable economy. Yet, we have seen countless examples where local production, consumption, and finance (especially credit unions) have altered the trajectory of areas. Certainly, social capital and organisational infrastructure is important, but these models emphasise the need to connect this with other physical and economic assets to build resilience within even the poorest communities. Moreover, they demonstrate that outcomes on children, young people, people with disabilities, and those at the economic margins can be generated, at scale, by social enterprises.

The Resurgam Trust in Lisburn operates a number of social businesses including LaganView Enterprise Centre and Community Gym, New Horizons Credit Union, Premier Taxi Company, Lisburn Community Self Build, Laganside Business Services, Lisburn Community Inns, The Highway Inn and Kitchen, and Trumbles Off Sales. The credit union addresses reliance on money lenders and payday loans, and creates an integrated economy with services, credit, jobs, and employment training. Before Resurgam began, Old Warren was the second-least popular housing estate in Northern Ireland, but now enjoys a long and growing waiting list. The self-build community housing scheme addresses local demand, construction skills, and employment in the area. Moreover, the jobs in construction, the bar, and in the taxi company have supported the transition of ex-prisoners and ex-combatants and provided a model for peace building and community relations (Resurgam, 2020). There is real frustration about access to land and property, especially available land via Community Asset Transfer (CAT) that could help grow this business.

LaganView Enterprise Centre



LaganView Enterprise Centre



The £1.63m (13,000 sq. ft) LaganView Enterprise Centre was opened in 2008, based on an initial asset transfer of land from the Housing Executive (valued at £600,000) along with capital funding from International Fund for Ireland, the then Lisburn City Council, and the then Department of Enterprise, Trade and Investment (DETI, now Economy). LaganView has created 34.5 jobs, which exceeded the DETI target of 19.5 within its first five years of operation. The organisation has a turnover of £1.70m pa, 53% of which is unrestricted, and annual profits of £120,000 pa are reinvested in a range of social interventions targeting children, young people, women, and community relations work.

Around 750 local people access the Healthy Living Centre per quarter, and this is the basis for an ambitious partnership on social prescribing, community food supply, and community health. Now, 600 young people participate in 27 different youth work sessions per week, including a Youth Bank programme that has intervened with 80 young people at risk, and has developed 30 young people as youth leaders via formal training. In the future, Resurgam wants support to create pathways into employment for local people, diversify the business portfolio, and scale their work with both private and third sector partners.

Spatial clusters and social enterprise poles

There are also observable clusters of social enterprises that work well together, trade with each other, and build formal and informal consortia to bid for larger contracts. East Antrim has experienced a sustained loss of manufacturing jobs, with major plant closures in the last five years. This has set the context for the social economy to emerge in a responsive way and it is often in conditions of crisis that the sector develops as a vibrant alternative to the private market. Developing such interdependencies strengthens the capacity and impact of the sector, and enables a form of horizontal integration by sharing facilities, technical support, and finance. Using Local Multiplier Analysis (see PAT 4 on making money work), we can see that these businesses generate considerable surpluses that recirculate within the local economy and slow the leakage that often accompanies profit-driven business growth.

East Antrim has been affected by the decline of the manufacturing base in the last three decades but a cluster of social enterprises provide a networked response to unemployment, training, business start up and specific supports for the social economy.

- LEDCOM lead in economic development by providing serviced facilities, business support and dedicated technical assistance for social enterprises.
- AEL provide disadvantaged and differently abled people with the skills, experience and confidence to find employment. The core business is in packaging and assembly; sample making; café; poly-tunnels and allotments; and ethical water, bottled at source and distributed regionally and internationally.
- Larne FC invests £20,000 pa in a range of *Brighter Futures* micro-grants to promote community participation in healthy sport; support social enterprise start-up and commercialisation; education and training for young people; and a dedicated Community Needs Fund to support local groups (with an emphasis on mental health). They also offer a BTEC Level 3 Extended Diploma in Sport.

The statistics show that these three organisation have a pooled asset base of £6.39m; generate £2.27m into the local economy and create profits of £658,000. Local Multiplier Analysis measures the impact of social enterprises on the neighbourhood economy by looking at how salaries, suppliers and investments create distinctive financial flows that private or public enterprises do not. Every £1 AEL spends, generates a further £1.80 and LEDCOM generates £1.35 in the east Antrim economy. The survey shows that the priorities for these businesses include:

- Capital and revenue spending as well as access to affordable credit;
- Better links with the public sector for (social enterprise) grant aid; assets and procurement contracts; and
- Market expertise and technical assistance to growth the core business.

In effect, leading social enterprises, on an area basis, have evolved as a type of informal 'pole', similar to (although not at the same scale as) Canada. For example, North Ayrshire Council established a community support hub network to tackle the challenges of Covid-19, and these serve as an integrated structure to deliver a broadly based community wealth agenda.

The community support hubs bring together council staff and 600 volunteers, and in one week they answered over 2,200 calls, carried out 2,153 food deliveries and 746 prescription drop-offs, while the hub teams have provided advice and signposting to over 400 residents to key statutory services. They also focus on isolation and loneliness, financial problems and poor mental health. The idea of a community anchor organisation as a catalyst for local economic development, and using its surpluses to reinvest in the community, is a recurring theme, especially in socially deprived neighbourhoods.

Income	£2.27m
Surplus	£658,000
Asset base	£6.39m
AEL 3LM leverage	£1:£1.80
LEDCOM 3LM leverage	£1:£1.35
Policy priorities	



Integrated urban economies

Urban social economies tend to thrive where there is strong municipal support to strengthen and better integrate these anchor social enterprises. In Barcelona (below), the assemblage of grant and loan support, technical assistance, and strong emphasis on innovation has enabled a more diverse economy for the city as a whole. Whilst DfC can put in place much of the enabling environment, its relationship with community planning structures and processes is again crucial. Rafferty (2020) noted that local control and especially ownership (of physical and economic assets) is critical to the development of sustainable communities across local authority areas in Northern Ireland. Guidance, strategic direction, and investment support, of course, has implications for existing programmes, including neighbourhood renewal, as well as opportunities in the Levelling Up Fund and PEACE PLUS.

Barcelona is an example of an ambitious, well integrated and resourced programme of support to develop the social economy across sectors; spatially, for target groups including young people and women; and for the future through a commitment to business innovation. The sector includes agroecological consumption groups who organise themselves to access cheap, healthy, and locally grown food; community gardens and orchards managed by groups of local people who supply the produce; and networks for the exchange of goods and services, including through Time Banks and non-monetised trading. The council-led support programme includes training, technical assistance, and grants for start-up, consolidation and networking within and between these agroecological communities. The initiatives also include a programme for care organisations to strengthen the role of social enterprises in the care of dependent people, in home care and in personal assistance; the textile sector; Let's Build for Women, which is an entrepreneurship programme for co-operatives that responds to the needs of women, children and families; InnoBAdora, a collaborative 'incubation community', which aims to design, start up and consolidate the next generation of social enterprises, and, to date, has created 25 incubated companies, 14 of which are women-led, and 70 jobs. (Ajuntament de Barcelona, accessed January 2021).

This is, of course, not the totality of place-based interventions, but it is an arena where DfC holds significant resources, policy instruments and leverage with other departments and local authorities. Indeed, the Department has been a key actor in building urban social economies in the past and it is only now that we are able to fully evaluate their community, environmental, and financial impacts. For example, Derry has a dense, spatially integrated and diverse social economy, with innovation in technology, finance, and the development of high-growth social enterprises. Deindustrialisation, the decline of shirt making, peripherality, and historic under-investment in infrastructure (roads, rail, airport, university, and so on) caused a formerly strong regional economy to fall into decades of decline and stagnation. Ulster University Economic Policy Centre's (UUEPC) (2019) analysis of the Derry City and Strabane District Council (DC&SDC) showed that employment has increased by over 8,000 jobs since 2001, with employment in 2018 reaching 66,400; there was some higher productivity in manufacturing and ICT but also a continuing reliance on public sector employment (+1,700 since 2013, or 25% of the increase). Real GVA currently is £2.53bn (2017), but growth has tended to come from health, accommodation and administrative services rather than by the attraction of more foreign direct investment firms bringing higher paid jobs. They also show that the economic inactivity rate is forecast to fall from 37.2% (2017) to 33.3% (2028) but it remains around 9% higher than the regional average, especially among younger people. The social economy has provided, and continues to provide, a bulwark against poverty, and is a driver of economic regeneration for the city region with a number of distinctive features.

A strong spatial spread with large community anchors distributed across the city. Creggan Enterprises Limited, for example, was established in 1991 in response to the absence of retail facilities, decent work or opportunities for educational advancement. It has attracted in excess of £14m to the area, created 300 jobs, developed 60 separate enterprises and projects, and generates an estimated £5m pa in wages being earned, spent, and circulated within the local community. Its income of over £700,000 pa has enabled it to reinvest part of its £300,000 surplus to local groups and charities.

Innovation in digital technologies and fabrication. The Nerve Centre attracts 120,000 people pa to a wide range of arts events, community relations activities, creative learning centres, training, and state-of-the-art production facilities. The organisation employs more than 50 staff at sites in Derry and Belfast and operates a Fab Lab with advanced cutters, 3D printers, lasers, and technical support to build skills and expertise and help prototype product designs and equipment. Nearly half the users come from the top 20% disadvantaged wards in the city, and the organisation has built an innovative peacebuilding programme around digital technology and maker spaces with links across Europe and the US. With an annual income of £2.63m pa, the organisation has reserves to innovate with technology, especially to target young people, people with disabilities, and local schools.



Working with transition services and Ardnashee School & College, the Nerve Centre used technology, digital fabrication, and aquaponics to create a distinct educational programme for young disabled learners. The two-year programme built their confidence, skills (to ONC level 1), social interaction, and life skills. Pupils used the Fab Lab to build the aquaponic units and sell microgreens to local restaurants (Above).

Contested and shared spaces. The Holywell Trust created a £3m shared space in the city centre, promoted the integrated heritage of the plantation walls and operates a range of community leadership programmes to support neighbourhood peacebuilding approaches. Their DiverseCity Community Partnership was used for 2,201 activities, and 8,000 people accessed the facilities for training, seminars, and education. Holywell supports local history projects seeking to understand the contested and shared heritage of place and how this can support mutual understanding and reconciliation. The Trust also works at a broader spatial scale and is a key partner in the development of the Eden Project Foyle, delivering the environmental regeneration of the riverfront and creating employment in heritage, environmental management, and potentially, tourism. Similarly, St Columb's Park House helps manage the urban park on the Waterside and developed the peace centre as a residential and training facility as well as a community hub, creating a safe inclusive space for groups of young people, including those from countries affected by ethnic conflict. They work with an interface area between Curryneirin and Tullyally, and built strong networks to provide services, food relief, and outreach during the Covid pandemic. In 2018, before lockdown, they sold 2,272 bed nights and 17,500 people used the conference facility, with the organisation earning over £500k in 2018.

There is a remarkable consistency in the survey responses and the area discussion in the north-west in terms of their needs, policy priorities, and where they see barriers to development. These are less about demands for grants and more about building the environment to enable the sector to grow to the next level. The need for co-ordinated support between central and local government, across sectors (and government funding programmes), and with the community are critical and here they emphasise that social enterprises need to be at the heart of policy making and programme delivery in the city.

Building social inclusion

Social enterprises and the infrastructure to support them are of course not all spatially focused, and as the research shows, large scale organisations have been effective in tackling the exclusion of a range of groups including women, people with disabilities, migrants, offenders and ex-offenders, ex-paramilitaries, and so on. These enterprises are capable of reaching those with particular personal and social barriers, who are furthest from the labour market, and need bespoke services to live a decent quality of life. The NOW Group is just one example of the complexity of such interventions, which raises implications for how the voluntary sector is strategically supported within the context of Community Wealth Building. To be clear, it is not the case that large voluntaries need to be social enterprises or have tradeable services; nor that a business model is always the best option for such interventions. But where it is appropriate, it can reach groups that mainstream services often cannot.

The **NOW Group** is a social enterprise supporting people with learning difficulties and autism into appropriate employment. This involves supported employment with a range of public, private, and community organisations: Loaf Catering and Cafes, which provides corporate catering and operates a range of facilities, including in Belfast City Hall; family support; volunteering; and social value impact measurement. Gauge NI is NOW's research and evaluation social enterprise, which helps private, public, and third sector businesses to understand, measure, and communicate their full financial benefit to users, communities, and policy makers. Using Social Return on Investment (SORI) methodology, Gauge NI has created impact cards for a range of organisations including the NOW Group. This shows that every £1 invested in NOW created £20 in social value. In 2020, the data included: 52 people were moved into employment; participants on supported employment have a retention rate of 89%; 42 new employers engaged with 1,000 businesses now involved in training and employment; 1,020 people were supported; and 570 qualifications were achieved. The holistic provision is reflected in Family Support which provides access to a range of public services, improves life skills, and provides wraparound care for 89 parents to support their children in education and work. The Group has a fixed asset base of just under £500k and a turnover of £2.89m. Fifty-eight per cent of their income is unrestricted, reflecting their capacity to generate commercial income and reinvest in growth, diversification, and new markets in the Republic of Ireland. Legislation, especially on social value on public contracts, is a priority for the NOW Group.

Innovation and the next generation of social enterprises

There is concern among some social enterprises that the sector is not viewed as innovative, and that current infrastructure and service delivery is somehow deficient, simply because it is well-established. Organisations have complained that due to funding cycles, they often lack the resources or time to seriously engage in creative thinking in the same way that successful social economies have done in the Basque Country, Catalonia, Quebec or Italy. This is an issue that will be looked at later in TAP 3 on Making Money Work, but it is clear that there is considerable innovation in the sector, that previous work and impacts should not be discounted, and that innovation is not a solution in and of itself. The regions that engage in useful social innovation have connected these to scaling the next generation of social enterprises, diversifying services or products, building stronger business coalitions, making better use of resources (such as credit union reserves) and better connecting social enterprises to the expressed needs of local communities. The successes of the past such as Work West Enterprise Agency (below) need to be built on in a way that gives purpose to social innovation within the wider social economy.

Work West Enterprise Agency has developed 65,000 sq. ft of business units in outer west Belfast, 15,000 sq. ft of which is dedicated to social enterprises in its Social Economy Village. The organisation operates a number of social enterprise and entrepreneurship programmes across local authorities. They deliver the Ards and North Down Social Entrepreneurship Programme (ANDSEP), and between 2018 and 2020 developed 18 new products and services and 34 jobs. Their Go Social programme in Belfast worked with 31 projects, in which 14 had started a social enterprise, creating 18 jobs. Work West developed Thinc methodology, which is a hybrid of problem-solving and design thinking, that supporting 20 teams to create new approaches to social challenges, with 14 securing seed investment of £10,000 to prototype new ideas. The Thinc Schools programme was developed in response to the way in which the current education system is failing to prepare many young people for the new and emerging economy. Delivered in five west Belfast schools, the programme has helped 215 young people and 39 teachers identify key challenges that matter to them and then apply creativity, imagination, and design thinking to develop new solutions by adopting an innovators mindset. Thinc Schools prepares local young people with key skills such as creative problem solving, ideation, teamwork, and critical thinking (<https://workwest.co.uk/design-thinking>).

Limitations of the social economy

The survey also highlighted the limitations of the social economy and how it is spatialised, emphasising the need for a stronger regulatory and enabling environment to scale and replicate place-based social enterprises:

- First, some are concerned that the sector is increasingly used as a way of replacing public services and shifting delivery to social enterprises and development trusts.
- Second, and linked to this, labour market integration has been criticised as ‘workfare’, the primary purpose of which is to get people off welfare support and benefit income – including those who are sick or disabled – and into waged work.
- Third, social enterprises tend to operate in marginal sectors of the economy and low value labour markets (such as childcare, recycling, and community retailing) that are often characterised by poor pay, insecure conditions and limited chances of progression.
- Fourth, as noted above, the sector tends to be dominated by a larger number of small, undercapitalised and inexperienced enterprises that make growth and innovation difficult to achieve.
- Fifth, and related to the issue of scale, is the local trap. Here, social enterprises are criticised for their concentration in underserved neighbourhoods where prospects for growth are limited by cash-poor markets and weak integration with the wider social (or mainstream) economy. Thus, enterprises lack the finance, scale economies, and business networks to grow out of their community to become a radical and sustainable alternative to the private sector.
- Sixth, many are criticised specifically because they are social and are operated by leaders with an interest in an ethical purpose rather than developing a resilient business model. The tension between the social and the economic is ever present, making it difficult to scale and replicate successful companies, not least because of the lack of entrepreneurial knowledge and competence across core staff and boards.
- Finally, the sector lacks the bespoke finance, necessary regulatory support, and technical assistance. To grow the social economy, as more successful models in the Basque Country, Bologna and Québec have, requires an infrastructure that is missing in Northern Ireland.

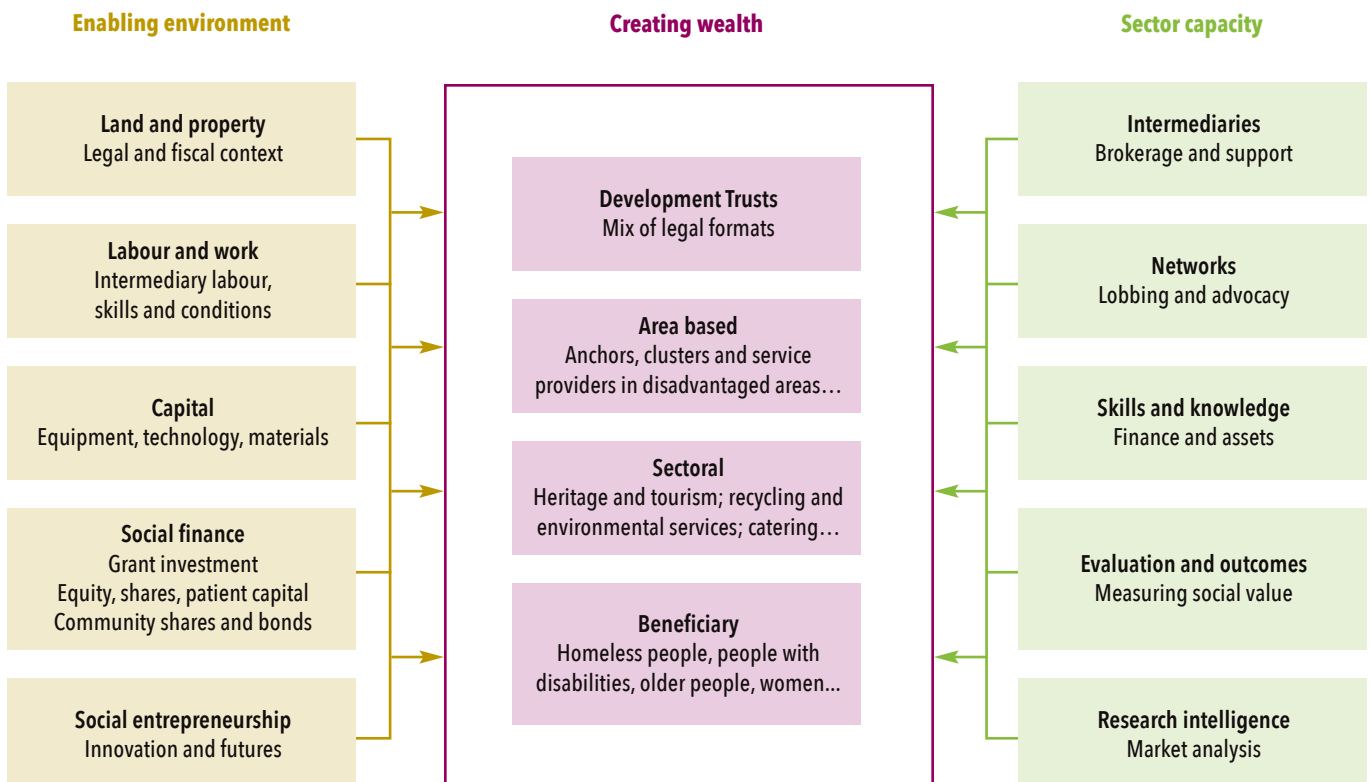
Implications

An integrated social economy

The diagram below outlines, in broad terms, what a plural economy might consist of and as noted, we see the focus on building the social economy in which DfC has a vital role to play. On one side, development trusts, as with any other business, need factors of production, including land, labour, capital, and so on, and getting the right environment – policies with resources, preferential legislation, affordable finance, and social entrepreneurs – is what government can help build. In this case the use of land is dictated not by its surplus value (how much money can be made by developing it) but its value to different communities that have an interest in using it sustainably. Clearly, finance, legal structures, fiscal rules, and so on will require co-operation with other departments and agencies, but there is much within the scope of urban regeneration, comprehensive development, and support for the community and voluntary sector that can be delivered.

This relates to the need to support trusts on a sectoral and spatial basis, with the potential for urban regeneration to develop the economy of multi-deprived areas more clearly. An area focus can help connect social enterprises (supported by, say, health or economy) with local needs and build a more ‘total place’ approach to the way in which community assets are developed. This means integrating physical assets, social enterprises, revenue, and capital spending by the public and private sector, and building regeneration frameworks centred on the social economy itself. This also raises implications for the development trust sector itself, how it is structured, networked, and skilled to maximise the impact of community wealth on a range of interests.

Implications for the social economy, community wealth and Departmental priorities



The need for an area-based framework

The policy implications for the research cut across a range of departments and agencies, and it will be important in some areas for DfC to work with others to build the ecosystem for the social economy in Northern Ireland. An area-based framework would support core delivery and there are well-developed models of how this might work. Smerdon and Robinson (2004) raised the potential of Social Enterprise Zones, whilst SEUK advocates an integrated approach to develop Social Enterprise Places where the social economy is thriving and can be extended spatially into new neighbourhoods, sectorally in different markets, and with each other in business coalitions (including between social and private firms). Again, the DfC has leverage with local authorities through the community planning process and Crawford et al. (2020) point out that there is an opportunity to better connect communities, planning, and local development, whilst Rafferty (2020) highlights the need to better connect the community plan with the local development plans. The potential to identify spaces, assets and incentives (via zoning, comprehensive development, and enterprise zones) is an area for further consideration.

A social enterprise zone approach

There is evidence that anchor social enterprises and clusters have turned places around and provide a vital infrastructure for city-wide regeneration (as part of other private and public investments). This could be an experimental social innovation approach, which might test out such models where the capacity and infrastructure exists, not least in the way in which the PEACE PLUS programme has proposed.

Based on area-based models a Social Enterprise Zone could experiment with:

- a commitment to embedding the approach in the skills, experiences, capabilities, and educational attainment levels of the neighbourhood
- a focus on social, economic, and environmental assets in the zone and between the zone and anchor institutions (services and facilities) in the neighbouring area and commercial precincts including central business districts
- a commitment to social enterprise models that enables resources to be recycled within the impact community, but which are tailored to jobs and skills in the area
- a fiscal regime that includes de-rating and tapered rating during the incubation and start-up phase
- advanced, bespoke, and high-spec units, with, say, state-of-the-art fabrication facilities aimed at business development and skills training
- the appropriate skills support to ensure that the right projects are identified, incubated, and scaled over the life of the initiative
- the development of appropriate forms of social finance (and, where relevant, private finance) including equity, patient capital, and community shares and bonds
- skills support that draws on the best local and international expertise
- the creation of clusters that are embedded in supply chains, form economic strength from proximity, and which offer clear progression (including development facilities) for high-growth social enterprises
- a commitment to evaluation and strategic learning, with participatory research designs to maximise programme effects.

Social innovation and social enterprise growth

The social economy in Northern Ireland is an innovative sector and DfC and other agencies support a range of creative programmes on digital fabrication, sonic arts, accelerator programmes for social enterprises, incubation, and community finance. The Department needs to recognise the strengths as well as evident gaps in innovation and to provide definitional clarity and objectives for investments under the PEACE PLUS Programme. There has been effective use made of Knowledge Transfer Partnerships to explore new ways of working across the social economy, and a strength in social innovation could help draw on places (such as the Basque Country and Barcelona) where there are well-integrated strategies. Resources (such as from PEACE PLUS) could help develop a programme of innovation projects based on a version of social KTPs, innovation labs and Thinc methodologies that already have a proven record of success.

Market intelligence

TAP 1, Asset-Based Development emphasised the need to better understand impact, but evidence is also needed to reposition the social economy into higher growth sectors. This is especially the case to draw on best practice, what works and the transferable models from other places, as well as to help the sector to develop supply chains and consortia arrangements (which is developed in the TAPs on procurement and labour markets).

Resources

Ajuntament de Barcelona (Accessed January 2021) *Social and Solidarity Economy Strategy in Barcelona 2030*. Barcelona, Ajuntament de Barcelona.

Centre for Local Economic Strategies (CLES) (2020) *Owning the Future: After Covid-19, a New Era of Community Wealth Building*. Manchester, CLES.

Crawford, J., Ellis, G. and Fox-Rogers, L. (2020) *Building the Capacity of the Planning System to Deliver Public Interest in Northern Ireland – A Scoping Paper*. Belfast, DTNI.

Development Trusts Northern Ireland (DTNI) (n.d.) *Time to Build an Inclusive Local Economy: A Charter for Change*, Belfast. DTNI.

Social Enterprise Northern Ireland (SENI) (2019) *Re-balancing the Northern Ireland Economy: 2019 Report on Social Enterprises*. Belfast, SENI.

Social Finance Foundation and Department of Rural and Community Development (SFF and DRCD) (2018) *Social Enterprise in Ireland*. Dublin, SFI and DRCD.

Department for Digital, Culture, Media and Sport and Department for Business, Energy and Industrial Strategy (DDCMS and DBEIS) (2017) *Social Enterprise: Market Trends*. London, DDCMS and DBEIS.

Moriarty, J., Wright, D., O'Reilly, D. and Thurston, A. (2017) *Economic Opportunities, Occupational Class Status and Social Mobility in Northern Ireland: Linked Census Data from the Northern Ireland Longitudinal Study (NILS)*. Belfast, QUB.

Queen's University Belfast (QUB) (2014) *The Social Economy in Northern Ireland*. Belfast, Queen's University Belfast.

Rafferty, G. (2020) *Considering Community Planning and Community Rights in Northern Ireland: A Scoping Paper*. Belfast, DTNI.

Resurgam Trust (2020) *Conflict to Peace - Our Community Transformation*. Lisburn, Resurgam Trust.

Smerdon, M. and Robinson, D. (2004) *The Experience of the Community Links Social Enterprise Zone*. York Joseph Rowntree Foundation.

Ulster University Economic Policy Centre (UUEPC) (2019) *Derry/Londonderry Economic Performance and Outlooks in an Age of Uncertainty*. Jordanstown, UUEPC.

Vickers, I. Westall, A., Spear, R., Brennan, G. and Syrett, S. (2017) *Cities, the Social Economy and Inclusive Growth: A Practice Review*. York, Joseph Rowntree Foundation.

Queen's Communities and Place (QCAP) (2022) *Policy Impact the Plural Economy, Social Economies, Poverty and Place-Based Development*, Belfast, Development Trust NI and Queen's University Belfast.

Queen's Communities and Place | QCAP uses research and teaching to help tackle the complex challenges of socio-spatial deprivation. Our social economy strand works with people, NGOs and government to build a more inclusive approach to area-based regeneration.





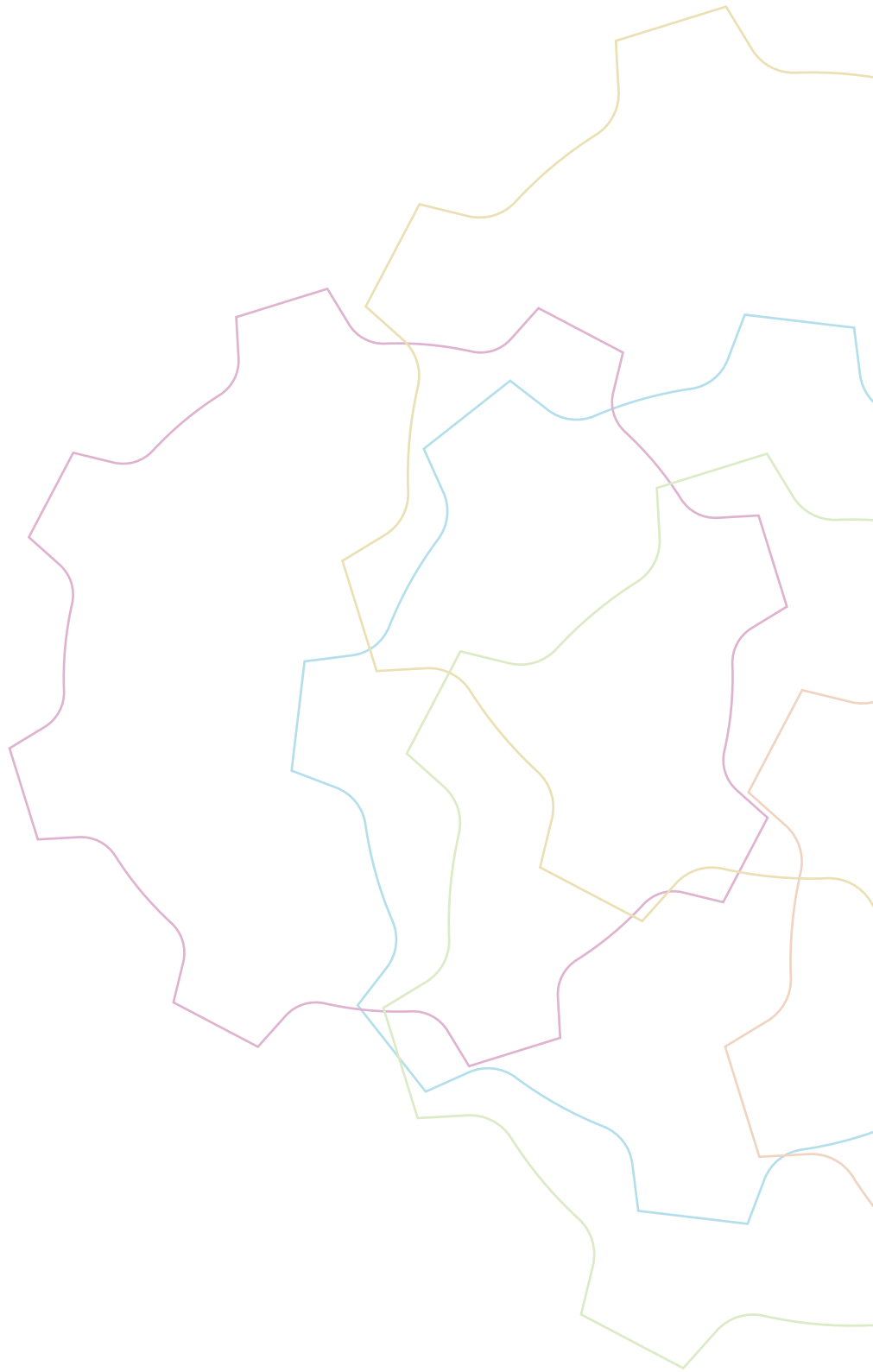
Empowering Communities

For further information

Email: info@dtni.org.uk

Tel: 028 9031 1132

Twitter: @devtrustsni



Department for
Communities

An Roinn
Pobal

Deapartment fur
Commonities

www.communities-ni.gov.uk

Thanks to the Department for Communities for supporting the production of these advisory papers which DTNI hopes will be taken into account in the formulation of future policy. It should be noted that the papers have been derived from research and conversations with the voluntary and community sector and other interested parties, and the conclusions and recommendations are the authors' own.