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*Facilitating the Social and Solidarity Economy
in the Liverpool City Region*

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Acronyms

BenCom	Community Benefit Society
CA	Combined Authority
CBED	Community Based Economic Development
CDA	Cooperative Development Agency
CIC	Community Interest Company
CIO	Charitable Incorporated Organization
CLT	Community Land Trust
CVS	Council for Voluntary Services
EU	European Union
GBP	Great British Pounds
ICOM	Industrial Common Ownership Movement
IPS	Industrial and Provident Society
LCR	Liverpool City Region
LEP	Local Enterprise Partnership
PSS	Personal Services Society
SDS	Spatial Development Strategy
SEN	Social Enterprise Network
SIB	Social Impact Bond
SIFI	Social Investment Financial Intermediaries
SITR	Social Investment Tax Relief
SSE	Social and Solidarity Economy
UK	United Kingdom
VS6	Voluntary Sector 6 (leadership group)
VSNW	Voluntary Sector North West

Summary

National policy support in the United Kingdom for the social and solidarity economy is complex, often caught between central and local interventions, both direct and indirect. Recent legislation has sought to change what all businesses can do, to update what was seen as anachronistic company law and to encourage – through reduced administration – a more enterprising mindset. Directly, the SSE has experienced legislative changes to the forms and types of organisation the government wished to encourage. This has stimulated a very particular idea of the social economy underpinned by an overriding ideology of less business regulation and a more entrepreneurial SSE sector.

Support for the SSE has, in recent years, taken place against a backdrop of austerity and public sector expenditure cuts. There were two further pieces of legislation worth noting for their impact on the local SSE during this period. The Public Services (Social Value) Act 2012 required public service providers to consider economic, social and environmental value in their procurement decisions. This provided opportunities for local governments to support the SSE. Locally, one district authority took the lead in this regard. Knowsley Metropolitan Borough Council produced a Social Value Framework to embed social value accounting in their procurement arrangements, and was regarded as a local leader in this field.

A second policy from national government has the potential for more profound impact on the SSE. The Cities and Local Government Devolution Act 2016 established 10 city-region Combined Authorities in England, with eight having a directly elected “Metro Mayor”. Liverpool City Region was established with a Combined Authority and Metro Mayor, both of which have taken a lead on facilitating the local SSE. The Liverpool City Region Combined Authority, for example, is seeking to incorporate social value in all policy, aiming to have a direct positive impact for the SSE especially in terms of accessing public markets and protecting community land and buildings.

The potential from devolution for the SSE cannot be overstated in the city region. As the Combined Authority released its local industrial strategy, the SSE was recognized as an important part of the wider city region’s attempt to build a more inclusive economy. The Metro Mayor recognizes the SSE as a partner needed to achieve city-region objectives, and the Combined Authority has worked with practitioners to provide new means to collaborate. New governance arrangements have produced, for the first time, a political voice for the sector through the Liverpool City Region SSE Reference Panel. New collaboration has led to an important finance initiative to deliver better forms of social investment into the sector.

Overall, however, the UK remains a highly centralized state and this limits what can be achieved by the local SSE. In Liverpool City Region the SSE is shaped by its own political history, with both radical and reformist behaviours. SSE actors have been quick to seek collaboration with local authorities, sometimes to their own detriment as funding has been reduced. Many have sought to reiterate their independence even as they co-partner with local agencies. Some sections have shown their own entrepreneurial spirit, shaping local community responses to austerity, and have been quick to respond to the Covid-19 public health crisis. Much remains to be done to face the needs that exist in the city region, though – both the needs of communities, and the help required to ensure the development and successful growth of the SSE.

“I already knew and liked the German word solidarität before I came to Liverpool and now, I have learned that the English word is solidarity because I have heard it used by our supporters during the last few months. For me, it is the word more than any other that captures what Liverpool people are about. It is why they have come together to make PPE [personal protective equipment, for Covid-19], it is why they have delivered food parcels and medicines to people when they have needed it most, and it is why they come together in so many different ways during such a difficult time.”

Liverpool FC manager Jurgen Klopp, on social solidarity in the city region

Introduction

The history and structure of the Social and Solidarity Economy (SSE) in the Liverpool City Region, in northwest England, broadly reflects that of the United Kingdom (UK) as a whole. It can be understood as fundamentally comprised of three distinct traditions: the voluntary and community sector; the cooperative movement; and the social enterprise sector.

The voluntary and community sector has grown out of philanthropic, mutualistic and community self-help practices predating industrial capitalism. Today, it contains a diverse spectrum of entities from informally-organized small community groups running on voluntary labour to national charitable associations with substantial turnovers and paid staff. Cooperatives arose in the nineteenth century as a solidaristic alternative to private for-profit enterprises. The co-op movement can be traced back to the Rochdale Pioneers, an early consumer co-operative located in Lancashire, the historic county of Liverpool. The Rochdale Principles set out the values that continue to underpin the global modern cooperative movement.¹ Social enterprises are a much more recent development, arising in the 1990s and associated with government attempts to bring renewed business dynamism to the SSE and harness it for public policy objectives particularly around tackling social exclusion.

Liverpool has an especially rich history of SSE development, often at the forefront of shaping these national traditions, with a particularly vibrant local movement today. Throughout this history, public policies at various scales of government have both helped and hindered the city region’s SSE. The direction of influence has often been the other way. Liverpool’s SSE has been an important source of inspiration for the development of public policies related to health, sanitation, education and housing, both locally and nationally, through the nineteenth and twentieth centuries. This report briefly explores some of these exchanges between Liverpool’s SSE and public policy innovation (in section 2) but it is primarily focused on how public policies can support the city region’s SSE in the contemporary period.

¹ The Rochdale Principles formed the basis of the International Co-operative Alliance (ICA) in 1895, providing contemporary stewardship on co-operative behaviour and identity. More on the Principles and ICA can be found here: <https://www.ica.coop/en/cooperatives/cooperative-identity>

The UK is an extraordinarily centralized polity with political power overwhelmingly concentrated in London, the seat of national government. Compared to their counterparts across much of Europe and North America, this leaves local authorities and city-regional governance bodies with very little power to effect change in local economies or, indeed, provide tailored support for the SSE. Such support has thus tended to come from the centre. However, as we explore in section 1, this usually comes with strings attached, with SSE support instrumentalized for other policy agendas, especially in recent decades with social enterprise.

Since 2011, however, the UK government has embarked on a process of English city-regional devolution, in which various powers from local economic development to transport strategy are devolved to newly created political structures at the metropolitan scale. In Liverpool, this has opened up significant opportunities for renewed public policy support of the SSE at the city-regional level. In the remainder of this introductory section, we provide a background introduction to the Liverpool City Region before, in the main body of the report, exploring the national legislative and policy context, the structure of the city region's SSE and, finally, the public policies that have been developed locally to support the SSE.

The Liverpool City Region (LCR) is a relatively recent administrative designation covering an area more commonly and historically associated with Merseyside, reflecting the geographical and socioeconomic importance of the River Mersey. The five constituent local authorities of Merseyside – Liverpool, at its core, Sefton to the north, Knowsley and St Helens to the east, and the Wirral on the Mersey's opposite banks – were joined by Halton in 2014 to constitute the Liverpool City Region Combined Authority (CA) – see Figure 1.

The core city of Liverpool has historically dominated the political and economic life of the city region, based largely on maritime trade. Liverpool is the only local authority in LCR with city status, gained in 1880. The city's importance as a seaport predates the Industrial Revolution; expanding in the eighteenth and nineteenth centuries as a nerve-centre of the Atlantic slave trade and preeminent port of the British Empire, drawing many migrants to the city. As a result, Liverpool became ethnically and culturally very diverse, and one of the wealthiest cities on the planet for many decades.

During this period, wealth was extremely unevenly distributed, with inequalities and deprivation marking dockside communities leading to severe health and sanitation problems. Local philanthropists, entrepreneurs and government officials have been very

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