



# MANIFESTO FOR AN INCLUSIVE ECONOMY

The Social Economy Alliance, May 2017

---



# MANIFESTO FOR AN INCLUSIVE ECONOMY

The Social Economy Alliance, May 2017

## INTRODUCTION

---

We are ambitious and optimistic.

We know that the people of the United Kingdom sometimes feel they don't have all that much to be united about. Inequality threatens all our prosperity. Trust in our institutions, our businesses, our media and each other seems more fragile than ever before. People can feel ignored and insecure, far from the centres of power, excluded from the benefits of growth, and our country sometimes feels beyond our control.

But we know we can build a more inclusive economy. We don't expect politicians and governments to solve all our problems. We can solve many of them ourselves, locally, and help others to solve theirs too, if given the chance. We can work together with a strong sense of purpose and by applying the values we hold dear - fairness, decency, hard work and togetherness.

---

## THE SOCIAL ECONOMY

If we are to succeed, then we need businesses and organisations which embody those values. Many of us already do. On the one hand, the organisations we represent are an economic force:

- The social economy includes community groups, co-operatives, social enterprises and charities worth tens of billions of pounds to the UK economy.
- Civil society organisations employ 7% of the UK workforce – the same as the creative industries.
- 17.5 million people own and control our 7,000 co-ops.
- Local charities and social enterprises own more than £1bn worth of assets.
- Social enterprises, from single entrepreneurs to multimillion pound companies, are growing faster, creating more jobs and innovating twice as fast as other businesses, delivering healthcare, food, transport, housing, energy, leisure, childcare, tech solutions and more.

But more than this, they do things differently - in a way that is inclusive:

- 31% of social enterprises work in the top 20% of the most deprived communities in the UK, while 40% of social enterprises are led by women.
- 31% have Black Asian Minority Ethnic directors while 59% of social enterprises employ at least one person who is disadvantaged in the labour market.
- Tens of thousands of people in cities, towns and villages are coming together to save local pubs, shops, parks and community buildings and put them in the hands of the community.
- Tens of thousands of people are proudly investing in community energy and community-led housing projects.
- Community led organisations have direct reach and trust with communities and are a vital part of the local economy in some of our most disadvantaged places.
- We involve more people in the business of decision making, paying more fairly and sharing wealth and opportunity more effectively.

## AN INCLUSIVE ECONOMY

Politicians of all flavours have set out their ambitions for an inclusive economy. But ambition is nothing without the means to deliver.

The social economy shows the way to a more inclusive economy. We can help deliver. We are ambitious and we are optimistic. We have ways of making the cost of living more affordable, fighting loan sharks and high cost credit, building affordable housing, running sustainable transport, and bringing empty shops and dying high streets back to life. We have more sustainable models of health and care, and we can take on some of the burden from government of building a fairer Britain.

The UK is recognised as a global leader in social enterprise and social investment – our models are envied and exported around the world. We already influence consumer behaviour, making markets fairer, nudging big business to do the right thing and making boardrooms more representative of the people of Britain. We are already shaping the inclusive economy of the future.

---

## THE ROLE OF GOVERNMENT

We want to do more. We want to build a truly inclusive economy which works for all. Government can enable action to flourish from the ground up; not just rhetoric but real action which tackles root causes and prevents problems, not quick fixes and sticking plasters. We want to ask the next Government how they will support the creation of a truly inclusive economy.

### 1. How will you release the potential of business?

- Government can help rebuild the reputation of business as a force for good, encouraging business to tackle the challenges we face through incentives for good behaviour, by tackling irresponsible behaviour and tax avoidance, radically improving tax transparency and by encouraging corporates to embrace social value in their supply chains.
- Government can recognise the value of businesses that commit to directing their assets to the benefit of society, through opening up Social Investment Tax Relief and reviewing the tax system for charities and social enterprises. Government can ensure that the laws around co-operatives and community benefit societies are more user-friendly, allowing them to commit to a social purpose and asset lock, as well as prompting business founders more widely to specify the purpose of their business with Companies House.

.....

### 2. How will you seize the opportunity of Brexit?

- The Government can completely remake UK state aid, competition and procurement law to allow greater flexibility and consideration of wider, long-term economic, environmental and social value. The Government can replace EU social funds and regional funds - and finance from the European Investment Bank - with the same level of funding. But this can be made more socially and environmentally useful and less wasteful through targeted, patient, long term support and a place-based approach, focused on the needs and capacities of local people.
- The Government can replace the Common Agricultural Policy with programmes that drive more sustainable, fair and productive land management and stewardship, encouraging greater co-operation between farmers to build mutual resilience. The Government can deliver a more ethical trade policy by ensuring new trade deals maximise the potential for fair trade and committing to meaningful engagement with charities, social enterprises and co-operatives throughout the process of exiting the European Union.



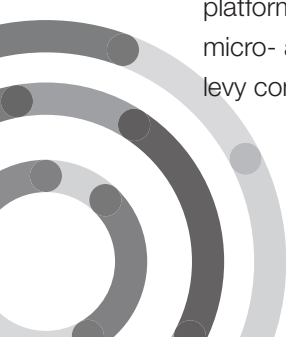
### 3. How will you harness the buying power of the taxpayer?

- If Government outsources public services, it can insist that the majority of any profits are committed to the benefit of society and communities, through a “social by default” approach. Beyond this, Government can strengthen and extend the Social Value Act to goods, works, planning, assets and insist that public budget-holders not only consider wider, long-term social value but account for it too.
  - Government can help staff, communities and public service users set up mutuals to deliver public services and foster the ethos of mutual governance within the public sector. Government can end the unfair treatment of small and local businesses and enable local community groups, charities and social enterprises to have a much greater role in designing services. The public sector should be much more transparent about what proportion of taxpayers’ money goes to businesses acting in the national or community interest.
- .....

### 4. How will you channel the passion of communities?

- The Government can release over a billion pounds of dormant assets to strengthen local communities, based on need and aspiration. This can enable local groups to take assets under community control and ownership, support people to build their own local economies, put power in their hands and harness community spirit.
  - The Government can support people to pool their own resources, bringing to life pubs, transport, arts and culture, shops, swimming pools and parks – by improving the taxation and rules around Community Shares, which enable people to have more direct control over their local areas. The Government can back the emerging success story of community owned and co-operative housing, self-build and refurbishment, community land trusts and tenant management organisations. The Government can create fair and appropriate incentives through the tax and planning systems to allow communities to develop sustainable energy solutions if they want to, including energy generation, storage and demand management. The Government can bring more democratic models into the running of Britain’s transport system by building passenger and staff representation into franchises as they are let; and put fans at the heart of British sport, with a formal recognition of the rights of fans to invest in their club through co-operative supporters trusts at a point of sale.
- .....

### 5. How will you tackle injustice and fairly reward the efforts of hardworking people?

- The Government can redirect tax breaks away from owners of unproductive assets and towards entrepreneurs, start-ups, communities and employees to spread wealth and opportunity and help workers gain greater ownership and control of their livelihoods. The Government can make it easier for savers to back these businesses, investing their savings ethically and locally.
  - The Government can help democratise ownership, supporting employee buyouts, reforming Corporate Governance, bringing greater transparency to pay ratios, introducing employee representation and encouraging profit sharing. The Government can explore alternative modes of user buyouts for online digital platforms. The Government can help address the UK’s productivity gap by improving skills and support to micro- and small enterprises in less productive sectors and encourage employers to channel apprenticeship levy commitments towards apprenticeships for social entrepreneurship.
- 



## 6. How will you direct the machinery of government?

- The Government can deliver a truly inclusive industrial strategy with a commitment to social economy models running through its heart. The Government can ensure devolution deals, Local Enterprise Partnerships and Sustainability and Transformation Plans in England are more accountable and representative of communities; that they include a strong focus on the inclusive economy; give regard to economic, environmental and social value; and have a duty to involve local community groups, charities and social enterprises.
- The Government can build an effective Inclusive Economy Unit within the Department for Business, with responsibility for supporting social enterprises and co-operatives and helping them grow and replicate. The Government can strengthen the Voluntary Sector Compact and reform legislation on lobbying in line with the recommendations of Lord Hodgson. The Government can promote apprenticeships in social entrepreneurship and identify social entrepreneurship as a career option in schools, colleges and curricula.

---

## CONCLUSION

We want to make sure that everyone can share in the country's wealth by cutting out all the political platitudes about stakeholder societies – and doing something radical. We can't sit back and accept a country riven with division, inequality and a lack of trust. We want to give people a real stake in the economy and take back control.

We can reinvent capitalism for the 21st century, reframe the debate about the role of business in society and show that entrepreneurship can be a force for good by spreading wealth and opportunity, solving the major social challenges of our times and creating a more shared society. This is an opportunity for the citizens of this country to reshape the boardrooms of Britain.

We are the Social Economy Alliance. We are, and represent, hundreds of social enterprises, co-operatives, charities, investors, entrepreneurs, trusts and associations. We are organisations and businesses with a social mission. We have come together to make the case, not for what the next government can do for the social economy but for what the UK's growing social economy can do for the country.

---

The contents of this manifesto reflect the ideas of the Social Economy Alliance since 2014. It is not intended to be a comprehensive plan for every aspect of economic life or social needs, but taken together, to be an open blueprint and menu of ideas that could transform the economic and business landscape in the UK.

We know that the UK is a country of more than one government, with well-established devolved administrations, assemblies and parliaments, a proud tradition of democratic local and municipal government and an important new pattern of regional and city-based devolution deals coming forward in England. This manifesto is directed to the UK Government, focusing on its powers and responsibilities, but implicit throughout is the need for coherence and collaboration across the governance of the UK at all levels, to harness the extraordinary potential of action through the social economy.



