Social enterprise, strategic networks and regional development

The West Midlands experience

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Abstract

Purpose – The purpose of this paper is to examine the way in which the UK Labour Government "framed" the policy and practice debate on social enterprise, the way in which "strategic" networks were (or were not) facilitated and the extent to which scale and geography shaped policy choices after 1997.

Design/methodology/approach – The paper examines three phases of development through a series of examples/case studies all of which are based in the West Midlands in the UK. The paper draws upon the author's practice and experience as both a practitioner and researcher during this period. Interviews with other key individuals are undertaken to inform the author's reflections and analysis.

Findings – The paper suggests that there is a risk that experience, knowledge and understanding are at risk as there seems to be poorly developed processes and systems to "capture" informed understanding and that the importance of regional networks to promote practice and to protect innovation are often poorly developed and supported.

Research limitations/implications – The paper is timely given the renewed focus by political parties in the UK on the role of the third sector in providing the "solution" for a number of public sector initiatives.

Practical implications – The paper cuts across both the literature/debate on public policy as well as that on the role of networks and decision making within informal (as well as formal) organisations.

Originality/value – The paper is timely and will add to an awareness of policy choices and the importance of sustaining a "memory" of past (and current) programmes.

Keywords Enterprise zones, Regional development, Social networks, Decision making, Government policy, England

Paper type Research paper

Introduction

Over the past decade, some of the most challenging and innovative aspects of New Labour's policy agenda have arisen in the spheres of social enterprise and regional development. This paper seeks to explore these challenges by focusing on how social enterprise policies have been developed and implemented in one region, the West Midlands, through the evolution of regional strategic networks. While central government's social enterprise programmes have been delivered at various geographical scales, it has been at the regional level where the policy framework and direction has been set. In some regions as in the case of the West Midlands, a strategic network has provided the basis upon which policy has been developed.

The focus of the paper is on the experience of network development in this policy arena; how the concept was devised; the wider policy and structural context; the drivers and inhibitors of change; internal and external pressures on decision making; relationships with key implementation bodies and with the social enterprise sector; finally, the effectiveness of the network vis-a-vis the objectives set for it. The article

examines three chronological phases of development over the decade 1999-2009 which serve to highlight distinctive stages in the emergence of the regional strategic network. Prior to setting out this analysis a brief background account is presented of the evolution of social enterprise and regional development policies under New Labour.

The paper draws on the Board papers and minutes of the three key regional network bodies which are the focus of the analysis, together with relevant policy documents of the Regional Development Agency (RDA), Advantage West Midlands (AWM). At varying stages over the past decade the author served as Chair of the regional networks concerned and has sought the views of other Chairmen who served during this period[1]. As well as drawing on these personal insights, interviews and discussions took place with other key actors on the network bodies concerned, with AWM staff and Board members and with other stakeholders including social enterprise organisations with a presence in the West Midlands. While providing additional material this process has also served to triangulate the author's views with those of other network actors[2].

Social enterprise and New Labour

In public policy literature, social enterprise is a comparatively recent term which hardly figured in English speaking discourse before the 1990s (Peattie and Morley, 2008). Prior to this period there were more general references to the third sector, community enterprises or to more specific and historically significant forms of enterprise such as worker co-operatives. It was the European Union (EU) in its efforts to conceptualise the challenges of globalisation alongside rising unemployment, poverty and social exclusion which first championed social enterprise as one means of tackling the emerging contradictions of post-Fordism (Amin *et al.*, 2002).

To that end, in 1989, the Social Economy Unit was established in the Regional Policy Directorate of the European Commission (Molloy *et al.*, 1999). This influential body ensured that the 1992 European Union White Paper *Competition Growth and Employment* highlighted the contribution of social enterprise (European Commission, 1994). It defined social enterprises as commercial trading bodies whose prime interest lay not in profit maximisation, but rather in responding to unmet social needs, often working through collaborative community activity.

At the time of the White Paper there were already many forms of social enterprise upon which the model could draw, including co-operatives, credit unions, development trusts and social firms. The key development was the attempt to construct a comprehensive business and social paradigm which matched the challenges of what was seen as an emerging post-Fordist era. The model became popular among not only the politicians and policy makers of the EU but also reflected emerging thinking elsewhere including US based communitarian views (Etzioni, 1995) and models of associative democracy based on distribution of power to civic associations and devolved democratic institutions (Putnam, 1993).

In Britain, the return to power of a Labour government saw an enthusiastic response to these ideas reflected in the promotion of the so-called "Third Way" (Giddens, 1998). New Labour's stance was that the opportunities of globalisation could be reconciled with a commitment to social justice and welfare support. Welfare policy was to be delivered on the basis that there would be no rights without responsibilities and that welfare claimants would be expected to engage in training and job placement schemes. In the new paradigm, social enterprise was seen as playing an important intermediary role in facilitating the re-entry of socially excluded into employment, facilitating the contracting

out of public services and empowering deprived communities to take self help initiatives (Amin *et al.*, 2002).

In 2002 representatives of some of the leading national social enterprise bodies and influential Labour politicians established the Social Enterprise Coalition, a national umbrella body to foster the social enterprise agenda (Peattie and Morley, 2008). At the same time, the government established a Social Enterprise Unit in the Department of Trade and Industry (DTI) which quickly set out an official definition: "A social enterprise is a business with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community rather than being driven by the need to deliver profit to shareholders and owners" (DTI, 2002a, b).

It was to go on and promote a holistic and socially orientated model of enterprise which fitted with New Labour's Third Way philosophy. Social enterprise was seen as reflecting the virtues of collective self help to address unmet needs, a progressive form of management actively involving the workforce, facilitating local democracy and community engagement and promoting sustainable development balancing economic, social and environmental issues.

However, for some there was a gap between rhetoric and reality. A detailed national study undertaken for the Economic and Social Research Council raised questions about the capacity of the sector to deliver this ambitious agenda. Amin *et al.* concluded that while there were a number of outstanding exceptions the sector as a whole was characterised by a high failure rate, low quality entrepreneurship, dependence on public sector funding, chronic under capitalisation and modest job generation.

Since this study was undertaken considerable government resources have been committed to the development of the sector and a recent DTI study highlighted the scale of the sector with some 55,000 social enterprises nationally, a combined turnover of £27 billion and a contribution to gross domestic product estimated at £8.4 billion (UK Government, 2005). However, despite growth in the sector many of the structural weaknesses identified by Amin *et al.* were still evident.

An early focus of the government's social enterprise policies agenda came from its regeneration and neighbourhood renewal policies led by the Social Exclusion Unit based in the Cabinet Office. Drawing on the work of 18 Policy Action Teams, one of which addressed the contribution of social enterprises, a National Strategy for Neighbourhood Renewal was published in 1998 (SEU, 1998). Having identified global economic forces and structural changes in society at large as the key factors in generating social exclusion, it somewhat paradoxically proposed to transfer responsibility to customised local policy initiatives, partnerships and the third sector. In the process the debate on the causes of social exclusion as well as proposed solutions was cast in terms of geographically defined communities.

In July 2002 the DTI published the Government's social enterprise strategy which sought to target many of the structural weaknesses identified in Amin *et al.*'s survey as well as highlighting the contribution of social enterprise to public policy in areas such as neighbourhood renewal (DTI, 2002a, b). In the sphere of public procurement Local Area Pathfinders were established to explore ways in which local authorities could remove barriers in their commissioning and procurement practices, thereby allowing better access for social enterprise suppliers (SEC, 2007). Likewise the Department of Health published a White Paper highlighting areas where there was potential for social enterprises to deliver primary care GP services and social care. In order to spearhead the policy, a Social Enterprise Unit was established alongside a fund to help the National Health Service establish social enterprises (SEC, 2007).

Meanwhile, as progress was being made in the social enterprise agenda, significant developments were taking place in the sphere of regional policy which was also to have significant implications.

Social enterprise and the regions

The return of a Labour government in 1997 had heralded some significant changes in the detail of economic policy but essentially New Labour was to adopt a neo-liberal market led philosophy towards the management of the economy. A key characteristic was the recognition of the importance of the spatial dimension of economic policy to a far greater extent than had been the case under previous post-war governments. New Labour's perspective was that encouragement of the movement of employment from prosperous to declining areas based on a national regional policy was no longer effective when faced with the forces of globalisation. Rather, it was necessary to establish across the country an ability to adapt and respond to new market opportunities and have in place the local organisational capacity and leadership to address the consequent forces of change particularly in terms of deprived communities and disadvantaged groups. This perspective which was to be refined and developed over the decade, gave early prominence to the role of RDAs in the English regions.

The RDAs were non-departmental public bodies whose Boards were appointed by central government following consultation with public, private and voluntary stakeholders in the region concerned. With budgets averaging between £250 and 350 million per annum, they took over a range of economic development functions from government departments and had "business led" boards comprising two thirds private sector members and chairmen. With relatively limited budgets, their primary role was to provide economic leadership and act as a catalyst in mobilising the resources and engagement of public, private and voluntary activities in the delivery of mutually agreed regional economic strategies (Mawson, 2000).

The first round of regional enterprise strategies (RESs) was produced in 2000 and subsequently revised in a two to three year cycle alongside corporate plans and implementation programmes. The first round was bland in form and had comparatively little regional specific content. Thereafter the latter weakness was addressed with a focus on market friendly policies designed to attract and retain private sector investment set within the wider framework of the neo-liberal economic and industrial policies of the government, exemplified in industrial cluster policies (North *et al.*, 2007). This was an enabling approach which did not seek to challenge the way in which the commanding heights of the economy was organised or sought to promote models of ownership and decision making. From a welfare perspective area based disadvantage and exclusion was recognised as a feature of the modern economy and was to be tackled by the process of trickledown whereby the benefit of regional growth would work through markets for labour, goods and services to disadvantaged groups and localities. The prevailing orthodoxy was that RDAs should be single minded in their objectives to improve regional economic performance leaving distributional questions largely to others. The exception in this regard largely resided in the sphere of area based regeneration and worklessness where the focus was increasingly on economic inclusion as part of the government's objective of achieving an 80 per cent employment rate nationally among those economically active (Lloyd, 2003).

In 2006 to give greater focus to the Third Sector agenda in government, an Office of the Third Sector (OFT) was established in the Cabinet Office incorporating the Social Enterprise Unit transferred from the DTI. Gradually, the RDAs took on an increasingly

significant role in delivering these policies further reinforced when following the establishment of the OFT they were given lead responsibility for the delivery of social enterprise policies. The key driver behind these changes was the Prime Minister, Tony Blair's, desire to see more third sector organisations delivering front line services and play a greater role in the empowering and regeneration of local communities agenda. The second national Social Enterprise Action Plan charged the RDAs with developing specialised financial support and business advice (OTS, 2006). The latter role arose from their recently acquired responsibilities for the Business Link advice service and concerns that there was little understanding of social enterprise among Business Link advisors nor was there adequate local capacity to provide grass roots assistance. Given this background additional funding was provided to the RDAs to foster the development of agencies and regional advisory and policy networks. Capacity Builders, the OFT's non-departmental public body, was charged with developing a strategy and funding framework, working in partnership with the RDAs (Capacity Builders, 2006).

A further element in the implementation of the government's social enterprise agenda came with the "Treasury and Cabinet Office Review of the Role of the Third Sector in Economic and Social Regeneration" (Cabinet Office, 2007). It highlighted the role of social enterprise in transferring public services and strengthening communities and was followed in 2008 by the White Paper *Communities in Control*, which proposed the transfer of public assets to community ownership, a fund to promote the provision of local services by social enterprises (CLG, 2008).

The implications of the above developments and how they have worked out in practice can perhaps be best understood through the medium of a case study. Exploring the evolution of policies in one region brings to light the practical realities of implementation and the underlying tensions and contradictions.

Social enterprise in the West Midlands: the historical legacy
The West Midlands region has a population of around 5 million people comprising a large conurbation centred on Birmingham and the Black Country, and a second urban complex in the Potteries dominated by Stoke on Trent. These largely urban areas are surrounded by commuting and rural communities comprising the Shire Counties of Herefordshire, Worcestershire, Shropshire, Warwickshire and Staffordshire. For the first three decades after the Second World War, the region was one of the most prosperous in the country as it was well positioned to cater for rising consumer demand, particularly in motor vehicles and electrical products. However, increased international competition, underlying structural problems in the economy and the impact of a severe recession in the early 1980s saw a serious collapse in its economic base with a loss of one-third of its manufacturing employment (Marshall and Mawson, 1987).

After two decades of restructuring in which there was a decline in the relative significance of manufacturing and a growth in service industries, the West Midlands economy witnessed a strong recovery. However, this period left a legacy of run down former industrial areas, long term unemployment and social exclusion exclusively in deprived urban areas. As the eminent social historian, E.P. Thompson, has argued that the origins of collective community and political action invariably reside in the efforts of workers and their communities to ameliorate the consequences of economic restructuring (Thompson, 1973). These processes were evident in the West Midlands of the 1980s (see below) but have a far longer historical lineage. The first Building Society in the world, for example, was established in Birmingham as early as 1775. Members sought to improve their housing conditions by pooling savings to purchase land and raw

materials and then build their own homes on a collaborative basis. This development of such "Mutual Societies" was ultimately to lead to the emergence of several large Building Societies in the region, including the West Bromwich Building Society, with assets in excess of £7 billion (Chinn, 2006). In a similar vein the evolution of the co-operative movement in the region has led to several large locally owned and controlled businesses operating in the wholesale and retail sectors. The Mid Counties Co-op, for example, is the second largest in the UK with a turnover of £350 million per annum.

In the public realm the region experienced another first in collective community action when in 1919 Birmingham City Council, under the leadership of Joseph Chamberlain, established a municipal bank designed to encourage savings among working people (Ward, 2005). However, it was not until the 1980s that local government was to again initiate a major initiative in respect of the social economy.

Following the severe economic downturn in the late 1970s and early 1980s the new incoming Labour administration at West Midlands County Council established an economic development department charged with adopting a strategic response to the challenges of economic restructuring (Mawson, 1986). An important initial step in the arena of co-operatives was to provide a £0.5 million loan to Triumph Meriden, a co-operative buy out funded originally by the state restructuring agency, the National Enterprise Board in 1978. Unfortunately, the business ultimately did not prove successful but it was to be the precursor of a county wide co-operative development programme. The County Council administrative area covered the entire West Midlands conurbation comprising a population of 2.5 million people. In order to raise awareness and provide business advice across this large geographical area, three co-operative development agencies (CDAs) were established in Coventry, Birmingham and the Black Country. In parallel a funding agency, West Midlands Co-operative Finance managed a revolving loan for over a decade during which time some 300 co-operatives were supported. Following abolition of the County Council, momentum was not lost altogether. Some, largely urban authorities, did provide limited support to the emerging social enterprise sector, including continuation of support to varying degrees to the three CDAs although their focus was widened to include other forms of social enterprise. The overall picture however, by the time of the millennium was of a small scale, under resourced and thinly spread support network with the orthodox business advice organisations largely ignoring the needs of the sector.

Developing regional capacity: the West Midlands social economy partnership

At the time when AWMs began to develop its agenda in 1999 there was no strategic vision for the development of the sector across the region[3]. In its first Regional Economic Strategy, AWM did not make any direct reference to social enterprise reflecting a lack of experience in this policy area at all levels in the agency. However, recognising the government's commitment to the third sector in delivering welfare policies and area based regeneration, an advisory body, Enterprise in the Communities (EIC) was established in 1999 comprising over 30 representatives of various government bodies, local authorities and community and social enterprise agencies to provide advice to AWM.

At this juncture management of the final rounds of the previous government's regeneration programme the Single Regeneration Budget (SRB) was transferred to the RDAs. This development was seen in AWM as an opportunity to take forward the social enterprise agenda. In 1999 four separate SRB bids from a business advice agency, local authority, community enterprise and an organisation representing

co-operative bodies in the West Midlands were encouraged to come together and develop a strategic initiative for the sector across the region. The steer was to develop a knowledge base upon which a regional support structure could be developed as well as a programme of action research to establish the opportunities and constraints facing the different forms of social enterprise. In responding to AWM's suggestion more partners were brought on board including academic partners, community based social entrepreneurs, co-operative societies, rural communities and the DTI's Small Business Service. A revised proposal was approved in August 2000 for a three year period with £3.5 million SRB6 funding and a partnership commitment to raise £9 million of levered public, private funding. The bulk of the finances were to be allocated to a programme of action research projects.

The Board met for the first time in September 2000 with the role of accountable body (responsible for financial management) being carried out by West Midlands Co-operative and Mutual Council (WMCAM), a body representing the major co-operative bodies in the region. A full time team of three was appointed some nine months later. Its purpose was to manage the scheme in terms of project selection, monitoring, dissemination of findings, network development and management of website. In recognition of delays in putting in place organisational arrangements, the length of the project was extended for a further year to 2004.

The partnership board set out the following objectives for guiding its activities:

- Development of a shared knowledge basis and regional learning network.
- Strengthening the infrastructure of business support.
- Developing models of sustainable development for social enterprise.
- Ensuring participation of specific groups including the disabled, women, ethnic minority groups.
- Engaging mainstream government programmes and agencies such as Business Link (WMSEP, 2004a, b, c, d).

An open tender process and guidelines for funding was established and an evaluation framework was created which drew on the services of specialist consultants and members of the project team and Boards where appropriate. The development of the research programme was guided by a Project Task Group involving Board members and wider groups from the sector across the region, including those from the Black Minority Enterprise (BME) community who went on to establish the Black and Minority Ethnic Social Enterprise Consortium. As well as 22 individual action research projects the partnership commissioned a baseline study to provide an overarching stock take of social enterprise in the region and framework for the overall research programme. The second stage of the work involved the establishment of action learning networks on procurement, regeneration zones, child care and black and minority ethnic issues. The final phase involved discussions, evaluation and dissemination of the WMSEP activities via publication of individual research reports, conferences, seminars, policy engagement and the commissioning of an independent final evaluation (TIP, 2004; WMSEP, 2004a, b, c, d).

In parallel with the work of WMSEP, the policy imperative of the DTI's social enterprise agenda led AWM to commission in May 2003 a leading consultancy company to review the policy framework for social enterprise and to prepare a long term regional strategy and action plan aligned with the RES, drawing on the support of all the relevant public agencies and the sector itself. The review concluded that the sector in the region lacked leadership and was troubled by issues of the need for

accountability and legitimacy. EIC could not fulfil the role since it was not a formally constituted representative body. It was therefore recommended that EIC should be reformulated as a constitutionally established body offering open membership access to various membership categories covering public sector bodies, social enterprise organisations and individual businesses working together as a policy and advocacy body and overseeing strategy development (SQW, 2003). Following extensive consultation organised via WMSEP and other regional bodies a detailed regional strategy and action plan. *A Point to Prove* was prepared in 2004 (AWM, 2004). Drawing on the work of WMSEP it provided a detailed stocktake and analysis of the strengths and weaknesses of the sector and presented a framework for action covering not only AWM's programme but all other relevant bodies up to the year 2010. Despite some initial scepticism about the exercise during the consultation process the final produce was broadly accepted.

In order to take forward the strategy the EIC was formally reconstituted as West Midlands Social Enterprise Network (WMSEN), charged with providing accountable leadership for the strategy and an overarching strategic voice for the sector (WMSEN, 2006). Its role was to review, inform and influence policy. The consultant's report envisaged an ongoing role for WMSEP's work on behalf of WMSEN as a technical assistance intermediary providing strategic intelligence, mentoring and co-ordination of service delivery. In the final nine months of the WMSEP project, a business plan was submitted to AWM setting out how an intermediary role of a regional network function could be fulfilled for WMSEN by the WMSEP executive team (WMSEP, 2004a, b, c, d).

By the middle of the decade AWM had promoted the establishment of social enterprises in its regeneration zones, supported a network of community development finance initiative providing tailored financial assistance for social enterprises, together with business advice targeted at social enterprises in the BME sector. The revised RES had incorporated social enterprise in its regenerating communities, community empowerment and ethnic minority engagement strategy pillars. The agency claimed that some £20 million had been spent in this policy area between 1999 and 2005; however, it was acknowledged that the claim was based on retrospective analysis of schemes many of which had not been part of an explicit social enterprise policy. Further set against an annual budget of over £350 million per annum, this could hardly be seen as major expenditure.

Nevertheless by the middle of the decade the various elements of the policy framework were coming together. This momentum was to be halted by a change in AWM's decision making structure revealing an ambivalent attitude towards social enterprise policy at Board and senior management levels.

The West Midlands enterprise Board and WMSEN
Reflecting the overwhelming business led philosophy of its Chairman and Main Board members, AWM established, in 2004, an Enterprise Board whose purpose was to drive forward the delivery of the business development policies set out in the recently revised RES (West Midlands Regional Enterprise Board, 2004). Chaired by a Main Board member, the Enterprise Board comprised largely business representative and advice agencies including specialist business bodies representing the BME and women's sector. However, a remaining small number of Board member places of which the social enterprise category was one, were selected on an individual basis rather than nominated from the relevant representative body. The latter decision was to prove significant and in the course of undertaking research on this issue, interviews with

Main Board Directors established that key members of the Enterprise Board were concerned from an ideological perspective with the concept of social enterprise despite it being a plank of government policy. Further, the view was taken that the WMSEN network, although established to provide strategic advice to the agency by AWM itself was not regarded as either representative or capable of providing sound advice on social enterprise. The latter concerns were explicitly stated in Enterprise Board Minutes. This was despite the fact that representatives of key government agencies responsible for providing support to the social enterprise sector were members of WMSEN.

The Enterprise Board went on to set out an Enterprise Framework providing guidelines for business support measures based largely on mainstream commercial and productivity measures (West Midlands Regional Enterprise Board, 2005). Social enterprise programmes fell under the remit of the Enterprise Board and this included final approval of the Social Enterprise Framework – *A Point to Prove*. Unfortunately, this was put on the back burner for some 18 months while priorities for mainstream business measures were worked out (Kiteley, 2004). As a consequence, the WMSEP proposal for the continuation of a regional support agency utilising its team was put to rest in the autumn of 2005 as a result of delays in approval of *A Point to Prove*. This meant the loss of significant organisational capacity, team members and regional momentum which had been built up by the SRB6 project over the previous four years. Ironically the RES action plan had identified WMSEN as the lead body to oversee the implementation of the Social Enterprise Framework yet it now had no technical support team to fulfil the role. As a consequence, subsequent monitoring of the RES action plan in 2005 and 2006 identified AWM's Social Enterprise Framework as being at severe risk (ranking it as the third most vulnerable delivery objective out of 45 overall).

This loss of momentum was reflected in public criticism of the Agency's role by WMSEP Board members as well as in statements made by leading social enterprise support agencies reflecting mounting criticism of a lack of a strategic approach over the previous two years (BSSEC, 2003). One fundamental concern was that the agency had failed to lend its weight and leadership to securing ownership and engagement of key public bodies (central and local government and the health service) in the delivery co-ordinated social enterprise policies. Moreover, there was criticism that the agency had made little effort to connect social enterprise policy with its main programme activities particularly in respect of cluster policy, its growth corridors strategy across the region or in the sphere of high technology (BSSEC, 2004). Expectations had been raised during the extensive consultation exercise for *A Point to Prove* and the Enterprise Board's Enterprise Framework and there was, not surprisingly, considerable disappointment about the lack of progress. One of the biggest concerns surrounded the rundown in the funding of local business support agencies catering for the social enterprise sector arising in particular from the ongoing financial squeeze on local government finance. Birmingham Social Economy Consortium, for example, a body representing support agencies in Birmingham and Solihull went on to carry out a survey highlighting the serious deterioration in capacity which had been built up (BSSEC, 2006a).

In 2004, AWM had been given one of two pilot regional franchises by the DTI to bring together all business support services in the region under a single Business Links structure. Social enterprise support was to come within this framework but the views of WMSEN were not sought by the Enterprise Board in the development of its thinking during the critical 12 month period. Repeated requests for minutes of the Enterprise Board meeting were ignored and eventually WMSEN had to resort to a freedom of information request! At a presentation to the network in July 2005 an

Enterprise Board member reiterated its emphasis on gross value added criteria in prioritising business support and the need to geographically limit the number of delivery outlets to secure efficiency gains. It was pointed out that these conclusions ran in complete contradiction to the views of WMSEN as to what the priorities should be for the sector in respect of the delivery of Business Links. Similar concerns about the restructuring of Business Links had emerged in other regions in respect of a lack of accessibility for start up support and limited expertise of Business Link advisors in the sphere of social enterprise.

The OFT and revival of social enterprise policies in the region

Reflecting these mounting pressures a statement of RDA commitment to the development of social enterprises was requested from RDA Chairs by the Minister for the Third Sector at a key meeting in 2006. At this juncture, the recently established OFT began to flex its muscles in overseeing the activities of RDAs in the sphere of social enterprise. In order to ensure that the commitments were being implemented, all RDAs were required to produce delivery statements. The OFT went on to commission from the Social Enterprise Coalition a review of the business development needs of the sector drawing on consultation in the regions. By this stage in early 2006 regional social enterprise networks had emerged in all the regions and they were able to provide the necessary research support. Their findings strongly countered the position taken by the Enterprise Board on the need to geographically focus business support for the sector. After a two year break in funding of WMSEN, the accelerating momentum of social enterprise policies spawned by the OFT and ministerial pressure on RDAs prompted AWM to finally approve a bid for technical support for the network. Together with pressures from OFT it made possible the full involvement of the WMSEN network in the development of the new Business Links service and in particular a recognition of the need for specialist social enterprise support as well as a greater degree of geographical access for the sector.

A further step in this dramatic turnaround occurred when the Enterprise Board proposed the establishment of a Centre of Excellence for social enterprise which would serve to monitor the performance of the BL network, commission specialist training and engage in capacity building. Reflecting a lack of corporate focus in AWM's approach to social enterprise it became evident that the agency's funding of the WMSEN network and the proposal to establish the Centre of Excellence by the Enterprise Board had been devised separately with much duplication in the two developments. It was therefore decided to merge the Centre with the newly established WMSEN team.

Social enterprise West Midlands

Undoubtedly, one factor influencing this decision was a recognition that WMSEN had recently changed its constitution during 2006 to become an open member organisation comprising over 200 members, half of whom were social enterprise businesses. This re-titled network, Social Enterprise West Midlands (SEWM), soon regained the regional profile and credibility of the earlier WMSEP network. In January 2008 it ran a large and high profile conference for local government, the health sector and social enterprises in the region, at which the Minister for Social Enterprise gave a key note address. Following an OFT consultancy study of regional and local support infrastructure for the sector in 2007 (OTS, 2007), Capacity Builders was charged to deliver a programme of support across the regions (Capacity Builders, 2008). SEWM was given the

responsibility to develop a £1 million initiative in the West Midlands based on extensive consultation within the sector and among its members.

While external pressure from the government's national initiatives was providing momentum and funding to override early inertia from AWM there remained problems surrounding social enterprise strategy and Board level commitment. A consultation exercise surrounding the updating of the RES in 2006 and 2007 led to WMSEN engaging in extensive dialogue with its membership across the region. This revealed continuing dissatisfaction that the Social Enterprise Framework which had not been taken seriously by AWM either in terms of its own programmes or in providing its leadership and co-ordination role in engaging local government, health and other public bodies in the delivery of *A Point to Prove*. Instead there were complaints of a cascading array of social enterprise initiatives from national government which were causing confusion and duplication of effort and which were not being co-ordinated at regional level. The view was that SEWM did not have the political clout to fulfil the role on its own and that when these matters had been raised by SEWM the concerns had not been acted upon.

A further complaint was that despite AWM's increasing efforts to gain promotional advantage for itself in encouraging the development of social enterprises in the region, in reality its financial commitment had been limited and largely left to central government funding. It had largely locked social enterprise out of its high profile main programme activities which took up the greater proportion of AWM's budget. There was, moreover, a sense that the Board viewed this social enterprise policy area as largely about small firm programmes targeted at disadvantaged areas and communities. Attempts to raise wider philosophical questions about the organisation and management of enterprise in the region and sector in terms of, for example, working in partnership with the region's co-operative societies, mobilising the large scale investment potential of the Mutual Building Societies or engaging in collaborative trading or marketing ventures had not been received with any interest among AWM officers or Board members.

AWM's consultation process ignored all these wider issues and larger scale ambitions raised by the membership. When the revived strategy was published there had been no movement on the issues raised and there was barely a mention of social enterprise in the relevant sections of the strategy. A clue to the problem was highlighted at a conference in November 2008 when AWM's Enterprise Director in seeking to explain these consultation problems emphasised that throughout AWM's existence there had never been officers at sufficiently senior level with the clout and understanding of social enterprise capable of explaining the sector's views to senior management and the Board. Likewise, at Board level, with one or two notable exceptions, there had been no empathy or understanding of the issues raised[4].

Shaping a regional network: the drivers and inhibitors of change
This article has sketched out the progressive development over the past decade of a regional policy network designed to promote the development of social enterprise in the West Midlands. The momentum behind this development came from a newly elected Labour government which saw the value of social enterprise in contributing to area based regeneration and welfare policies.

Over the decade an increasing number of national policy measures and organisational arrangements were put in place to deliver the social enterprise agenda. RDAs were given the responsibility of providing a leadership role in co-ordinating the

social enterprise programme at the sub-national level. The experience in the West Midlands serves to highlight the issues and challenges which were experienced in one region not only in terms of social enterprise policy and the role of RDAs but also in respect of network management and development.

In designing and developing such a network from scratch AWM recognised its own lack of expertise and the fact that it was starting from a position where there was little if any regional awareness or constituency among the sector itself. In the absence of any representative voice it established an advisory body largely comprising relevant public sector organisations and support agencies. To develop its own expertise and foster a knowledge base to facilitate regional working AWM utilised the funding available from the SRB a government programme which was under its management. The outcome was a unique, large scale and innovative regional partnership project which was to deliver a comprehensive range of sector led action research projects which addressed issues surrounding the establishment and development of a variety of social enterprise models. The independent project evaluation and AWM's own internal assessment found (resulting from WMSEN pressure two years after WMSEP to assess the value of the work in relation to AWM's own progress) that the regional partnership had produced a wealth of practical and policy relevant material as well as initiating a number of local and regional learning networks (AWM, 2006). In addition, despite initial difficulties it was recognised that the partnership had established the beginnings of a regional policy community and constituency in the social enterprise sector (TIP, 2004; WMSEP, 2004a, b, c, d).There were nevertheless significant problems. Inevitably from the very beginning there were tensions surrounding the leadership and strategic role of AWM's advisory body the EIC as against the Board of WMSEP which was charged with researching and developing a regional network. Given the artificial nature of the WMSEP partnership effectively brought together by the funder AWM, there also were tensions about the nature and purpose of the partnership particularly between the co-operative sector which had played a leading role in its development and other social enterprise organisations (Keda, 2001). These difficulties were further compounded by the nature of the SRB's bureaucratic procedures and funding mechanisms which were designed to address concrete annual regeneration outputs rather than more intangible outcomes such as the development of a regional learning network (Keda, 2001).

Central government concerns about WMCAM playing the role of the accountable body, since it had no regeneration management experience, and disagreements surrounding partnership priorities and consequent delays in appointing a management team, all served to convey a poor impression of WMSEP's competence within the social enterprise sector. In turn this meant it took between six and twelve months longer for the project to gain momentum. This difficult start was particularly problematic given the project covered such a large geographical area and was seeking to establish credibility with a predominantly locally based target population. Such problems have also been experienced in the establishment of regional voluntary sector networks which are closely comparable in role and purpose. While WMSEP was ultimately successful in fostering the emergence of a comprehensive coverage of sub-regional support structures across the region and engaging the sector in developing and disseminating best practice methods it was rather less successful in influencing AWM's own corporate policies.

From its inception the agency only allocated one relatively junior post to the social enterprise agenda and not surprisingly the policy area received comparatively little

attention. Despite providing a positive steer to establish WMSEP as a regional capacity building project, no in-house arrangements were put in place to monitor, learn and evaluate the action research projects. As well as commanding little status in the policy hierarchy there were no internal corporate procedures to link social enterprise initiatives into the wider policies of the agency – rather they were developed in a fragmented and isolated fashion. Attempts by WMSEP to establish the extent to which social enterprises were taking advantage of AWM's mainstream programmes in regeneration zones, rural areas, technology corridors and clusters were frustrated by an absence of data collation reflecting the low priority which was attached to this policy area.

The social enterprise strategy, *A Point to Prove*, was designed in theory at least, to develop internal co-ordination and external leadership. However, there was no senior executive or Board member who championed his agenda. Moreover among those external bodies who were in a position to implement key parts of the strategy (the West Midlands Government Office, the Local Government Association, Primary Care Trusts etc.) through, for example, procurement and Local Area Agreements there was no ownership of, or pressure from AWM to take it forward. As a consequence, the strategy served merely to add to the array of separately delivered policies for the sector leading to ever more duplication of effort and confusion. It also bred cynicism within the sector about a strategy with no teeth which was further fuelled by increasing financial pressures on, and closures of, specialist business support agencies (BSSEC, 2006b).

At this policy juncture, social enterprise had become enmeshed in AWM's wider business development agenda led by the Enterprise Board. Preoccupied with the implementation of business policies focused solely on the competitiveness agenda and sceptical about the philosophical underpinnings of the social enterprise model, *A Point to Prove*, was put on the back burner. The social enterprise dimension of the Business Link restructuring exercise was also put to the back of the queue. The lengthy delay in approving the Social Enterprise Framework meant that there was no money available to continue support of the WMSEP team and consequently much of AWM's investment in the development of a regional network went with it adding further to disillusionment in the sector.

Against this background and with mounting criticism from WMSEN that social enterprise had no effective voice in AWM, a Main Board Director was given responsibility for the championing of the sector but it very quickly became evident that the individual concerned had neither the time nor the inclination to be involved. For example, the Social Enterprise Champion failed to attend any WMSEN meetings in a 12 month period in 2005 and 2006. During the same period, several senior managers resisted pressures to take on the social enterprise portfolio since it was viewed as a Cinderella policy area and the secretariat support to WMSEN was withdrawn despite it having no funding to fulfil its responsibilities in overseeing the delivery of *A Point to Prove*. In relation to AWM's main programme activities its cluster manager in response to questions about the engagement of social enterprises in the programme admitted that the sector had deliberately not been included because of a fear it would take up too much management time. It was also evident from WMSEN questioning that there was a similar attitude and lack of effort in relation to AWM's high technology corridor policies and its rural programmes. In relation to regeneration zone policy, while reference was made by AWM to its social enterprise strategy in its zone guidelines, there was no active monitoring of the performance of the relevant zone partnerships on this policy. Attempts by WMSEN to monitor AWM's corporate performance in this

regard were met with an unwillingness to provide the relevant documentation by AWM officers – a position subsequently supported by senior AWM management.

There were in practice, therefore, two AWM social enterprise strategies: the outward facing corporate strategy in which the language was positive and proactive, and an inward facing, bureaucratic agenda which gave the policy area a low priority in operational terms. In an overwhelmingly business led organisation with an increasing proportion of middle and senior management appointed from the private sector, it is perhaps not surprising that alternative business models should be treated with a degree of scepticism and caution. Unfortunately, AWM's schizophrenic stance lost much good will in the sector reflected in declining attendance at WMSEN meetings and consequently a loss of some of the organisational capacity and networks which had been built up.

By the latter half of the decade, some momentum was restored. In 2006 a third tier officer was appointed to head up a Communities and Economic Inclusion Team incorporating social enterprise. This provided for the first time some organisational focus but the team was small and it remained the case that the Team leader did not possess the necessary organisational status to pursue corporate and cross cutting issues (e.g. the content of the RES). Real progress was to come instead from outside AWM. In the final year of the Blair premiership, the Third Sector agenda returned to the fore with a focus on its role in transforming public services, welfare reform and community empowerment. Under Blair's successor, Gordon Brown, RDA Chairmen, were given clear notice that the government expected they would give priority to the sector. Their task was spelled out in the second Social Enterprise Action Plan (OTS, 2006). This included ensuring that the Business Link network adequately addressed the needs of social enterprise including the associated business advice networks (Carpenter, 2006). With financial support from Capacity Builders and a now well established regional strategic network in SEWM, the West Midlands was well placed to design and put in place an effective support infrastructure.

The journey, however, had not been without its difficulties, most of which could be explained by the weaknesses present in the business leadership model of AWM, in its management structure and a shortage of technical competence in certain policy areas[5]. By the end of the decade, AWM was projecting itself as one of the most progressive and successful RDAs in the promotion of social enterprise and as a consequence was prepared to host the national conference of the Social Enterprise Coalition in Birmingham. However, the underlying tensions remained largely unchanged evident in the updated flagship economic strategy the RES. Social enterprise continued to be excluded from most of AWM's main programme activities and SEWM's proposals to develop larger scale collaborative trading activities or alliances with the mutuals and co-operative societies were ignored out of hand. The role of social enterprise was to be small scale, targeted at deprived communities and groups fulfilling the requirements of the government's welfare to work, regeneration and community engagement. Its purpose was clearly not to operate in the terrain of the "commanding heights" of the West Midlands economy where its philosophy and approach was clearly unpalatable to the private sector majority on the Main Board.

Conclusion
This article presents a case study of the development and implementation of a key New Labour policy which was executed through the government's regional development framework for the English regions and in particular via the mechanism of RDAs. RDAs

were given relatively limited economic development budgets with their primary responsibility to provide leadership and co-ordination of the work of relevant agencies and partners with around two-thirds of Board members and their Chairman from the private sector the philosophy and approach has been widely referred to as "business led". However, in the case of social enterprise, the policy area clearly fell outside the comfort zone and ideological sympathies of many Board members and senior managers. Initially this did not matter too much as the government's social enterprise agenda at the centre had yet to take off. Perhaps not surprisingly, therefore, policy developments lacked focus internally and were led by junior staff.

The challenge for AWM at this stage was to establish a stakeholder body that it could engage with. This was problematic given that the sector had a fragmented geographical and sectoral character and that there was limited awareness of the significance of the regional level in determining funding allocation. Despite the inappropriate bureaucratic character and nature of SRB funding and initial teething difficulties in establishing Board cohesion, WMSEP did succeed in developing organisational capacity in the sector and the potential to build a regional strategic network.

Drawing extensively on the knowledge base which had been built up, a regional social enterprise strategy was devised. However, as the government's ambitions for RDAs began to expand, responsibility for an increasing array of DTI business development programmes fell upon AWM. In delivering this high profile agenda, AWM's conservative business led approach was reflected in the work of the Enterprise Board which excluded the voice of social enterprise from its deliberations, put the social enterprise strategy on the back burner, and effectively wrote off five years of capacity building by denying ongoing funding for WMSEP. This negative stance, however, could not survive a cascading succession of central government initiatives and ministerial edicts requiring support for the development of regional and sub-regional business support infrastructure, adaptation of Business Links and other measures. While the voice of the centre was heeded, there remained, however, little sign that AWM's regional stakeholder relationship with the social enterprise sector was anything other than one of combined and uneven development. For many in the sector, the contribution of social enterprise to AWM's overall strategy and programmes remained both limited in scale and lacking in vision.

Notes

1. The author Chaired the West Midlands Social Economy Partnership (WMSEP) 2000-2004, the West Midlands Social Enterprise Network (WMSEN) 2005-2006 and Social Enterprise West Midlands (SEWM) 2006-2008. He also interviewed Mark Donovan who was Chairman of Enterprise in the Communities 2000-2004, and Jeremy Bruce who was Chairman of West Midlands Social Enterprise Network 2004-2005.

2. The author also had several discussions with the former Chief Executives of WMSEP and current network manager of SEWM concerning chronological development and pressures. In gaining various perspectives from within Advantage West Midlands, interviews were held with two Main Board Directors who covered the periods 2003-2006 and 2006-2009. The author was also able to draw on AWM correspondence and policy papers pertaining to social enterprise as well as take account of AWM's stated position in Board Minutes. The membership of the three networks concerned provided comprehensive coverage of the main sectoral and sub regional groups representing social enterprise within the region as well as the key central and local government bodies. The author's interpretation of events and developments was cross checked with Board Members representing a range of different interests. It should be emphasised that

responsibility for the analysis and interpretations set out in this paper rest solely with the author and that the views expressed do not necessarily reflect the opinions of those listed above.

3. Utilising the DTI's definition of social enterprise, the WMSEP baseline study (WMSEP, 2004d) found that overall there were some 3,300 social enterprises in the region representing 2.8 per cent of all incorporated organisations in the region. A second survey undertaken for Advantage West Midlands in 2008, again utilising the DTI's definition, although not carried out on a strictly comparable basis with the earlier WMSEP study, found that in 2008 there were 5,554 social enterprises in the region (AWM, 2008). These businesses accounted for 156,500 jobs around 6.58 per cent of the overall employed workforce. This was slightly higher than the national average figure of 5 per cent. In terms of impact, these businesses were estimated to be generating £5,694 million trading income, as much as 21 per cent of total social enterprises turnover nationally. Moreover, they were responsible for 210,441 full time equivalent voluntary opportunities.

4. Comments made at the Institute of Social Enterprise Conference on Worklessness, 18 November 2008 in response to a question from the Chair of SEWM.

5. The Review of Sub-National Economic Development and Regeneration (Her Majesty's Treasury, 2007) was completed as part of the 2007 Comprehensive Spending Review. It was established to examine the organisational arrangements for economic development and regeneration. In exploring the possible development of a Single Integrated Regional Strategy led by RDAs in each region, acknowledged the weaknesses of the business led model of regional development. It was recognised that Board Directors with a business background could not possibly provide the full range of expertise in areas such as environmental policy and the social economy.

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