



Responding to COVID-19 in the Liverpool City Region

**Building Back Better: Challenging the “Old Normal”
to Deliver Social Innovation in Liverpool City Region**

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Map of Liverpool City Region Combined Authority (LCRCA) boundary (in red) and constituent local authorities



Data sources: Westminster parliamentary constituencies (December 2018 - ONS), local authority districts (December 2018 - ONS), and combined authorities (December 2018 - ONS)

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Key takeaways

1. Socially trading organisations (STOs) were not well served by the “old normal”. Standard loan funds, like those available within the social investment market, do not fully harness their growth and social impact potential. Mainstream business support programmes lack the peer-to-peer support that they need to be effective. The absence of a strategic approach to community asset transfers, likewise, has meant many STOs struggling to grow or even remain viable for lack of suitable premises, while at the same time publicly owned buildings lie unused or empty.
2. Forming part of the Liverpool City Region Combined Authority’s (LCRCA) ambition to become the UK’s most inclusive economy, the development of Kindred, an innovative locally owned vehicle, aims to grow the social economy across the Liverpool City Region (LCR) by assisting STOs through investment, partnership and other support.
3. Delivering social innovation requires that we challenge the old normal. This means: fresh approaches to peer-to-peer support and collaboration over competition; new ways of providing money to social businesses and changing the language used when doing so; ensuring those who create value in a place have a fair share in any return; encouraging a change in attitudes through governance – we, not they and us, not them; and changing how we think about and measure what is important.
4. Kindred’s interventions during the COVID-19 pandemic to date are providing a real-time test and trial experiment, enabling innovative approaches to be rapidly assessed, and informing the ongoing development of the full Kindred model.
5. The more companies and organisations that adopt new ways of thinking in progressing an inclusive recovering from the pandemic, the more likely it is that we will build back better for the benefit of all in the City Region.

1. Introduction

As governments, businesses and societies look to tackle the health, social and economic consequences of COVID-19, there seems to be widespread acknowledgement that there can be no return to “business as usual”. Liverpool City Region (LCR) Metro Mayor, Steve Rotherham, and his Greater Manchester counterpart, Andy Burnham, have highlighted the opportunity provided by the pandemic to embrace positive changes and fix what was broken in the economic model (Walker 2020). They have committed to “Building Back Better”.

Building back better means, among other things, ensuring that all people and places in LCR are included in and benefit from

the recovery process; tackling issues that hold back productivity, including physical and mental health conditions; and reshaping the way we work with fairly paid, secure jobs available for everyone. In summary, building back better requires that the market failures that prevailed before are now addressed.

The good news is that in the middle of the devastation caused by COVID-19, the process of building back better has already started in LCR: “The entrepreneurs, creatives and community business are moving in, repurposing what they find. Making do and mend, in a DIY patchwork of activity until, like a quilt, they fit together to comfort and care for us despite our distance, isolation or lack of protective wear” (Rushton 2020).

While many of the sectors which drove LCR's recovery following the 2008 financial crisis – the visitor economy, retailers in Liverpool One and beyond, and property development – have suffered badly as a result of COVID-19, many of the City Region's social enterprises, charities, community, faith and voluntary groups have been busier than ever. Right from the start of the COVID-19 crisis social organisations have responded quickly, decisively and with empathy to the most pressing needs of society, even when they faced drastic reductions in income and, in some cases, existential threats to their operating models.

This briefing elaborates a new approach to funding and supporting those organisations operating throughout LCR which harness the social entrepreneurialism embedded within our communities, but which often lies dormant, unrecognised and untapped. It highlights the new thinking assembled to build an economy that enables everyone to contribute to the City Region's wealth and wellbeing.

2. Kindred – a step forward in building an inclusive economy for LCR

In October 2019, the Metro Mayor of LCR announced his support for the development of Kindred, an innovative locally owned vehicle which aims to grow the social economy across the City Region by supporting socially trading organisations (STOs) through investment, partnership, and other measures – see Figure 1. Since then, a consortium of community-based social and alternative enterprise practitioners, representatives of [Power to Change](#) (a national grant funder), officers from the Liverpool City Region Combined Authority (LCRCA), and a not-for-profit social economy consultancy, have been working on development plans with a view towards

receiving LCRCA funding of £5.5 million later in 2020.

Socially Trading Organisations

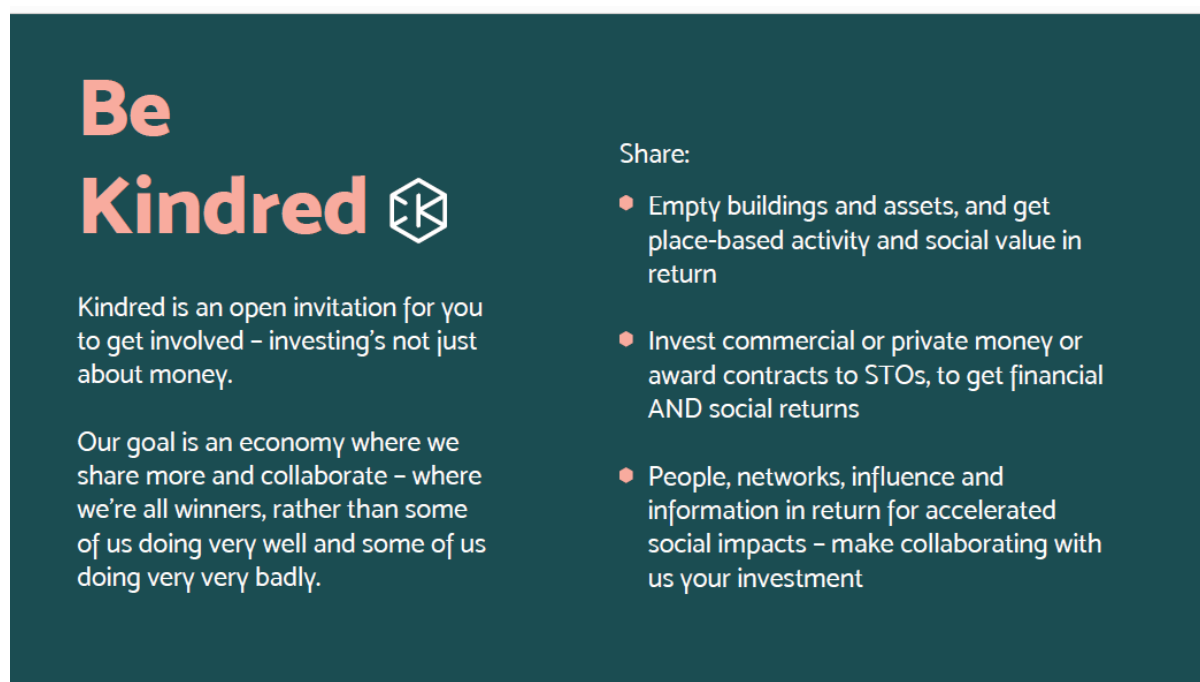
(STOs) include community businesses, community land trusts, community interest companies, social enterprises, cooperatives and some limited companies, family businesses and local ventures, which trade commercially but demonstrate their social purpose through their business behaviours. They do not include more traditional charities who rely solely on grant income or those organisations who export profits from a locality.


Kindred's ambition is to multiply and scale the range and scope of STOs within the City Region in three ways:

- By providing incremental investment in what works to enable STOs to reach larger markets and deliver more social impact at each stage of the business lifecycle.
- By unlocking latent entrepreneurialism and harnessing community activism and social innovation within collaborating communities and clusters of activity.
- By leveraging community-owned assets so that those creating value share in the benefits.

In March 2020, the coronavirus outbreak materially changed the need for and urgency of Kindred's support to STOs. Metro Mayor Steve Rotheram and Power to Change responded quickly to speed up some of Kindred's non-financial support.

Figure 1: Kindred’s mission for an LCR economy based on sharing and collaboration



Be Kindred 

Kindred is an open invitation for you to get involved – investing’s not just about money.

Our goal is an economy where we share more and collaborate – where we’re all winners, rather than some of us doing very well and some of us doing very very badly.

Share:

- Empty buildings and assets, and get place-based activity and social value in return
- Invest commercial or private money or award contracts to STOs, to get financial AND social returns
- People, networks, influence and information in return for accelerated social impacts – make collaborating with us your investment

Working on the principle that it is much more effective to help an organisation to survive and sustain than to try and start it up again later, plans were accelerated to immediately [deliver peer-to-peer advice and support](#) through Kindred’s Collaborating Communities strand to ensure as many STOs as possible are sustained through the pandemic.

Kindred represents a pioneering new way of supporting local STOs, which could be replicated in other regions of the UK and internationally. The approach is based on lessons learned from the social investment market over the last 10 years, research of local needs and successful precedents in the City Region, as well as extensive engagement with LCR STOs. The development process for Kindred has already raised many useful pointers as to how we need to think differently if more effective solutions to LCR’s intractable problems are to be found. Kindred’s COVID-19 interventions are providing a real-time test and trial experiment enabling innovative approaches to be rapidly assessed to inform the ongoing development of the full Kindred model.

During the pandemic we have found that:

- 63% of STOs have experienced reductions in income, but they have proven resilient and agile
- 63% of STOs working with Kindred have developed a new product or service as a result of COVID-19
- 42% of STOs in the Kindred community have radically changed or “pivoted” what they do to meet a need or sustain their business

3. New thinking required if we are to build back better

As Kindred has developed over the last 10 months, several lessons have been learned about social innovation that merit further exploration.

New thinking around peer-to-peer support and the power of collaboration over competition

Kindred’s Collaborating Communities approach understands that STOs can emerge in marginal and isolated communities, and that its support can

enable individuals and micro-businesses to overcome the limitations of smallness through mutual support and collaboration. The non-financial support can provide a growth-friendly ecology, tending to be organised around a place, cause, or community of interest rather than an industry sector. Working in tandem with existing business support providers that already exist in each borough of the LCR, the Collaborating Communities programme will not duplicate that provision but will supplement it in order that mainstream business support is well equipped to support the sector.

New thinking about money

The research and consultations that we conducted with STOs confirmed that a standard loan fund, like those currently available within the social investment market, will not fully harness the growth and social impact potential of STOs in LCR. Kindred is therefore being designed to offer flexible money that is customised to meet the needs of individual and collective STOs to increase social impact, test new social solutions, reduce economic inactivity and transform local economies. And it is not just the shape of money that needs to be rethought: a new language, and understanding of how money can be used, is required. Words such as “loans”, “capital” and “investors” are alienating to STOs. The STOs attending market testing events proposed a “pay it forward model” – making a repayment to enable others to have the same opportunity that you were afforded – which is exactly the ethos planned for Kindred.

New thinking about assets and place

Research published by Power to Change shows that community businesses are more sustainable when they own assets (Archer et al. 2019). Kindred, working with

partners within LCR, has an opportunity to negotiate the growth of a community-owned property portfolio that will provide the sector with greater security and sustainability.

This could sensibly be supported by a [community asset transfer](#) strategy that identifies assets in areas that are currently of low value, with low levels of economic activity that, with long-term support could increase in value as a result of community activity. In that way, any uplift in values delivers returns to those who have created it. A strategy of this nature has the potential to support the LCRCA's and local government recovery plans by bringing new activity, place identity and community to target areas.

New thinking about governance

Some elements of Kindred's proposed work are being piloted or have been tested elsewhere in the UK. However, never have so many elements come together, connecting financial and non-financial investment for a whole STO sector in partnership across the public and social sector over the medium term, led by STO needs and demands via a single vehicle.

Kindred aims, long term, to build an open-ended vehicle that is owned by the STO community, for the STO community, for ever. This is a very different approach to existing social investment funds which are primarily designed to meet the needs of funders rather than STOs. Throughout the design phase of Kindred, STOs have been actively consulted to ensure that their voice is heard and that they are fully engaged in decision-making once operations commence.

Already, STOs who have been engaging with the COVID-19 Collaborating Communities work have had their stories told and issues raised with the LCRCA



Young people at the BMX Box operated by Peloton Liverpool, a community initiative that promotes safe, accessible bike use in Liverpool (Credit: [Peloton Liverpool](#))

about the impact that the pandemic is having on their activities.

It is believed that community ownership of Kindred will encourage a change in attitudes: “we, not they” – providing jobs, training and business opportunities, enabling better stewardship of local assets when they are locally owned and used; “us, not them” – instilling a renewed sense of pride and confidence, providing local people with a meaningful stake in the future development of the place in which they live or work.

New thinking about measuring what is important

The need to change how we think about and measure what is important in our economy and society is well recognised but not easily solved. Kindred will work with STOs and funders to devise consistent measures of economic and social impact that clearly articulate and quantify the value being provided by

individual organisations and Kindred. This will include collaborating with the LCRCA as they design their LCR Impact Assessment Framework.

4. Finishing what has been started

Metro Mayor Steve Rotheram and the LCRCA have been clear about their intention to Build Back Better and, in doing so, to make LCR the UK’s most inclusive economy. We are urged to “Make No Little Plans!” (Parkinson 2020). Responses to the COVID-19 crisis have shown that it is possible to reimagine what can be done and to break down old barriers to progress.

In its own small way, Kindred’s Collaborating Communities work has been working with over 150 social trading organisations to sustain them through the pandemic, helping them to maximise income, impact, information, and ideas. Once they get to the other side, these

organisations will form just one part of a wider initiative to deliver an inclusive, caring, and resilient LCR economy.

Following LCRCA approval, and with the establishment of the Kindred LCR Community Interest Company (CIC) in July 2020, work is now underway to build a collaborative network of STOs in the City Region that can benefit from money and support not previously available to them. Kindred will be owned locally and collectively, investing and reinvesting money, space and learning for the benefit of STOs. The value created – both by individual businesses and collectively – will be measured in social impact, not just financial returns. By tailoring money and support to ambitious STOs, the LCR will benefit from a vibrant social economy and, as a result, a more inclusive economic recovery than would have been achieved using standard policy responses.

COVID-19 means the world has changed. While we still do not know the full implications or impact of living with the coronavirus longer term, we can take this opportunity to transform the way our economies and communities operate. The more companies and organisations that adopt new ways of thinking, perhaps along the lines indicated in this piece, the more likely it is that we will build back better for the benefit of all in the City Region.

5. References

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