

**Liverpool City Region
UK Social Investment Pathfinder
PHASE TWO BRIEF**

Establish a UK Social Investment Pathfinder in Liverpool City Region

A working group comprising Kindred-LCR, Fusion 21, Livv Investments, Social Enterprise UK, Liverpool City Region Combined Authority, Power To Change, Capacity Lab, Seebohm Hill and Creative Economist are seeking a suitably networked and experienced consultant to facilitate the establishment of a UK Social Investment Pathfinder in Liverpool City Region.

The selected consultant will have a working knowledge of social investment, social impact, and its potential to deliver social inclusion.

The Pathfinder and working group take their brief from Socially Trading Organisations (STOs). The role will involve consulting and convening stakeholders including STOs, building the working group and shadow board, and negotiating individual commitments.

Substantial work has been done by the working group and potential contributing partners have been identified and convened. The role will involve drawing on the commitment and expertise of those partners who have offered their organisational capacity and expertise to help design and realise the Pathfinder.

Background

1. Introduction

During the first regional launch of the Adebowale Commission for Social Investment, held in Liverpool 17/05/2022, it was recognised that all the elements for a pathfinder programme, based on the Commission's findings, existed within the city. This short paper sketches out the potential objectives and components of such a pathfinder and steps to realise its potential for the city region.

“Liverpool City Region has all the ingredients to be the UK’s Social Investment Pathfinder, leveraging the contribution of social businesses to wider economic and social development. This is something that we should all seek to support.”

*Lord Victor Adebowale
Commission for Social Investment 2022*

Lord Adebowale has agreed to act as the Social Investment Pathfinders' Patron.

The UK's first Social Investment Pathfinder in Liverpool City Region will build on the pioneering work of Kindred-LCR – a 700 strong member driven network of socially trading organisations – financially supported by Liverpool City Region Combined Authority and Power To Change with £6.5M catalytic finding. The Pathfinder will demonstrate how the Adebowale recommendations can be applied to use social investment programmes to grow social enterprise in a city and region to deliver both commercial and social impact returns, at scale.

The proposal has been developed through two Social Investor Round Tables in Liverpool at which the CEX's of 25 social investment funders, a regional public sector pension fund and a primary regional

charity each contributed their learning. This has been supplemented by a 6 member Working Party and individual discussions and workshops.

2. Objectives of a Pathfinder programme

The Pathfinder will:

- Implement the findings of the Adebowale Commission, specifically to increase the access, scale and reach of social investment into local social enterprises, including black-led ventures.
- Develop bottom-up and be led by social organisations and actors, not waiting for permission, but engaging Government and other national agencies as equal partners from the start, to ensure replicability.
- Grow social investment into the city region by £50million over the next 5 years, boosting social businesses, creating 4,500 jobs directly with the majority of those including at least 2,250 in the most deprived areas responding to evidenced demand and the potential for growth to date.
- Support and strengthen the existing local social enterprise infrastructure to deliver the Pathfinder and a lasting legacy, including through Kindred, that responds to the ten-fold increase in demand for social investment growth evidenced in the initial two years of Kindred delivery.
- Deliver on major socio-economic objectives for the city / city region, linking to statutory economic plans and including Place Based Impact Investment pilots that harness the innovations emerging in communities allowing them to scale and impact system change.
- Position the city region as a leader in social innovation, becoming a Social Enterprise City Region.
- Source social innovations in key areas such as environmental sustainability and social care.

The Pathfinder will offer a national exemplar that supplies evidence, learning and an adaptable route map on how local and social enterprise can be harnessed to be highly transformative in terms of a critical mass of economic growth, unique place identity and innovations that contribute to inclusive and sustainable development.

3. Led by Socially Trading Organisations

The brief for the Pathfinder has been written by its target beneficiaries – socially trading organisations capable of growth. Their instructions are clear:

Money

“We want a transformational relationship and loan agreement, not a transactional one – that describes what are we going to achieve together, not what are we going to repay.”

“Incremental money so we can grow with our ideas – it’s not so risky for us or you.”

“Some grant required – social projects in underinvested places and communities need longer lead-in times. We are building our whole economy.”

“We want to pay some of our investment back in costed social returns.”

“We need to invest in the whole ecosystem or place – not just individual ventures. We know that doesn’t work so well and it’s not the kind of growth we want here.”

“We want an equal relationship. We are investing our lives and livelihoods in this. Match us.”

Support

“We want business supporters who know about CICs and can step into the sector when and where we need them.”

“I don’t need advisors. I know what I need to do. I just don’t have the time to do it and need someone to help us to grow.”

“Peer to peer support - from someone who has been through this.”

“A programme that convenes the community, shares learning, embeds expertise, where we can build trust, so we have somewhere to go when it’s all going wrong.”

Space

“Spaces to start up, to collaborate, to cluster, to grow, to share, to own, to reinvest.”

70% of the STOs we are investing in need more space – their growth is hampered by space or tenure!

And 85% are paying rent and creating asset value for other, often absent or extractive, landlords.....

“We want community owned property, equipment and production facilities; shared supply, promotion, distribution and customers networks; in places where we collaborate for mutual gain and collective impact.”

The Pathfinder brief arises from design workshops with 150 socially trading organisations in 2019 to establish Kindred-LCR and has been confirmed through ongoing engagement with their 700 strong membership and detailed annual reviews with all those who have received investment to grow.

4. Operating Model

A draft operating model, projected outcomes and impact of the Pathfinder have been developed. They are supported by research undertaken by The Heseltine Institute and Power To Change, and the evidence generated through delivery by Kindred-LCR CIC and the pilot projects that preceded it.

The operating model and evidence will be refined, tested and detailed during this commission.

The Brief

1. To facilitate the working group and convene other stakeholder constituencies to inform its development, ensuring the Pathfinder is led by the evidenced demand and opportunity of STO’s.
2. To review existing consultation and undertake limited consultation or workshops with identified stakeholders to fill gaps and confirm the Pathfinder brief including:
 - Socially Trading Organisations who have been consulted at the outset on the proposals developed. Access to existing forums and mailing lists will be provided.
 - Key contacts in Local Authorities and other key strategic partners such as NHS Trusts on the service areas, places and target communities of interest who might benefit from social innovation or social trading clusters.
3. Use existing data to map existing social investment and support within the region and identify the gaps that will be filled by the Pathfinder.

4. To work with partners to project the investment and support costs required over the next 5 years and the potential economic and social returns for the region based on existing performance.
5. To meet and negotiate with investing partners on their commitment (be that financial, in kind, assets, bending mainstream services, etc) to secure non-binding letters of intent and including any restrictions, limitations, conditions or requirements.
6. To run a design sprint with Big Society Capital and other interested partners to develop an underwriting or guarantee scheme that can be used by the Pathfinder and elsewhere.
7. To run a design sprint with Access Foundation, STOs and other interested partners to develop a suite of products and services the Pathfinder will offer that fill gaps in the existing ecology.
8. To support the working group to consider the options for Governance and the Operating Model available to them including managing a fund, contracting fund management, and acting as a broker.
9. To coordinate contributions to the Pathfinder Investment Prospectus or similar document that describes and makes the case for the Pathfinder including a high-level implementation plan.
10. To work with the Working Group and all committed partners towards the launch of the Pathfinder.
11. To call regular Working Group meetings and ensure decisions are appropriately recorded.
12. Any other tasks which may arise in the course of the contract, but which will be subject to an extension of this contract.

The role may involve sourcing other professional or technical advice where it is not available in kind from partners.

We envisage this phase of the UK Social Investment Pathfinder project to require circa 40 days' work. Work should commence in August and complete in December 2023.

Who we are looking for

The UK Social Investment Pathfinder are seeking an organisation or individual that has a track record in social investment and can demonstrate experience and expertise in working with socially trading organisations including those led by communities underserved by social and mainstream investment currently.

The selected consultant will have a working knowledge of social investment, social impact, and its potential to deliver social inclusion.

Expression Of Interest

We would like to receive a written response, including the following:

- Your experience and capacity to undertake the brief.
- A timeline with key milestones.
- An indicative cost and day rate (for the purposes of comparison and any contract extension or reduction).
- Biography / CV for yourself and any other proposed team members

If you require any clarification on any aspect on this tender, please contact Chris Murray chris.murray@urbanpsyche.org

Power to Change will enter into a contract with the selected consultant on behalf of the working group. A copy of Power to Change's standard contract terms and conditions is available [here](#).

Responses should be submitted via email to Natalie White at natalie.white@powertochange.org.uk
by 9am 24th July 2023