

Our contribution is short and hopefully to the point. The short list of observations we offer doesn't neatly fit the response template on your site, so we hope that you will accept the brief summary below.

Who we are

Baxendale (www.baxendale.co.uk) is a small specialist social and mutual business consultancy. We exist to tackle important challenges facing society today and in the future. Those challenges cannot be solved by government or charity alone. We believe business can bring the creativity and commercial expertise vital to identifying much-needed solutions. We know that old models of business as usual can be unsustainable, wasteful and exploitative – but with the right approach business can achieve high impact positive outcomes at scale for clients, employees and the communities in which we all work. At Baxendale our goal is to work with those who share our values and want to make a positive difference in everything they do. We work with pioneering organisations and inspiring individuals to tackle big challenges in innovative ways – from developing affordable, replicable solutions to social issues, to creating highly-productive employee owned businesses. Our unique offer combines specialist consultancy, investment and partnership to deliver significant financial and social impact and build a responsible future.

Contribution to Call for Evidence

Our principal challenge is for the Department to be really clear on what success looks like. We've heard two different elements to that:

1. Encourage the creation of greater numbers of mission-led businesses (MLBs)
 - a. *Definition and outcomes clarity*: This doesn't mean be overly specific. But currently the definition is being assumed by many to be a short-hand for businesses that want to do social good – whereas in fact the term is pretty much all-encompassing. Need to pin this down better and improve language. Some kind of definition that outlines the impact you'd expect an MLB to have is going to be massively worthwhile.
 - b. *Use existing evidence*: There are clearly certain kinds of businesses which obviously fall into the MLB category – and evidence bases to support those businesses already exist, including:
 - i. Social businesses / enterprises
 - ii. Employee owned (EO) businesses (a broad-based EO structure with fair and meaningful practice around sharing information, influence and reward achieve a no of important things - locks in mission alignment, improves accountability, is a more equitable wealth-distribution model and drives long-term stewardship)
 - iii. Co-ops
 - iv. Public service mutuals (typically a mixture of the forms above, a small cohort but not insignificant)
- 2 points running under each of these are:
- Discussions on the MLBs agenda around barriers holding back the growth of new MLBs seemed to be regurgitating a lot of the discussions had and heard previously around the barriers that exist to helping those kinds of business get off the ground, or go from small to medium sized (including access to people/capability/leadership, access to capital, access to markets/procurement level playing field, getting more info into business schools). We shouldn't start reinventing the wheel here. Let's draw on the

evidence bases that already exist and see whether there is anything definitively unique about an MLB that Government should address.

- In each instance, the Government has already put in place a series of measures to overcome barriers and support the growth of this kind of business (from the EBT tax relief to the 2012 Social Value Act to the now defunct Mutuals Support Programme). The Dept should revisit those and evaluate whether or not those measures are working and in some instances might be resurrected.

2. Encouraging existing – typically larger – businesses to become mission-led or do more to demonstrate that they are

- a. Structural options – there are a range of ways to introduce a mission-lock – broad-based / Employee Benefit Trust-based EO is one that brings a range of additional benefits with it.
- b. Programmatic options – i.e. what actually is the activity that we are asking these larger businesses to engage in, that provides what this agenda is looking for? The one activity that I heard at the engagement event on Friday July 1 that might meaningfully lend itself to this agenda is some variation of corporate venturing, potentially directed at incubating/enabling smaller MLBs to emerge - potentially around new disruptive innovation - and supporting them to succeed. There is an interesting debate to be had around what the role of CO/Government is in supporting this to happen. It is not enough simply to convene. The Department should use CO's 'bully pulpit' dimension to champion the cause, bring parties to the table, then actively match-make – or bring some proposed activities/ways to engage to the discussion. For instance, tee up half a dozen critical societal problems, put match funding on the table and invite corporates to invest in social disruption to identify solutions to those issues.

Summary

Under point 1, don't reinvent the wheel. The trade associations in our sector – including SEUK, EOA, Co-ops UK – will all be putting in more substantive evidence-based submissions. However, if this review prompts a revisiting, learning and renewing of what the Government has done in the past to support these business cohorts that will be a highly positive outcome.

Under point 2, it is critical that this agenda is not perceived as simply green-/social-washing pure profit private businesses. For that to be the case, it is important that the Government is not seen to be giving away funds/effort without a really clear and substantive bar on what positive social impact a company consistently and explicitly achieves.

Rather - the Government should be seen to be enabling those private sector businesses to bring something new to the table, for instance in terms of different offers of cash/support/partnering to achieve social aims. We know that it is hard to get really early stage venture capital in around disruptive social innovation/organisations – bringing some of these corporates into this space who are more prepared even than Government at this point to take risk and absorb inevitable failure rates could be pretty powerful.