



# Co-operative Councils

## Innovation Network

## FINANCE



## Power to Change working with Liverpool City Region

### Kindred CIC and investing in Liverpool's social economy

Liverpool City Region has a thriving social economy, but its resilient community businesses are frequently operating on tight margins. The sector needs access to finance to realise its full potential, yet many struggle to get mainstream investment. To respond to this challenge, Power to Change teamed up with Liverpool City Region (LCR) Combined Authority and local social economy leaders to develop Kindred, an independent CIC offering social investment and support.

Kindred is not just another grant or loan programme. Co-designed by the sector, it is a social investment vehicle which supports socially trading organisations (STOs) – businesses that deliver social benefits and trade commercially, with social purpose at their heart. Owned by the sector and for the benefit of the community, Kindred's philosophy is 'pay back and pay forward'. Businesses invested in by Kindred in turn reinvest back into the fund so that other businesses can benefit.

The process for allocating this money and support is also unique. Investments by Kindred are awarded in a non-competitive process – a radical departure from most grant processes which frame STOs as competitors rather than collaborators. With Kindred, STOs can decide on the combination of funding that meets their needs. The collaborative investment process develops an ongoing relationship with and between local STO investees.

This new model of investment and support required Kindred's funders to behave in new ways to reflect the cooperative, emergent and democratic nature of the social economy.

Early on, Metro Mayor Steve Rotheram pledged £5.5M in support, which Power to Change matched with £1M. LCR Combined Authority then established key links and participated in Kindred's co-design. As the lead partner, Power to Change guided the early development of the fund, facilitating the relationship between the sector and the Combined Authority. As the fund was established, Power to Change brought robust accountability and credibility to Kindred's governance and incubated its organisational development.

Kindred demonstrates a new approach to place-based investment in the social economy. It may be firmly rooted in Liverpool City Region, but its approach serves as a blueprint and inspiration for places everywhere.

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