

Welsh Economy and Covid 19 Inquiry into the COVID-19 outbreak and its impact on culture, creative industries, heritage, communications and sport

Wales Co-operative Centre response, June 2020

About the Wales Co-operative Centre

The Wales Co-operative Centre is a not-for-profit co-operative organisation that supports people in Wales to improve their lives and livelihoods. We are working for a fairer economy. We help to create and retain wealth within our communities through the growth of co-operatives and social businesses and by providing people with the skills to take more control of their own lives and strengthen their communities.

Our projects are as follows:

- *Social Business Wales* provides intensive, one-to-one support to new start social businesses as well as those which have ambitions to grow and a viable business proposal.
- *Digital Communities Wales: Digital Confidence, Health and Well-being* works with organisations across Wales, in order to help people increase their confidence using digital technology so they can improve and manage their health and well-being.
- Our *Communities Creating Homes* project offers support and advice to new and existing organisations looking to develop co-operative community-led housing schemes in Wales.

We also deliver a range of paid consultancy services which are in line with our values and corporate aims.

Introduction

The Wales Co-operative Centre welcomes the opportunity to respond to this inquiry. Social businesses are a key element of the culture and creative industries sector, and we believe that the Covid-19 crisis has resulted in specific challenges for these types of businesses that need to be addressed. There is clear evidence to suggest that social enterprises can play a key role in helping to rebuild a fairer, more inclusive and sustainable economy. This is particularly important in the culture and creative industries sector, where we have seen considerable challenges that will have long-term consequences. Here, we set out some of these challenges and set out how they can be addressed, drawing on the experiences of social enterprises across Wales. The Wales Co-operative Centre would also like to note that we would be grateful for the chance to provide further oral evidence on this subject.

Summary

- Arts/Entertainment/Recreation is the sector with the largest proportion of social enterprises in Wales. The Wales Co-operative Centre delivers business support services to these social enterprises and has identified specific concerns facing these key businesses that make a significant impact to the Welsh economy and our communities.

- Key concerns identified by social enterprises within these sectors are the loss of traded income through closures, long-term funding options, and uncertainty over the future of the lockdown stage of the Covid-19 response.
- To ensure that social enterprises in these industries are able to achieve their full potential they must be flexible over emergency support such as the furlough scheme and accessible, long-term funding options.

Social Enterprises in the Cultural, Creative, Heritage, Communication and Sport Industries

Our 2019 report “Mapping the Social Business Sector in Wales” showed that 22% of social enterprises in Wales were in the Arts/Entertainment/Recreation sector, making it the sector with the largest proportion of social enterprises in Wales. Social enterprises within these sectors play a crucial role in our economy and in communities across Wales. They are anchored in their communities, are frequently community-owned, employ locally and often have improving their local area at the heart of their social aims. For these reasons, the social business model will be crucial as Wales seeks to rebuild its economy in the aftermath of COVID-19. Our recent report on the impact of the Covid-19 crisis on the social enterprise sector noted some of the concerns held by these businesses.

Main Concerns

A key concern for enterprises in the Arts/Entertainment/Recreation sector is the time it will take to replenish traded income streams. One example of this is the experience of **Porthcawl Harbourside Maritime Centre**, a major new build development undertaken by Credu Charity, which is seeking to restore and enhance Porthcawl's rich maritime heritage as a premier seaside resort. It wants to help increase footfall to the town and contribute to the overall regeneration of the area, while nurturing an ethos of community engagement and economic growth. The Covid-19 crisis has meant that all construction activity has ceased, and the charity has concerns over delays to capital build and the loss of first year income. Currently, all funders remain supportive. The accessibility of long-term funding to allow social enterprises in these industries to rebuild and grow is there of crucial importance.

Another key concern for the large number of “place-based” social enterprises in these industries is the uncertainty of “lockdown” and the fact that they may be some of the last to leave this phase of the Covid-19 response. **Neath Afan Gymnastics Club** is a social enterprise that operates two facilities in the Neath Port Talbot area and relies on its membership fees. It has been innovative in response to the closure of its facilities, and has devised an innovative programme called Homenastics to maintain fitness levels at home. The response has been positive and they have maintained high levels of engagement. The future remains uncertain, and they expect that the online element of their business will remain even in the post-lockdown period as parents are hesitant to send their children back into close environments.

Many social enterprises have applied for business rates relief, but the processing time has varied considerably across Wales and across various local authorities. There have been applications to both the micro- and SME-level of the Economic Resilience Fund. There has

also been use of the furlough scheme, but there are concerns regarding how it will end, and the need for staff to come back to work on a part-time basis as firms begin the rebuilding process. **Galeri Caernarfon Cyf**, established in 1992, is a not for private profit community enterprise operating as a development trust in Caernarfon. The company contributes more than £5 million per annum to the Gwynedd and Anglesey economy. It employs over 50 members of fulltime, part-time and seasonal staff and supports an additional 50 jobs in the local economy. Most staff have been at Galeri have been furloughed, and it has applied for a range of interim grant and loan financial support through Welsh Government and the Arts Council of Wales. There is evidence to suggest that venues such as Galeri could remain closed or below capacity for a considerable time – for example, the Wales Millennium Centre has announced it will remain shut until at least January 2021. As a result, flexibility within the furlough scheme is essential.

Solutions

As a result of the issues and experiences that have been outlined in this short piece of evidence, our key points are;

- For consideration to be given to longer term funding, to bridge the gap between emergency funding running out and income levels getting back to pre-Covid levels
- For flexibility within the furlough scheme to enable staff to return on a phased basis
- The continuation of sector specific business support to ensure that the social enterprise sector in Wales achieves its full potential.

Conclusion

The cultural and creative industries have been some of the hardest hit by the Covid-19 crisis, and may be among the last to leave the lockdown stage of the response. The significant number of social enterprises in these industries face specific concerns as outlined here, and in order to remain and grow as hugely important enterprises in our economy and our communities, there must be specific support offered to them to address these barriers. We would be delighted to further support this inquiry with the evidence and insights we have through our projects at the Wales Co-operative Centre.