

MANIFESTO FOR THE SOCIAL ENTERPRISE SECTOR IN WALES

February 2021



Prepared by the Social Enterprise Stakeholder Group (DTA Wales, Social Firms Wales, UnLtd, Wales Co-operative Centre and WCVA)

INTRODUCTION

In 2019, the Welsh social enterprise sector had grown to more than 2,000 businesses employing 55,000 people and contributing over £3bn to the economy. Social enterprises represent an important and dynamic component of the Welsh economy.

The social enterprise sector in Wales can play a key role in helping to rebuild a fairer, more inclusive, and sustainable economy. 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.

July 2020 saw the launch of 'Transforming Wales through Social Enterprise'; a 10-year vision and action plan for the sector. The vision and action plan was co-produced by social enterprises and social enterprise support agencies in Wales. The aim is to provide a clear vision for the potential of the sector to contribute to the lives and livelihoods of the communities and the economy of Wales as we recover and rebuild from the effects of the COVID-19 pandemic.

THE WELSH SOCIAL ENTERPRISE SECTOR IN 2019:



2022

SOCIAL ENTERPRISES



55,000

EMPLOYEES IN WALES



WORTH

3BN

TO THE WELSH GDP

The policy recommendations contained within this manifesto contribute to achieving the nine outcomes detailed within the Transforming Wales through Social Enterprise' vision and action plan:-

SUMMARY OF OUTCOMES



POLICY RECOMMENDATIONS

RECOMMENDATION

01

The next Welsh Government should expand and strengthen the specialist business support which is tailored to the needs of social enterprises and co-operatives.



BY 2019 THE SECTOR WAS VALUED AT £3.18 BILLION (UP 87%), EMPLOYING 55,000 PEOPLE (UP 45%) AND MADE UP OF 2022 BUSINESSES (UP 38%).

Social enterprises have a crucial role to play in the economic rebuilding process. Whilst they face many of the same challenges as any mainstream foundational business, they also face unique challenges. Social enterprises have different drivers and deliver holistic solutions, integrating their environmental and social objectives with economic ones. They have specific governance structures and are accountable to multiple stakeholders. These businesses need to be supported in ways which are sympathetic to their means of delivery and social impact.

Funding specialist business support for the sector enables it to grow. We know the model works and is now being considered in other parts of the UK. Thanks to funding from the current Welsh Government, the social enterprise sector in Wales has shown significant growth in the last few years. In 2014 it was estimated the sector was worth £1.7 billion, employing 38,000 people and made up of 1470 enterprises. By 2019 the sector was valued at £3.18 billion (up 87%), employing 55,000 people (up 45%) and made up of 2022 businesses (up 38%)¹.

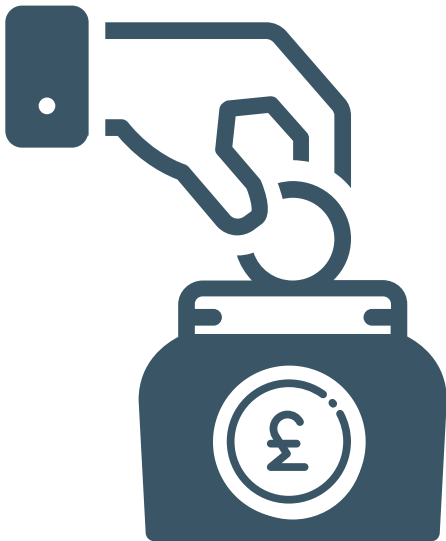
It is clear that growth amongst social enterprises compares well to the wider economy of Wales, making the case for continued specialist business support to the sector in future.

1. Mapping the Social Business Sector in Wales, Social Business Wales, June 2019; wales.coop/sbw-mapping-report-2019/

RECOMMENDATION

02

The next Welsh Government should continue to grow specific funding streams to support the social enterprise sector as it emerges and rebuilds from the pandemic.



The funding provided to the sector during the pandemic has been essential for organisational survival. The effects of COVID-19 and the end of European funding means that the sector requires the expansion of financial support to rebuild, develop and grow.

Welsh Government's additional new 'recovery' funding has been very welcome as social enterprises begin to plan for a different future. Our call therefore is for a continuance of the availability of such funding, covering both 'survival' and 'recovery' strands, recognising that for many, the impacts of COVID-19 will remain a threat to survival beyond the peak of the pandemic.

Social enterprises occupy a unique place; often ineligible for voluntary sector grants, but with private sector loans being unsuitable for them. Tailored finance options are critical to support the sector.

Social enterprises rely on a funding matrix of revenue generation, grant and loans and the financial needs of the sector are not being met by commercial banks and lenders. We therefore call for the continuation and diversification of funding to indigenous, Welsh social investors to enable them to continue to meet the financial needs of the sector. The sector requires more flexible and accessible financial support from early-stage seed corn funding, through growth to scaling, targeting impact rather than outputs. Further consideration should also be given to the use of patient capital, as well as the specific needs of the sector that can be met; ensuring investment is taken up by under-represented groups.

EU funding has allowed those social investors to experiment with different investment models, some of which are now widely accepted as 'good practice'. Any new funding provided should both encourage and enable that experimentation to continue.

RECOMMENDATION

03

The next Welsh Government should establish public procurement and commissioning policies and practices that embed social value and utilise local supply chains.

AS PART OF A GREEN RECOVERY WELSH GOVERNMENT SHOULD LAUNCH A WALES-WIDE 'BUY LOCAL' CAMPAIGN TO ENCOURAGE PEOPLE, BUSINESSES AND THE PUBLIC SECTOR TO BUY, COMMISSION AND INVEST LOCALLY

The benefits of embedding social value within public sector procurement, commissioning practices and processes will mean that there will be opportunities for social enterprises to be part of public sector supply chains. We also consider that the social value element of any awarded contract needs to be evaluated and measured. Building local supply chains results in placing control and benefits into the hands of local people. This approach has the potential to transform places and economies across Wales.

The success of public sector bodies in utilising social value within procurement and commissioning processes should be measured. It is acknowledged that public bodies are using a variety of social value metrics, including the Welsh Themes and Outcomes (TOMs) framework which provides milestones against the provisions of the Wellbeing of Future Generations Act, so that progress towards those goals can be assessed. However, consistency in the approach and metrics adopted by public sector bodies would aid the implementation of social value, outcomes-based commissioning.

As part of a Green Recovery Welsh Government should launch a Wales-wide 'Buy Local' campaign to encourage people, businesses and the public sector to buy, commission and invest locally, to help support and rebuild resilient local economies.

This should also include communities, wider public and local businesses, as well as Local Councils, in a 'Buy Local' campaign, spending and investing locally, as part of the Green Recovery.

RECOMMENDATION

04

The next Welsh Government should prioritise and utilise social enterprise solutions across all areas of Government and Ministerial portfolios as Wales emerges from the COVID-19 pandemic.



SOCIAL ENTERPRISES OPERATE ON THE PRINCIPLES OF THE TRIPLE BOTTOM LINE; PEOPLE, PLANET, PROFIT

The multi-sectoral nature of social enterprise means that it can offer innovative and enterprising solutions across a range of Government Departments and Ministerial portfolios.

Social enterprises operate on the principles of the Triple Bottom line; people, planet, profit. This ensures that their social, environmental, economic purpose is at the heart of what they do.

Social enterprises 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. They are a way of ensuring local supply of goods and services at a time of need. Social businesses also play a particular role in creating jobs for and developing the skills of people who are outside the labour market.

A task and finish group should be appointed to audit the potential for social enterprise to contribute to the objectives of each Department and Ministerial portfolio within Welsh Government. This will help each Department to deliver the greatest possible social value to the Welsh tax payer.

RECOMMENDATION

05

The next Welsh Government should continue to prioritise the Climate Emergency and a 'Green' recovery and embed the principles of a zero carbon and circular economy.

There is a real opportunity at this time of profound health, social, economic and political turmoil, to develop new and radical solutions and profound changes that rebuilds our economy and society in a way that works for people and planet.

Welsh Government policies relating to the climate emergency and protecting the environment should promote social enterprise as the business model of choice for organisations working and wanting to work in this area.

Social enterprises value the environment just as much as people and profit and can lead the way in tackling climate change. Many operate environmental enterprises in sectors such as renewable energy, zero waste, food, biodiversity and land management.

Welsh Government's substantial economic levers in relation to energy and infrastructure can be used to invest in and create a number of green jobs as well as support decarbonisation.

There is also an opportunity to build more resilient communities and local economies, through scaling up social enterprises and community and locally owned businesses and assets, to be at the heart of this green recovery.

Some have environmental objectives and improving the local area at the heart of their social aims. They are ideally placed to play a key role in helping with training and skills development in local communities as part of a just green transition.



RECOMMENDATION

06

The next Welsh Government should develop and implement policies that support inclusivity and diversity and Fair Work within the Welsh economy; harnessing the expertise of social enterprises to do so.



IN WALES, 76% OF SOCIAL BUSINESSES PAY THE LIVING WAGE. WHEN EMPLOYERS COMMIT TO PAY THEIR STAFF A REAL LIVING WAGE IT ALSO HELPS TO INCREASE LOCAL PRODUCTIVITY AND DRIVES INCLUSIVE GROWTH.

Young people, women, people with disabilities, people from Black, Asian and Minority Ethnic backgrounds, ex-offenders, people managing substance mis-use, those who have experienced homelessness and people managing mental health issues face particular difficulties when entering, re-entering and retaining employment in the labour market, the labour market, or indeed when starting their own businesses. We are improving our support to build a more diverse social enterprise sector and we want the Welsh Government to join our effort. We want to see the Welsh Government harness the expertise of social enterprises to make workplaces representative of our diverse Welsh society. This effort should result in more inclusive start-up support, and the creation of skills and employment opportunities for those furthest from the jobs market, supporting the development of local supply chains and the 'better jobs closer to home agenda'.

Evidence suggests that social enterprises are more likely to be fair work employers where people achieve well-being and realise their potential. In Wales, 76% of social businesses pay the Living Wage. When employers commit to pay their staff a real Living Wage it also helps to increase local productivity and drives inclusive growth. Fair work can help achieve a stronger, modernised, more inclusive economy. Social enterprises are well-placed to help deliver the developing fair work agenda in their sector and beyond in Wales.

RECOMMENDATION

07

The next Welsh Government should launch an upskilling and investment initiative to build digital skills and infrastructure in the third sector (including for social enterprises).

We welcome the launch of the Welsh Government's Centre for Digital Public Services, as advances in digital technology have the potential to make a significant positive impact by developing new solutions for public services. To work alongside this new Centre, we are calling for a programme to promote digital services in the third sector. Many charities and third sector organisations provide essential public and community services. We need to ensure these organisations are also able to take advantage of digital technology to enhance the services they provide and to become more efficient; this is particularly pertinent as social enterprises continue to pivot and develop their online sales and services as a result of the pandemic.

We are asking for:-

- specific leadership training to be made available to ensure that those working in the third sector are able to gain valuable digital skills
- funding to support digital development, so that the third sector, including social enterprises, are not excluded.

RECOMMENDATION

08

The next Welsh Government should create a new generation of socially responsible entrepreneurs by embedding social enterprise and well-being economics into economic/business studies curriculums in Welsh universities, colleges and schools.



There is a consensus that entrepreneurship education has a crucial role to play in developing a culture of enterprise and removing barriers to enterprise particularly within under-represented groups. As we strive to build a new economy in Wales that places well-being at the heart of its policymaking, we are calling for social enterprise and social entrepreneurship to be embedded within the enterprise education that students receive at Welsh schools, colleges and universities.

IT IS ESSENTIAL WE TRAIN A NEW GENERATION OF ENTREPRENEURS WHO ARE READY TO INNOVATE AND DEVELOP SOCIALLY RESPONSIBLE AND ENVIRONMENTALLY FRIENDLY BUSINESS IDEAS.



CALL TO ACTION

The next Welsh Government should continue to support and be part of the Social Enterprise Stakeholder Group.

As a co-ordinating and representative function of the social enterprise sector it is essential that Welsh Government commits to support and engage with the Social Enterprise Stakeholder Group.

This manifesto is a call to action and we would ask that the next Welsh Government unites with the sector to deliver and embed social enterprise within the Welsh economy as we rebuild, recover and grow.

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