

# Innovation strategy for Wales

Q1. Which stakeholder group would you consider yourself to represent:

**Other (please specify):**

Social Enterprise

Q2: What would you like the Innovation Strategy to achieve in the short (1 year) term in relation to: economic growth skills development social equity climate and environment other

Economic growth should not be the key short-term barometer of success. Priority should be ensuring Wales is able to be more resilient to existing challenges and well-placed to develop in the future into a country that is more equal, sustainable and prosperous.

A key objective of the first year of the strategy should be to begin the process to embed social enterprise as the business model of choice in Wales. The triple-bottom line approach to business that social enterprise embeds in its model has proven benefits for economic prosperity and job creation, for social equity, and for combating the climate crisis. It is vital that this approach and model of business is embedded in the innovation strategy. Identifying the key sectors in which a social enterprise approach to business will have the most impact and identifying the barriers to innovation with a social purpose in these fields should be a key priority in the short-term. It is then vital that appropriate and impactful incentives are created to ensure that investment in innovation by partners is made.

In addition, it is essential that the social enterprise sector is prioritised and facilitated to engage in innovation. This is the business model that is best placed to deliver innovation that answers the challenges facing Wales today. As we face the immediate challenges the first year of the strategy will present, capacity for investment and time spent on innovation may be limited in some social enterprise organisations who already deliver vital services in communities across Wales. Taking a co-operative approach to innovation, with networks and platforms facilitated by public spending, facilities and partners outside of the sector, is an appropriate target for the first year of the strategy.

Q5. We set out some high-level objectives that underpin our vision in the draft strategy. We recognise that Wales cannot be a global leader of innovation in all areas. Is there a specific mission or missions, linked to economic sectors or areas of social outcome where you think activity and resources should be concentrated?

In 2021, Social Business Wales published its mapping of the sector. 71% of social enterprises identified stated that they expected to grow in the next 2-3 years, and half of these stated that they expected to do this through developing new products or services. It is clear that there is considerable potential for innovation in this sector, and innovation that is grounded in a social purpose.

In 2020, the Social Enterprise Stakeholder Group published an ambitious Vision and Action plan for the sector. The process was a shared endeavour, involving people and organisations throughout Wales, and culminating in a vision that we can all share and actions that we can all sign up to delivering. The Vision and Action Plan identified 9 key outcomes. One of these outcomes was for social enterprise to play a greater role in tackling climate change and protecting the environment. We want to see social enterprises change their working practices to reduce their carbon footprint and environmental impact – this is already embedded in their business model, and we want to see them supported to do this in innovative ways. We want new social enterprises to be established which operate in the environmental sector and have environmental objectives, such as tackling climate change, and for social enterprises to provide training to people employed in a range of sectors, including fossil fuel and carbon intensive industries, enabling them to transition to jobs in green industries. These are just some ideas for social enterprise to bring their innovation to this crucial sector and challenge in a way that is environmentally conscious, has a social impact, and improves the economy in communities across Wales.

**Q6: What impact, positive or negative, do you think the innovation strategy will have on Wales?**

The Innovation Strategy will have a positive impact through stimulating the debate and focus on innovation across sectors in Wales. However, we believe the positive impact of the Strategy can be maximised by setting out a clear mapping of the resources and levers the Welsh Government can use to stimulate innovation, clear list of specific actions to facilitate innovation and who is accountable for ensuring these actions are delivered, and a narrative to support these actions that sets out how a social value model of innovation will be embedded across the delivery of the strategy.

**Q7: What new actions are needed from the Innovation Strategy?**

We would like to see a comprehensive mapping of the existing capacity for innovation in Wales and set plans for how this can be improved and increased further. A set of specific actions for incentivising socially minded innovation through existing structures and funding is necessary.

**Q9: What are the main challenges and barriers to innovation in Wales? What needs to be done to overcome these barriers?**

We will answer this question focusing on the social enterprise sector and its experiences. Firstly, it is important to note that there is significant innovation within the social enterprise sector. Creating Enterprise is a social enterprise in Conwy. A subsidiary of Cartrefi Conwy, it started trading in 2015 and has quickly grown into the social contractor of choice for North Wales. It builds environmentally friendly homes using sustainable materials and is innovative in finding new ways to lower its carbon footprint, such as by sourcing eighty percent of its timber from Wales and constructing its frames onsite. As well as having an environmental mission, it has a social mission to create well-paid, full-time employment opportunities for the local community it serves. Its Creating Futures Academy helps local people find and access training, volunteering, and employment opportunities. In November 2020, it was named as the Fastest Growing Company in Wales. As a subsidiary of a housing association, it is a fantastic example of the innovative thinking that can embed social value and social enterprise in the housing sector in Wales. This team is the perfect example of how social enterprise can deliver on its three ambitions: business success, environmental sustainability, and helping people. We want to be at the forefront of developing this type of innovation across the social enterprise sector, and of ensuring that innovation with a social purpose is at the heart of the strategy that is developed.

In recent years, our communities have faced several considerable challenges that have required social enterprises to divert significant time and resources. We know that social enterprises provide essential goods and services across different communities, and are concentrated in deprived areas. The impact of austerity and stagnating wages in Wales have meant that social enterprises have played a crucial role in grassroots support for individuals most at-risk. The Covid-19 crisis presented a huge challenge for communities and social enterprises themselves, but our report on the impact of the social enterprise sector published in 2020 demonstrated the variety of ways they stepped up to provide essential support during this period. In addition, the cost of living and cost of energy crisis we are currently experiencing are a huge threat to social enterprises and people in our communities. Engaging in these emergency responses has meant that there has been less capacity for engaging in innovation. However, this means that facilitating this capacity and incentivising innovation can have a significant impact.

Access to funding is noted as a persistent challenge for the sector. There are a range of reasons, encompassing issues surrounding awareness, skills and resource. The main issue identified in the Social Business Wales mapping exercise in 2018 was the type of finance offered, specifically the emphasis on repayable finance over grant finance. However, there were much fewer selecting this as an issue in 2020 (21 per cent vs. 43 per cent in 2018), presumably because there has been so much more grant funding made available during the Covid-19 crisis. Accordingly, this appears to have created the opposite challenge, wherein there are so many options available that businesses are uncertain as to which are the most appropriate offers for them and where to look for the financial offers. Twenty-seven per cent also indicated that they did not have the appropriate expertise with which to apply. Businesses were also asked about the blended finance model, which was used for funds such as the Third Sector Resilience Fund and the Social Business Growth Fund (i.e. a mix of grants and loans) and may become more prevalent in the future. Most businesses (55 per cent) are aware of the funds and, where they are aware, most (55 per cent) indicated that they are interested in the model. This is despite the fact that only four per cent accessed blended finance in the past year (see Figure 5.15), suggesting that there is good scope to increase this type of offer as an alternative for businesses who are eager to access grant funding. Access to finance was highlighted in this research as being a key barrier to growth in the sector, and incentivising innovation through funding streams, and a move away from a culture of reliance on grant funding rather than repayable financing, is an opportunity to be explored. However, this will require a significant investment in order to ensure that the sector has the skills and training necessary to successfully access this funding and develop their business models.

Our research shows that there is a strong desire within the social enterprise sector to develop their relationship with the public sector and to develop that market. However, the prospect of doing so is hindered by businesses' capability in the area – procurement was rated as the least proficient area, whilst it was also one of the main support needs highlighted in the survey. The findings suggest that there is sufficient aspiration for policymakers to use procurement to support the growth of the social enterprise sector and to incentivise socially minded innovation within it.

Q10. The Innovation Strategy aims to achieve a more prosperous Wales through introducing new products and services, job creation, spend in the Welsh economy and productivity. An ecosystem where innovation becomes everyone's responsibility.

a. Do you believe the proposed Innovation Strategy has set out clear objectives to achieve this outcome? If not, what is missing?

We want to see more detail on how partners and sectors, including social enterprise, are to be incentivised to engage in innovation that has a social value focus. The strategy correctly identifies key sectors where innovation can have significant positive benefits, we would want to see more of a focus on the role of the Welsh Government in achieving this. There are limited resources, but we would want to see a clear and comprehensive mapping of the resources, funds and procurement activities that can be used to encourage, facilitate and incentivise socially minded innovation.

b. What impact, positive or negative, do you think innovation can have on helping improve the economic prospects and well-being of the people of Wales?

Innovation can have a positive, and crucial, impact on improving economic prospects and well-being of people in Wales. However, it is important that the focus of this innovation is on creating a fairer, more sustainable and more resilient economy. Innovation for private profit in its own right may improve some economic indicators, but the maximum potential impact for people and communities in Wales is when this innovative spirit is used to answer social and environmental challenges, as well as increasing the size of the economy.

Q11. The Strategy aims to grow a more Resilient Wales which aims to improve a healthy natural environment, adopt circular economy principles and increase our capacity and capability in adapting to change.

Do you believe the proposed Innovation Strategy has set out clear objectives to achieve these outcomes? If not, what is missing?

We believe it is essential that the social enterprise sector is prioritised within the Strategy's focus on growing a more resilient Wales. The Social Business Wales 2020/21 Mapping Exercise shows that social enterprises are particularly concentrated in some of the poorer South Wales Valleys and are more likely to operate in areas of deprivation. The sector is composed of a core group of well-established social enterprises supplemented by a growing group of start-ups. There appears to have been a substantial increase in start-up activity over the last two years, which is linked to the Social Business Wales New Start project.

Social enterprises are concentrated in deprived areas because they are embedded in their communities. While businesses focusing solely on generating profit may leave or close during challenging economic circumstances, or if they get a better offer from elsewhere, social enterprises are anchored in their local area, many with the clear objective of improving well-being in their communities. The Covid-19 crisis highlighted the vital role of social enterprise in Wales, but this has been the case even before that crisis. Encouraging innovation in this sector can have significant and tangible positive effects for people in Wales because of the grassroots nature of enterprises with this business model, and improving their opportunities to engage in innovation will mean Wales is much better placed to face challenges of the future. Therefore, it is essential that a clear strategy for facilitating social enterprises to access and pursue innovation is included in this national innovation strategy. Like all models of business, social enterprises are facing difficult economic circumstances. The small sizes of many social enterprises, and the "firefighting" or grassroots activities they are involved in, means that capacity is often extremely limited. Encouraging and facilitating these organisations to engage in innovation in a way that is meaningful to them, often even on a small scale, can have significant results that strongly impact well-being in Welsh communities. Facilitating networks, sharing best practice, promoting digital skills, and promoting social enterprises as solutions to societal challenges to key stakeholders are all ways of promoting and facilitating innovation within this sector.

Q12. An equal Wales is an objective of the Innovation Strategy. This proposes a transparent innovation ecosystem that ensures inclusivity in all research, development and innovation activity and a fairer distribution of investment where all regions in Wales feel the benefit from increased innovation activities.

a. Do you believe the proposed Innovation Strategy has set out clear objectives to achieve these outcomes? If not, what is missing?

We are heartened to see that the Innovation Strategy recognises the need and importance to engage, encourage and support people from all demographics by creating a transparent innovation ecosystem that ensures inclusivity. However, we need to ensure stronger implementation. A recent positive example is the Ecwiti programme, funded by the Welsh Government, a fund administered by a partnership between Social Firms Wales and UnLtd. The programme delivers to 3 key commitments of 'Programme for Government'; 1. Build an economy based on the principles of fair work, sustainability and the industries and services of the future including reducing the disability employment gap; 2. Celebrate diversity and eliminate inequality (Race Equality Action Plan for Wales); 3. Ensure grants are anti-racist, use grants and public procurement to improve leadership, representation and anti-racism, ethnic minority leadership in Wales is supported. Ecwiti is a niche fund supporting social entrepreneurs with lived experience of societal challenges to develop and grow social enterprises that offer a range of products and services, at the same creating high value social impact. The fund has been well received and utilised by marginalised social entrepreneurs. The Ecwiti Fund has created a foundation which has credibility and potential to build upon. Across a 9-month period to date the fund has awarded funds to start up or to grow their ventures to a total of 7 people who face societal challenges from the following demographics, disability (2), neuro-diverse (1), minority ethnic (2), LGBTQAI+ (1), female (2) male (5) and is on target to support 12 social entrepreneurs by the end of March 2023.

b. Do you believe the strategy has the potential to positively impact every region in Wales? If not, what actions are needed?

Yes, innovation can play a hugely important role in developing stronger and more resilient economies in communities across Wales. Social enterprises are ideally placed to help to deliver this innovation as they are embedded in communities across Wales, and particularly concentrated in deprived areas.

c. Are there any existing inequalities within the research, development and innovation sector that have not been highlighted in the draft strategy? How could the strategy address these inequalities?

Develop stronger interventions and awareness to provide encouragement and opportunities for all regardless of business size. Many social enterprises and mainstream businesses are small ventures employing less than 9 people (micro businesses.) Many founders of these businesses do not consider themselves as innovative or have limited understanding of their contribution to building and strengthening an innovative Wales, simply providing a solution to a social issue. Example; Miss Tilly's Community Café who developed supportive/advocate co-working paid employment for learning disabled people.

e. In the context of the UK levelling up agenda, how can we further consider Welsh regional diversity within the development of this strategy?

The foundational economy and the social enterprise sector must both play a key role in ensuring regional diversity within the development of the innovation strategy. Innovation within these sectors has the potential to have a significantly positive impact on well-being, as they are both deliverers of essential goods and services. Innovation within these sectors, and which has positive social benefits, should be pursued to the same extent as innovation in sectors that have been identified as being high-growth – and the social enterprise model has the potential to play a key role in both the foundational economy and other sectors with high growth potential. The Welsh Government has led the way on nurturing innovation within the foundational economy, in particular through the recent Foundational Economy Challenge Fund. The experience of this project should be drawn on when considering how innovation can be pursued and incentivised within the foundational economy, and we believe lessons from this should form a key part of the innovation strategy as a whole. We would like to draw your attention to Cwmpas' "Guide to building stronger local economies" for a clear agenda for building community wealth in Wales across different sectors: <https://cwmpas.coop/what-we-do/policy-publications/building-stronger-local-economies/>

Q14. The proposed strategy aims to create cohesive communities which will see greater cross sector collaboration, greater community connectivity and adoption of digital technologies, and the aligning of activities towards delivering for our communities in Wales.

Do you believe the Strategy will support this ambition? If not, how can we achieve this?

Increasing sector collaboration is essential for promoting innovation within the social enterprise sector. The SESG Vision and Action Plan set out clear objectives to facilitate sector collaboration within social enterprise. It sought to:

- Promote existing community/practitioner-led networks and support new thematic or geographic networks of social enterprises
- Identify regional and sector gaps and explore opportunities to establish physical or digital networks to bridge these gaps
- Support events which enable social enterprises to connect to each other, share information, have a stronger voice and innovate to solve problems
- Encourage collaboration and the development of collaborative spaces to create and test solutions which tackle social issues

Crucially, it also set out performance indicators to measure our success in this area:

The Number of national and regional community events taking place with social enterprises; including virtual events

- Number of social enterprises collaborating, for example by entering into joint bidding arrangements to tender for contracts
- Number of social enterprises involved in peer-to-peer support and learning
- Number of joint consultation responses submitted by the sector
- Active participation in representative function

We believe this strategy would benefit considerably from having measurable indicators like this to ensure progress is understood.

As discussed in response to previous questions, social enterprises are embedded in the local communities, providing grassroots services in a bottom-up way. This means they can be a hugely important tool for accessing communities. Promoting greater community connectivity is essential, and this can be achieved in the most productive way by accessing and nurturing already-existing networks. To create community connectivity, social enterprises can be a vital partner.

Similarly, promoting adoption of digital technologies within the social enterprise sector has been highlighted as key objective within our Vision and Action Plan, and again this has come with clear actions and performance indicators:

#### Actions

- Support social enterprises to implement digital technology solutions by delivering training and resources
- Co-create solutions with tech-based social enterprises
- Share and promote good practice and digital innovation amongst the sector

#### Key performance indicators

- Number of social enterprises reporting digital skills as a skills gap in their organisation
- Number of social enterprises utilising digital marketing to attract new customers
- Number of social enterprises selling products online

In addition to this, Cwmpas, the WCVA and ProMo Cymru have recently co-operated on the Newid project, a programme of digital skills development and support for the voluntary sector in Wales. At the start of the project, we undertook a thorough evaluation of existing digital capabilities within the voluntary sector, which highlighted that the Covid-19 crisis had seen many organisations adopt digital technology, but that there were clear obstacles for some organisations that remained, as well as areas in which performance, skills and access to technology could be improved. More can be found here: <https://wcva.cymru/resources/digital-discovery-report-oct-27-2021/>

Q15. The new Innovation Strategy wants to achieve a healthier Wales through a more coherent and aligned innovation ecosystem that targets new and different ways of working, supports recovery strategies from the pandemic and enables greater adoption of innovation.

This will be underpinned by a health and social care system that collaborates across industry, academia and the third sector to deliver improved healthcare value by developing, sharing, procuring and adopting innovative practice and technology.

Do you believe the strategy will support this ambition? If not, what additional activities need to be included?

It is important that developing digital capabilities in social care is prioritised to the same extent as in health services. Cwmpas recently completed the Bridgend Digital Hardship project, which awarded 52 applications all from people living in Bridgend on a low income to help them to be digitally-included. Cwmpas have identified case studies which demonstrate the impact these innovative interventions can have in this sector, and on the well-being of individuals involved:

#### Case Study A

We supported applications from 15 people that had either returned home from hospital after a fall or who were prone to falls. Technology can be an incredibly important part of supporting people to remain independent at home. The Hardship Fund has helped people who are prone to falls, by providing a digital means of alerting family, friends, carers and the emergency services. Many of the applications for Smart Speakers have been used to enable people living alone to contact someone should they fall at home.

#### Case Study B

We received an application from a woman who is an unpaid carer for her mother. Her mother has been in hospital after a fall at home. The woman also had her own health problems and struggled to leave the house, manage shopping and household tasks. The Hardship Fund awarded a tablet device, enabling the woman to start online shopping and have contact with her son who lives far away. The woman told us, "The outcome I did not expect, but receiving the funds to purchase the iPads has made a difference to me and my son. I am able to see him when he goes on holiday, see the views and feel like I am there with him. Not just speak to him. I am so pleased with all the help I have received, and the fund is brilliant for people in my situation. Thank you so much."

We feel that the links, partnerships and networks we are contributing to building across Bridgend, particularly with those supporting unpaid carers, can be further developed. Cwmpas have also previously delivered a Wales-wide project with this focus and know that these issues and challenges are replicated across the country. The hardship fund provides a unique source of support that is much needed in Bridgend and Wales as a whole. We look forward to continuing to work with partners to deliver projects like this and ensure that everyone in Wales is digitally-included and that the benefits of digital technology are fully maximised within social care.

Q17. The strategy aims to create a culture of innovation in Wales, one which collaborates, shares risk, encourages participation and supports the ecosystem to innovate.

a. What does an innovation culture mean to you? What is needed to develop an innovation culture in Wales?

To us, an innovation culture would be where everyone is supported to be innovative, from universities and large businesses with R&D budgets, to locally embedded social enterprises and community groups. Where there is a lack of capacity, networks and platforms are facilitated. Socially minded innovation is incentivised in funding, procurement, and all other areas that can be part of the strategy. The public sector would seek community engagement in their own innovation to ensure public services have the most impact possible. In addition, universities and other research bodies would set their innovation agendas following engagement with local communities, to find where they could make the most impact to meet social challenges. In an innovation culture, everyone feels they are able to access, engage with and influence innovation and the principles that guide it.

b. Do you feel that you have the opportunity to participate in innovation? Please explain why you feel that you are able / unable to participate in innovation?

The SESG benefits from having networks across Wales, across different sectors, across different communities and having positive working relationships with public, private and education sectors. We represent the interests of the social enterprise sector and communicate regularly with it. We would welcome the opportunity to play a greater role and develop our relationship with Welsh Government innovation team.

## About you

Q20. Gender

Male

Q21. Are you trans or non-binary?

No

Q22. Are you currently pregnant or have been pregnant/ taken maternity leave in the past year?

No

Q23. Age

25 to 29

Q24. How would you describe your national identity?

Welsh

Q25. What is your ethnicity?

White - Welsh, English, Scottish, Northern Irish, British

Q26. What is your sexual orientation?

Heterosexual, straight

Q27. What is your religion or belief?

No religion or belief

Q28. The Welsh Government recognises that disabled people are not disabled by their impairment or health condition or by using British Sign Language but by policies, processes and environments which may not be accessible to them. We are committed to taking action to remove those barriers.

The Equality Act 2010 defines disability as:

'A physical or mental impairment which has a substantial and long term adverse effect on a person's ability to carry out normal day-to-day activities.'

For diversity monitoring purposes, do you consider yourself to meet either the social definition of disability which the Welsh Government uses and/or the definition in the Equality Act 2010?

No

Q31: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

The Social Enterprise Stakeholder Group believes that the social enterprise sector in Wales can play a key role in helping to rebuild a fairer, more inclusive, and sustainable economy. Our members include: Development Trusts Association Wales, Social Firms Wales, UnLtd, Cwmpas and the WCVA.

## Submit your response

Do you live in Wales?

Yes

Do you have a business interest in Wales?

No

Please provide the first part of your home postcode e.g. CF10

CF5

You are about to submit your response. Please ensure you are satisfied with the answers you have provided before sending.

**Name** Daniel Roberts

**Organisation (if applicable)** Social Enterprise Stakeholder Group

If you want to receive a receipt of your response, please provide an email address.

Email address

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