

# **Social Justice and Regeneration Committee**

**SJR(2) -05-06(p.5)**

**Date: 15th March 2006**

**Venue: National Assembly for Wales**

**Title: Social Enterprise - What is it and Where is it?**

## **What is it?**

A much used phrase and we now have a Strategy that aims to increase the numbers of social enterprises in Wales - but what are they? The official definition (now adopted in the Social Enterprise Strategy) suggests they are trading businesses. However, they differ from others in that they have a social, ethical or community purpose that is central to their thinking and normally the driving force behind their creation. They are also structured with some form of social ownership that excludes personal profit. This may be community, user, stakeholder or employee ownership.

The sector is often regarded as a part of the third sector in that they are neither public nor private business. However, to ensure Wales achieves its aim of being a 'vibrant economy' we must embrace all forms for business structure to be truly diverse, reflect the needs of society and the needs of the economy.

Page 6 of the Welsh Assembly Governments Social Enterprise Strategy provides the agreed definition in full and some examples of organisational form.

## **Where is it? - Examples of thriving businesses:**

Little Songbirds - a pioneering co-operative from a team of nursery nurses in Rhydyfelin, RCT. Social enterprises through this form of co-operative business structure provide great potential for addressing the problem of a lack of affordable childcare in Wales.

Menter Bro Machno - a community co-operative opened a mountain bike shop, a children's project and a manege centre for horse riders in Penmachno, Gwynedd. The business has positively responded to the trend of closure of local amenities in rural Wales.

Cwmni Tref Caernarfon – a development trust established in 1992 which owns and has developed 30 properties in the Caernarfon area and 11 properties in the surrounding valleys. It recently opened the £7.5 million Galeri Caernarfon, Creative Enterprise Centre.

Arts Factory – set up in 1990 has 1300 local members and has developed many community enterprises and facilities throughout the Rhondda. It is currently developing a partnership with a major private sector provider to develop 8 turbine wind farms which will generate income for the community and promote renewable energy and energy efficiency. Also developing a social enterprise business park in the Rhondda.

## **What are we doing?**

The Welsh Assembly Social Enterprise Strategy is seen by those operating within this sector as key to creating an environment in Wales where social enterprises thrive. For Wales to be truly dynamic and diverse a whole range of business structures should be encouraged to thrive and the strategy provides a focus for us to deliver.

In terms of delivery against the strategy, an update on each action has been provided showing clearly where progress is being made. Crucially, more and more social enterprises are being given the opportunity to start up and more are starting up with 29 set up since the launch of the strategy in June 2005 and more are growing and increasing their turnover.

Much of the work is delivered locally and links with local delivery partners have been created both informally through partners and now through the expansion of the Social Enterprise Network. SEN are concentrating on helping deliver the strategy through joined up working both at national and regional/local level. It is important now, for the Social Enterprise Strategy to join up with other Assembly Strategies, not least, Wales: A Vibrant Economy economic development strategy.

## **Why Support the Sector?**

It plugs gaps in the economy by delivering much needed services that cannot or will not be delivered by the public and private sectors. It reaches out to socially excluded and economically inactive by providing membership, volunteer, training and employment opportunities. It is an ideal structure for certain sectors such as childcare, public sector procurement, recycling, renewable energy and wider community regeneration. It also ensures money and finance is retained and re-invested back into the local economy.

A model is provided for community ownership and involvement - much along the lines of the Assembly's thoughts in 'Making the Connections' – that allows for managed assets in the form of building, land and enterprises.

Social Enterprise and particularly the co-operative form of social enterprise thrive on the continent and across the World. Traditional thinking in the UK and Wales has fought against this and therefore stifled the growth potential. However, with the birth of the Welsh Assembly a fresh approach is coming through and the Strategy, with delivery partners working jointly, much can and will be achieved.

## **The Opportunities**

Renewable Energy - there exists a real move towards understanding the importance for us to embrace this. There are many in the sector already developing bio mass, wind and solar energy (Sundance Renewables, Centre for Alternative Technology, Awel Ame Tawe, Arts Factory and Baywind Energy to name but a few). The enthusiasm and commitment behind these projects and others can be capitalised and driven forward in viable sustainable businesses that are able practically tackle the important issues of reducing oil and gas stocks, the ozone layer and carbon emissions. Through targeted education through community ownership, the importance of capturing renewable energy and of energy conservation can be seriously tackled.

Recycling – Newport Waste Savers is a prime example of local authority services being delivered through a successful enterprise with Conwy Furniture Recycling and Too Good to Waste in the Rhondda other businesses addressing the important issue of recycling unwanted goods. The opportunities to replicate these and other similar examples remain a key aspect of the social enterprise strategy.

Childcare - the co-operative business model is perfectly suited to setting up childcare businesses due the social nature of the business, the tight financial margins and the need to capture local commitment and energy that already exists.

Procurement - £4billion is spent by the public sector in Wales of which some is lost to outside of Wales. By gearing up social enterprise to provide food, materials, and services to local authorities, schools, colleges and the health sector much of this spend can be redirected back into Wales.

Housing - there exist a need to improve the quality of the housing stock in Wales. Either through stock transfer or through the local authority, local supplied labour working through co-operatives that introduce apprentices, use local materials (wherever possible) and engage with socially excluded, the houses can become central to any community regeneration strategy by establishing a sustainable network of business and training activity.

Asset Development – there are major opportunities for community ownership of buildings and land (through Community Land Trusts) which can lead to community transformation and sustainability. Community asset development is a powerful and tangible way of evidencing community ownership and helping to build sustainable organisations and communities. Community assets can be a focus and base for a wide range of community enterprise generating significant income for the local economy.

Others include healthy eating through food co-operatives, ICT based social enterprise linking with the Communities@One project and co-operative consortia bringing together business in the farming and construction sectors and women based consortia.

## **What Needs to be Done?**

The joining up of strategies across Assembly departments with more emphasis on the delivery of actions

that help develop and support social enterprises in Wales.

Structures and finance in place to help deliver the actions identified in the Social Enterprise Action Plan.

The development of a recognised representative body for social enterprise in Wales through the development of the existing Social Enterprise Network.

Political support for the sector at both national and local level with public sector employees engaging with social enterprise in their area.

## **5 Key Messages**

Social enterprises can and do deliver much needed services in the most marginalised and deprived areas of Wales.

Social Enterprises are models of sustainable development in action promoting a triple bottom line of economic, social and environmental sustainability.

Social Enterprises deliver where the private and public sector will not or can not deliver and they help to tackle social exclusion and to regenerate deprived communities.

Properly supported and funded, the Social Enterprise Strategy will help create more social enterprises in Wales.

Visible political support is seen as important to help create an enabling environment.

Social Enterprise Network, March 1st 2006.