

Enterprise and Business Committee

Meeting Venue:

Committee Room 1 – Senedd

Meeting date:

3 April 2014

Meeting time:

09.00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



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Agenda

Pre-meeting in private (09:00–09.15)

Formal public meeting (09.15)

1 Introductions, apologies and substitutions

2 Inquiry into EU funding opportunities 2014–2020 (session 11)
(09.15–09.45) (Pages 1 – 12)

Witness:

Professor Colin Riordan, President and Vice Chancellor, Cardiff University

Attached Documents:

Private paper (Members' Brief for Item 2)

EBC(4)–10–14 (p.1) – Cardiff University

Break (09.45–10.00)

3 Social Enterprises (10.00–11.00) (Pages 13 – 37)

Witnesses:

Phil Fiander, WCVA, Director of Programmes

Matthew Brown, WCVA, Communities Investment Manager

Anne-Marie Rogan, Swansea YMCA, Chief Executive

Attached Documents:

Private paper (Members' Brief for Item 3)

EBC(4)-10-14 (p.2) – WCVA

4 Social Enterprises (11.00–12.00) (Pages 38 – 99)

Witnesses:

Edwina Hart AM, Minister for Economy, Science and Transport, Welsh Government

Professor Andrew Davies, Chair of the Welsh Co-operative and Mutuals Commission

Derek Walker, Chief Executive Officer of the Wales Co-operative Centre

Attached documents:

EBC(4)-10-14 (p.3) – Report of the Welsh Co-operative and Mutuals Commission

<http://wales.gov.uk/topics/businessandconomy/welsh-coop-mutuals-commission/?lang=en>

EBC(4)-10-14 (p.3) – Report of the Welsh Co-operative and Mutuals Commission

EBC(4)-10-14 (p.4) – Welsh Government

Break (12.00–14.00)

5 Inquiry into the Welsh Government's approach to the promotion of trade and inward investment (14.00–15.00) (Pages 100 – 114)

Witnesses:

Rt. Hon Carwyn Jones AM, The First Minister of Wales

Edwina Hart AM, Minister for Economy, Science and Transport, Welsh Government

James Price, Director General, Economy, Science and Transport

Gary Davies, Head of European and External Affairs Division

Attached Documents:

Private paper (Members' Brief for Item 5)
EBC(4)-10-14 (p.5) – Welsh Government

6 Papers to note (Pages 115 – 116)

Attached Documents:

Private paper (further information on the Technology Strategy Board)

De-brief in private (15.00–15.20)

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[National Assembly for Wales](#)

[Enterprise and Business Committee](#)

[Inquiry into EU funding opportunities 2014–2020](#)

Evidence from Cardiff University – EUO 04

Cardiff University’s response to the NAW Enterprise and Business Committee’s Inquiry into EU funding opportunities 2014-2020

1. Inter-regional Co-operation (INTERREG) Programmes

1.1 Ireland-Wales Cross Border Cooperation Programme

- .1 The University’s participation has been very limited, due to being outside the programme area. In the most recent programme 2007 to 2013 Cardiff School of Engineering has worked as a subcontractor to Aberystwyth University on the Smart Coasts project.
- .2 The University was pleased to learn that those organisations outside the immediate programme area would be able to be full partners in projects in the new 2014 to 2020 programme, providing their participation was shown to be essential for the success of a particular project.

1.2 Atlantic Area Programme

- .1 The University has been an active and successful participant in this programme (2007 to 2013) securing in excess of £1.5M of funding across six separate projects and co-ordinating three of these (PREMI, MAREN and MAREN 2), which have all been led by academic staff from Cardiff School of Engineering.
- .2 There have been some issues with this funding scheme in that payments to all UK partners, and by default non UK partners involved in UK-led projects, were suspended at one stage because one British organisation had omitted to provide the necessary documentation in its claim for funding (large scale, as the organisation in question was the co-ordinator). This led the Managing Authority to deem that the UK had a ‘system failure’. This caused major difficulties to Cardiff at the time, especially in those projects where the University was the lead.
- .3 In a previous iteration of this programme there were issues for Cardiff in relation to the advice and guidance given to applicants/funded projects by the Managing Authority. This aspect has improved considerably in recent times.
- .4 This programme is one that Cardiff University will continue to apply to in the 2014 to 2020 programme period.

1.4 North West Europe Transnational Co-operation Programme:

- .1 The University has secured funding for its participation as a partner in four projects from this particular programme, through IM-CORE (Cardiff School of Earth and Ocean Sciences), ENEVATE, NISTO and Eco-Laserfact (Cardiff School of Engineering). Together, these projects have brought in just over £1M of funding during the period 2007 to 2013.
- .2 This has been a consistently well-run programme, with clear guidance and advice being given by the Managing Authority.

1.5 INTERREG IV/V Programme

- .1 Cardiff University is not eligible for participation.

1.6 Conclusions

- .1 All the INTERREG programmes have enabled us to collaborate with transnational partners, and these have tended to be through long-standing links developed by our academic and research staff.
- .2 More support from the Welsh Government and the Welsh European Funding Office (WEFO) to give these programmes greater visibility within Wales would be welcome. Previously information and advice for the Atlantic Area and North West Europe Programmes has been provided on a UK-wide basis.
- .3 The University will continue to engage with the INTERREG programme, recognising the complementary nature of these schemes in relationship to our aspirations for our participation in Horizon 2020.

2. Erasmus and Erasmus +

2.1 Erasmus

- .1 Cardiff University continues to be one of the largest participants in the Erasmus Programme in the UK and is the Welsh institution that sends the highest number of students abroad through the programme. The Erasmus programme has been embedded in the institution since its inception in 1987 and enjoys widespread support and commitment across the University. The University is currently putting measures in place to address the imbalance between outgoing and incoming students.
- .2 The University's commitment is demonstrated by the target which has been set to increase outward student mobility to 17% of graduating students by 2017. In pursuit of this target, a central office, the 'Global Opportunity Centre', is currently being developed to support and promote outward mobility opportunities (work, study and volunteering) across the University.
- .3 In line with the University's aim to develop and support a culture that encourages an international environment and provide an education and experience that equips students to learn and contribute as global citizens, the University intends to take full advantage of the opportunities available through the Erasmus + Programme. This is not only in relation to increasing participation through Key Action 1, the Learning Mobility of Individuals, but also through Key Action 2 and the development of Strategic Partnerships and Knowledge Alliances. The focus on developing relationships between Higher Education Institutions (HEIs) and enterprises will also be of particular benefit and there is also the aim of developing further joint Master's degrees.

- .4 Cardiff University will continue to develop degree programmes that allow for a period of mobility. Particular success at Cardiff University can be noted through the number of degree programmes that allow for mobility in areas that traditionally have not seen high numbers of mobile students from the UK, due to unavoidably restrictive curricula. These areas include Occupational Therapy and Pharmacy.
- .5 Welsh HEIs would benefit from increased financial commitment from the Welsh Government to support outward student mobility through designating specific funding for a partial tuition fee reimbursement for students participating in year-long mobility activities. Ideally, this would be in line with the financial support offered to English universities. Not only would this be of financial benefit to Welsh institutions, but it would represent Wales's commitment to supporting the outward mobility and internationalisation agendas of the higher education sector as a whole in Wales.
- .6 Facilitating collaboration between sectors in Wales for joint applications to participate in Erasmus + activities would also be of benefit.

2.1 Erasmus figures 2012/13

- .1 Number of bilateral agreements: 212 with universities in the following countries: Austria, Belgium, Bulgaria, Czech Republic, Croatia, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Malta, The Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and Turkey.
- .2 Number of outgoing students: 243 (295 individual mobilities as some students had two placements in two separate countries as part of their courses).
- .3 Number of incoming students: 451.
- .4 Number of outgoing staff (teaching and administrative): 27 (44 individual mobilities).

2.2 Erasmus Mundus

- .1 Cardiff University is looking to increase its participation in the Erasmus Mundus programme in the new Erasmus + programme. A number of Schools are actively considering how they can engage with this important initiative.
- .2 In 2012 the Cardiff School of Planning and Geography won funding through Erasmus Mundus to run a joint Masters programme with Universities in Sweden and the Netherlands.

The MSc in European Spatial Planning and Environmental Policy is a two-year, full-time programme being taught in collaboration with Radboud University Nijmegen in the Netherlands and the Blekinge Institute of Technology in Sweden. Part of PLANET Europe, it is the first programme at Cardiff to be successful in a bid for support from Erasmus Mundus scheme, which will provide a number of scholarships for the programme over a five-year period.

Students begin their first semester at Radboud University Nijmegen, before deciding whether to go to Cardiff or Blekinge route for Semester 2. Their third semester will involve a work placement, while the fourth will be spent writing the Masters dissertation.

3 Creative Europe, COSME and the programme for Employment and Social Innovation

- .1 The University has no direct experience of participating in these programmes but will be looking for opportunities where it can engage and add value to its activities.

Nick Bodycombe and Rose Matthews, Cardiff University 21st January 2014

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The Enterprise and Business Committee of the National Assembly for Wales scrutiny sessions on Social Enterprise

Response from Wales Council for Voluntary Action (WCVA) March 2014

Background

Wales Council for Voluntary Action (WCVA) represents, campaigns for, supports and develops voluntary organisations, community action and volunteering in Wales. It represents the sector at UK and national level; and together with a range of national specialist agencies, County Voluntary Councils, Volunteer Centres and other development agencies, it provides a support structure for the third sector in Wales. It has over 3,000 members, and is in touch with many more organisations through a wide range of national and local networks. WCVA's mission is to provide excellent support, leadership and an influential voice for the third sector and volunteering in Wales.

Social enterprise in Wales

Social enterprise is a term alongside many others which describes organisations whose primary purpose is neither profit distribution nor are they established as a result of statute.

While social enterprises may have the same legal form as other third sector organisations with charitable status or incorporated as a company limited by guarantee or a community interest company, they operate as businesses. Therefore, a social enterprise is not defined by its legal status and structure but rather by the nature of its social purpose, aims and outcomes. However, where they differ from conventional business models can be seen through the following: their operation (in many cases) in areas of traditional market failure, a wider range of objectives, 'the triple bottom line' and a different attitude to profit which is re-invested rather than distributed to shareholders. What unites social enterprises is the commitment to a beneficial social impact.

Social enterprise is a vibrant and growing part of Welsh business, and performs an important role in regenerating communities, creating local employment and addressing social, environmental and economic inequalities. The social economy comprises a full range of enterprising activity from commercial, competitive, job intensive businesses such as Primepac Solutions in Ebbw Vale, Calon Wen dairy co-operative in Carmarthenshire and Pack IT logistics in Cardiff, to community based, enterprising organisations that design and deliver services that respond directly to local needs and gaps in provision. What differentiates these businesses from private businesses is what they do with their profits. It would be a mistake for Welsh Government to overlook this end of the social economy as these social enterprises are an additional and important driver in growing the Welsh

economy, over and above traditional SMEs, with a business model which has ethics and sustainability at its heart.

Social enterprises often seek to develop activities in areas of market failure and in response to locally identified needs. This is particularly the case in rural areas, due to the marginal nature of trading conditions, where the private sector may leave gaps in provision, and without social enterprise basic services and infrastructure may simply not exist. The activities undertaken in this way by social enterprises are built on ethical and sustainable foundations and with their approach to employing and buying locally, are arguably more resilient to shocks in the wider economy. Like a private sector business, a social enterprise exists to make a surplus. The main difference is that the surpluses of social enterprises are principally reinvested in the business or used for social good within the community, rather than being driven by the need to maximise profit for shareholders. Both business approaches will be central to Wales' economic renewal and therefore social enterprise is an important tool for the Welsh Government's jobs and growth agenda, which merits targeted investment through the ERDF Programme.

WCVA's Third Sector Anti-poverty Taskforce has been leading calls for the next round of EU structural funds to clearly emphasise the role that social enterprise can play in tackling and alleviating poverty.

The recently released report by the Welsh Co-operative and Mutuals Commission has also added to the debate by making a number of recommendations on advice, support and development as well as investment finance for the sector. These recommendations should be looked at in the wider context of social enterprise when discussing future structures and investment plans.

Organisation form

Organisations use a range of descriptors such as charity, NGO, community group, community co-operative, social, voluntary organisation. Rather than seeking to define all these in a mutually exclusive way, Welsh Government should use a broad definition of third sector to include all, but different organisations will tend to choose which they feel most at ease with.

The majority of social enterprises choose to be charities and companies limited by guarantee as this is the most advantageous tax option and enables access to a wider range of fundraising.

For example, National Botanic Gardens, Techniquet, Wales National Opera, Wales Millennium Centre, Valleys Kids, Llamau are all charities.

Other charities will also develop 'trading arms' or seek to increase their income through entrepreneurial activity (eg Swansea YMCA). This accounts for most of the mapped social enterprises. Those that are not charities but make up the majority of largest social enterprises are Glas Cymru (which dwarfs all else in income) and housing associations (11 of the top 20).

Enterprise support

In 2009 Welsh Government commissioned a report entitled 'Mapping social enterprise activity in Wales: Understanding in order to Influence'. This report looked at a range of indicators including who social enterprises looked to for support, and the report concluded that -

Local councils were mentioned as one of the main sources of support by 41% of survey respondents, with 37% identifying them as the most important source of advice.... This support is unlikely to be structured business development and capacity-building support, rather it is likely to comprise information about funding availability and contract opportunities, as well as signposting to other sources of funding and support.

The next most important support provider is the WCVA, along with County Voluntary Councils (CVCs) which provide advice and information to local voluntary and community Organisations, including assisting organisation undertaking or looking to under social enterprise activity... Support from WCVA is more in demand by those organisations registered as charities - 77% of organisations which said WCVA was a main source of support were charities - and 'embryonic' social enterprises - 41% citing WCVA were in the 15% to 24% earning income bracket, compared to only 20% of those which earned 100% income through trading.

Specialist social enterprise support providers were the next most common sources of business support, particularly the Wales Cooperative Centre (17%), Community Enterprise Wales (4%), DTA Wales (4%) and Social Firms Wales (2%)... Business Eye and Business Connect, the main government business support programmes, were used by only 8% and 4% of respondents respectively.

This mapping exercise shows that those organisations that fall within the broadly defined social enterprise term predominately look to providers associated with social enterprises, charities, the third sector or co-operatives rather than to mainstream business advice for their support. This highlights the importance of specific social enterprise support provision that organisations will feel comfortable in accessing.

Most, if not all of the support services (eg training, information, trading, finance, media, marketing, affinity schemes) developed for the third sector will be relevant to both social enterprises and voluntary organisations. A training course, for example on 'winning tenders' will not be different for a social enterprise audience.

Similarly the range of social finance products (loans) available from WCVA are available and relevant to any third sector organisation.

Equally, support and finance from business agencies will be sought and relevant to some.

With the next round of European funding due to start soon there is a real opportunity to implement an enhanced support and financing structure for social enterprises that is more cohesive, collaborative and increasingly focused on furthering the income growth and job creating potential of social enterprise in Wales.

Networking

Social enterprises that want to raise concerns or provide a 'voice' can use a variety of existing channels to do so. At a local level they might access the Local Authority or Local Service Board via their CVC or nationally via their national umbrella (eg Children in Wales) or via generic business or third sector organisations like WCVA.

However, there will be some organisations who will not be comfortable within either a 'charity' or 'local' or 'business' or 'thematic' box and will not feel represented but the numbers are likely to be relatively modest.

In other areas this need has been met by a variety of informal/formal networks which are directly responsive to the needs and appetite for engagement of their members such as the Third Sector Equality and Human Rights Network, the Voluntary Arts Network or the Substance misuse and Community Justice Network.

WCVA's conclusions are that;

- Support needs should remain with providers already supporting social enterprise to avoid duplication of effort and service.
- Mainstream third sector representation organisations will take into account and will seek to engage with social enterprises in developing a voice.
- Occasionally the social enterprise voice will differ but this will be rare.
- A network solution based upon views and appetite for engagement of practitioners with some level of paid support is probably the most sustainable option.

WCVA's activities

WCVA's Enterprising Communities project aims to provide practical support to third sector organisations to help them move towards becoming more financially sustainable. The project "strap line" sums up its purpose in "growing local social enterprise". It aims to equip organisations to operate in a more businesslike manner and generate more income themselves, including through bidding for and providing public services. This support covers issues around organisational development and governance as well as volunteer development and support. The project is funded in part through the Convergence ERDF programme, Priority 5, Theme 2 (Community Economic Development).

WCVA is the lead sponsor of the project on behalf of the Infrastructure partnership. However, crucially the project is delivered by a designated officer working at each CVC in the Convergence areas. The project enables each CVC to work with local organisations to support and improve their contribution to the local economy, and also the CVC's will work with other local support agencies and referrals will be made to specialist organisations as appropriate. Therefore, by utilising a combination of local knowledge leadership and guidance coupled with strategic central support from WCVA the best possible support is provided to emerging and embryonic social enterprises.

WCVA also offers a range of training courses such as procurement, organisational change, social investment, project management, lean and quality assurance and managing risk that are applicable to all organisations.

In addition to these major activities WCVA also -

- Operates www.3to3.org.uk which provides a platform for organisations to trade goods and services with other organisations and the general public.
- Provides advice and e-learning modules on diversifying funding from WCVA's Sustainable Funding Cymru project and portal.
- Produces introductory information and guidance on how to begin trading
- Runs a Funding Conference each year that provides high quality speakers and workshops on all aspects of funding including trading, procurement and social investment.

Social investment

An area of real change in profile and emphasis since the Enterprise and Learning Committee's report into 'The Role of Social Enterprises in the Welsh Economy' (November 2010) is that of Social Investment and WCVA has worked hard to create a range of 'products' that we are offering to organisations in Wales so that they can access the finance they need to invest in new or expanded trading activities.

Social Investment has seen huge attention in England through various Cabinet Office, BIG Lottery and Big Society Capital initiatives that are aimed at increasing the availability of social investment and the number of organisations that are deemed 'investment ready'.

To some extent in Wales we are ahead of the curve with WCVA's Communities Investment Fund (CIF) in that we have a fully operational mechanism for providing the kind of risk capital investments that commercial banks are not able to provide. Earlier this year the Department for Business, Innovation & Skills (BIS) asked WCVA to present the CIF model and provide advice to their 'Social Investment Expert Group'. This group is tasked with driving the design of social investment activity in England for the next round of European funding and our model of operating was held up as a model of best practice that they should look to try and replicate through their Local Enterprise Partnerships (LEPs).

WCVA's social investment activities to date have meant that £4.5 million has been invested into organisations across Wales with the loan repayments received from these investments currently totalling £1.9 million and rising each month. This repaid finance is now being put to use in further investments back into the sector. Although we are not at the stage yet where we can call ourselves a fully self sustaining loan fund we are well on the way.

Where Wales is seemingly lacking behind England is in the number of investment ready opportunities for WCVA and the main commercial lenders to the sector in Wales namely Unity Trust Bank and Charity Bank. We believe this is due to a number of factors, including-

- Investment ready support. Wales has a number of projects that are providing social enterprise support but these projects were conceived and developed before the rapid development in Social Investment activity. Any future support that is funded should be closely aligned with supporting organisations to become 'investment ready' and should also go on supporting organisations through the initial trading period after investment where chances of failure are highest.
- Grant availability. Grants are an important part of the funding makeup of the sector and will always have a role in helping organisations but at a time of considerable financial squeeze on public funding, funders should question each grant application with an enterprising or trading aspect as to whether or not some kind of social investment either in part or full can play a role in providing the requested funding. This should include how future European Structural Funds are deployed to support social enterprises to maximise impact and legacy of the funding received.
- Knowledge of social investment. There is still a huge amount of work to be done by all those working in the sector to better educate those running organisations of the availability of social investment and how it can play a role in enabling them to develop their organisations.
- Risk taking. Taking risks is part and parcel of making and receiving investment, it is not a risk free operation; however risks can be managed and mitigated. Further work needs to be done with organisations, and especially their trustees, to help them better understand the risks involved of using social investment and how they

might be mitigated. This better understanding of risk should then lead to more organisations being willing to use social investment to help drive their growth.

It is recommended that these areas should be considered as focal points for our efforts going forward to ensure that organisations make best use of the finance that is available for them to invest into growth and expansion activities.

Social Enterprise Support Provision

There is a wide range of support being offered to social enterprises across Wales with most of it being funded by ERDF. WCVA through its Third Sector European Team (3-SET) has taken a lead in trying to co-ordinate activity delivered under Convergence Priority 5, Theme 2: community economic development in the best way possible to share intelligence and also ensure collaboration on any overlapping areas of engagement.

However this myriad of support programmes, some also with grant support, has created a confusing climate for organisations on where they can turn to for support and a unified 'Business Wales' type approach is not currently in operation.

There is clearly a large role for future social enterprise support activities to help drive forward an increasingly vibrant sector however WCVA believes that this activity should -

- Be joined up and easily accessible with organisations having a clear single point of contact where they access the information, advice and guidance that is available to them.
- Ensure that there is a wide range of information, advice and guidance available to support organisations from start-up and early stage formation through to larger scale growth initiatives and accessing investment.
- Bring in social investment providers to ensure there is a clear link between the business plans being developed and the finance to make them happen
- Be delivered with and by existing bodies that already communicate with and support the wide range of organisations that fall within the broad social enterprise sphere.

Summary

The term social enterprise is clearly one that has resonance and it is at its strongest when used as a loose overarching term that encompasses the wide variety of organisations that undertake business in the way we have described above.

To enable social enterprise in the widest sense to grow and create employment in some of our most deprived communities in Wales WCVA believes there are some key principles Welsh Government should work to, to help maximise the potential of social enterprise -

- The provision of Enterprise Support services should be provided by those that best understand the nature of the myriad of organisations who fall beneath the social enterprise banner and who already have a relationship with those organisations through their existing activity.
- A joined up approach to Enterprise Support services must be implemented, that is better co-ordinated with the Business Wales approach, promoting more cross-referral.
- Representation of social enterprise should be undertaken in a way that mirrors how many other representative groups come together and create a collective voice.

- The availability of social investment and support to make organisations investment ready should be seen as the most sustainable and value driven way of supporting organisations to grow.
- The provision of future grant funding schemes should be designed with the access to social investment clearly taken into account for those applications that have an income generating or trading aspect.

PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE THE ROLE OF SOCIAL ENTERPRISE IN THE WELSH ECONOMY

Introduction

1. The purpose of this paper is to set out written evidence on the Role of Social Enterprise in the Welsh Economy for the Enterprise and Business Committee.
2. The Welsh Government's vision is of a more socially equitable and economically prosperous Wales. This includes our continued commitment to developing the social enterprise sector, a key Programme for Government objective for the Welsh Government.
3. Research released by the Wales Co-operative centre in July 2013, states the following about the Welsh co-operative economy:
 - There are 446 co-operative organisations, accounting for a total annual turnover of £1.54 billion.
 - There are more than 725,000 co-operative memberships in Wales
 - Co-operatives employ around 11,000 people in Wales,
 - Twelve of the UK's top 100 co-operative businesses are based in Wales, accounting for around £280 million annual turnoverⁱ
4. According to Co-operatives UK research, growth in the UK Co-operative Economy has consistently outstripped growth in the whole UK economy since 2008ⁱⁱ. Research undertaken by Social Enterprise UK suggests that Social Enterprises are more likely to work in the most deprived communities than traditional SMEsⁱⁱⁱ.
5. The Wales Co-operative Centre is now undertaking an exercise to analyse the state of the social enterprise sector in Wales. Results are expected in the autumn of 2014.

Latest Developments

6. In 2012, I set up the Welsh Co-operative and Mutuals Commission under the Chairmanship of Professor Andrew Davies. The remit of the Commission was to make recommendations on growing and developing the co-operative and mutual economy in Wales in order to create jobs and wealth.
7. On 21 February I published the Welsh Co-operative and Mutuals Commission Report. The report contains 25 recommendations in a number of areas including business support, education for co-operation, procurement, investment advice and land and assets.
8. The Commission's Report has presented a strong case for Co-operatives and Mutuals to play a much greater role in the Welsh economy and Welsh life.
9. The report is now undergoing a period of consultation on its recommendations.
10. Following a value for money review of the Wales Social Enterprise Coalition in October 2012, I agreed to cease funding provided to the Welsh Social Enterprise Coalition beyond the 2012/13 commitment. I asked Robert Lloyd Griffiths, Chair of the Business Wales Strategic Board and Director (Wales) Institute of Directors,

PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE THE ROLE OF SOCIAL ENTERPRISE IN THE WELSH ECONOMY

to undertake a review of what support was needed by the Sector and what an updated role and principles for an amended function would look like and where such a role could be hosted. Robert has taken into account the findings of the Co-operative and Mutuals Commission and his advice will be reported to me alongside the conclusion of the consultation on the recommendations of the Commissions Report.

Access to Support

11. Social enterprises and co-operatives are able to access a wide range of support that is available from and facilitated by the Welsh Government. In addition to accessing general business advice via the Business Wales network service, social enterprises can seek specialist advice and services from specialist social enterprise support organisations, such as the Wales Co-operative Centre.
12. The Welsh Government provides circa £500,000 per year to specialist social enterprise support organisations. Social enterprises are also able to access the network of Business Wales service, which provides businesses with direct and indirect support.

Financial Support

13. Social Enterprises are able to access financial initiatives, such as, the Wales Economic Growth Fund, Repayable Finance, the Wales SME Fund, and some have been successful. The Micro Loan Fund established in 2012 has a £1 million fund that directly supports social enterprises which is administered on behalf of Finance Wales by the Wales Council for Voluntary Action (WCVA) in partnership with the Coalfields Regeneration Trust and Cardiff and Vale Credit Union, who represents Association of British Credit Unions Limited (ABCUL) Credit Unions.
14. In terms of monitoring, any support provided by the Welsh Government is subject to terms and conditions and is carefully monitored to ensure value for money.

Delivering Public Services in Wales

15. The mutualisation of public services has been considered by the Welsh Co-operative and Mutuals Commission.
16. Our Sell2Wales website is designed to improve the effectiveness and efficiency of public sector sourcing and supply chain development. The site has been successful in bringing business suppliers and Welsh public sector buyers together, which includes social enterprises.

ⁱ 'Homegrown: The Co-operative Economy in Wales 2013': The Wales Co-operative Centre (P4) <http://www.walescooperative.org/index.php?cID=830&cType=document>

ⁱⁱ 'Homegrown: The UK Co-operative Economy 2013': Co-operatives UK (P12) <http://www.uk.coop/economy2013>

ⁱⁱⁱ "38% of all social enterprises work in the most deprived 20% of communities in the UK, compared with 12% of traditional SMEs", 'The People's Business: State of Social Enterprise Survey 2013' (P7), Social Enterprise UK, 2013 <http://www.socialenterprise.org.uk/advice-support/resources/the-people-business>

Agenda Item 5

By virtue of paragraph(s) vi of Standing Order 17.42

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WELSH GOVERNMENT WRITTEN EVIDENCE TO THE ENTERPRISE AND BUSINESS COMMITTEE – TRADE AND INWARD INVESTMENT

INTRODUCTION

1. Economic benefit for Wales drives the Welsh government's international agenda. Trade and inward investment, tourism and the attraction of international HE students are all drivers for our economy. Our activity in Wales and overseas to build our profile and reputation is all geared to providing the platform to enable Welsh companies and organisations take advantage of opportunities when they arise.
2. The internationalisation of companies in Wales and the attraction of inward investment into Wales involve a number of players within the Welsh Government in both the Department for Economy, Science and Transport (EST) and the First Minister's Department. The team is, however, broader than that, embracing partners such as other Departments within the Welsh Government, including the Department for Education and Skills, UKTI, local authorities, chambers of commerce, consultants and contractors, property agents and professional services firms.
3. It is this collective effort that has enabled us to improve our impact and results from trade and inward investment.

STRUCTURES

4. The EST dedicated trade and inward investment team: provides strategic focus and cohesion; provides advice and support to sector teams and to the Welsh Government's overseas teams; responds to all new direct helpline and website FDI enquiries; coordinates FDI proposition development across the sectors; undertakes lead generation; undertakes research into overseas donor markets and FDI companies; manages all trade support programmes with associated income and expenditure; and provides trade support direct to companies.
5. Working alongside the Trade and Investment team, EST sector teams have resource that engages with inward investors, both new and existing, and with companies in Wales that wish to trade overseas. Their role is to lead on the relationship management of agreed overseas owned businesses in Wales, to identify and deliver new and reinvestment projects, lead on sector specific trade missions and exhibitions and provide trade support to businesses.
6. Our overseas offices and teams form part of the First Minister's office. They have a trade and investment focus and are charged with identifying new foreign direct investment opportunities for Wales and with identifying and supporting trade opportunities. The overseas teams also have a broader

remit in terms of promoting Welsh interests generally where appropriate and within resource availability – government to government relations, tourism, education, culture. The Welsh Government's office in London, also part of the First Minister's office, is charged with identifying and helping to deliver investment from London and the south east of England, whether that be opportunities presented by British companies or by overseas investors that have already invested in London or the south east of England.

RESOURCES

7. The Trade and Investment team has a complement of twenty six with a budget for 2013/14 of £2.142 million. While it is not possible to disaggregate the budget within sector teams, which are integral to trade and inward investment success, officials within those teams have the necessary experience to work with inward investors and with companies wishing to internationalise. They work with inward investors and with indigenous companies to deliver the range of measures that we have to support economic development.
8. In the London office, the complement focused on trade and investment is 4. The Welsh Government's offices overseas and the office in London, while having a broader representational role, have a trade and investment focus. The Welsh Government has representation in Shanghai, Beijing, Chongqing, New York, Chicago, San Francisco, Washington, Tokyo, Dubai, Bangalore, Mumbai, New Delhi, Dublin and Brussels with a total complement of 35. However, 10 of the staff in Brussels focus on EU policy issues.
9. We undertake a range of public diplomacy activity to raise Wales's profile overseas, including working with foreign governments, UK Missions and key Welsh cultural organisations. This provides the platform for more focussed activity around more specific objectives such as trade and investment. The EST Marketing Department, working with the Trade and Investment team and the sector teams, also has a key role to play in ensuring that Wales has sufficient visibility overseas through the provision of up-to-date and appropriate collateral. We are also very conscious of the role that UKTI can and does play in identifying and helping to deliver inward investment into Wales. Key to this is the relationship that Welsh Government officials have with UKTI both in the UK and overseas. Recognising this, we were pleased that two placements from UKTI worked with EST last year.

EFFECTIVENESS

10. Inward investment results in 2012/13 showed significant improvement on the previous year both in terms of projects and jobs secured. This improvement has been achieved against the background of focused effort by Ministers and

officials and we are confident that, for 2013/14, we will continue to see further improvement.

11. Competition for inward investment is intense. Globalisation and the opening up of emerging and previously closed markets have presented inward investors with much greater choice. The refocusing of EST Department some time ago, which recognised the value of the growth of existing inward investors and the attraction of new inward investors alongside the growth of indigenous companies means that we are well-placed to continue to win. The bulk of our success in 2012/13 was achieved through reinvestments by existing foreign direct investors in Wales and, while we will continue to achieve success in that arena, we will also be searching for and delivering investments by companies new to Wales.
12. We have, in recent times, increased our footprint in overseas markets with representation in Brussels, Dublin, Chicago and San Francisco, all of which is designed to deliver more results for Wales.
13. It is a similar story in terms of helping companies in Wales internationalise. We deploy a range of interventions to a) raise awareness levels in companies of the benefits of international trade; b) work directly with companies to identify trading opportunities for their products and services overseas; c) help companies find opportunities and potential customer in overseas markets and d) support companies to travel to overseas markets to develop new business and to attend trade shows.
14. The interventions include: International Trade Development support; International Trade Opportunities support; Overseas Business Development Visit support and trade missions and exhibitions. The EST Trade and Investment Team also help companies to access support services from UKTI. In 2013/14, we ran a programme of about 40 trade missions overseas and our plans for 2014/15 incorporate a trade mission programme of 31 events.
15. The key performance measure is the value of new export business secured by the companies we have supported. The target for 2013/14 is £28 million. To 14 February 2014, £31.9 million worth of orders have been secured. This is a return of almost £17 for every £1 of net programme expenditure. By way of comparison Scotland, has achieved a 13:1 return on their investment.

CONCLUSION

16. We recognise that, to remain competitive, we need to monitor our performance, constantly consider the success of our existing approach, consider new markets, promote Wales in overseas markets and increase the stock of inward investors in Wales. We have enjoyed significant success in encouraging and helping existing investors to reinvest in Wales; companies

like Toyota, Sony, Ford, Airbus and many others are frequent investors in Wales. But, we recognise that we need to increase the stock of inward investors in Wales and this means that we must increase the number of new investments that we secure whilst maintaining and growing our existing investors. Equally, we recognise that we need to continue to encourage companies in Wales to internationalise and to use international trade as a vehicle for growth. Our support provides companies with the knowledge, skills and means to access and develop business in new markets.

17. We have shown that we are prepared to invest where there is opportunity. We have increased representation in Brussels to exploit the European market and we have established new representation in Chicago, San Francisco and Dublin. We will keep our overseas presence under review and adjust where and when we think it appropriate
18. It is fruitless making a comparison with the former WDA, WTI and IBW. We are now operating in an economic environment that is very different and the industrial landscape of Wales is different too. Key is that dedicated trade and inward investment officials are specialists with a wealth of experience in these areas, experience that they have gained and developed in both the private and public sectors.
19. We welcome the opportunity to discuss the above and expand on it when we meet the Committee.

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