

Social Enterprise Stakeholder Group

About us

The Social Enterprise Stakeholder Group believes that the social enterprise sector in Wales can play a key role in helping to build a fairer, more inclusive, and sustainable economy. Our members include:

- Development Trusts Association Wales
- Social Firms Wales
- UnLtd
- Cwmpas
- WCVA

Our Response

What is the current health of the sector's workforce, including the impacts of the pandemic, Brexit and cost of living crisis? Have workers left the sector, and what impact has this had?

Social Business Wales' 2020 mapping exercise of the social enterprise sector in Wales showed that social enterprises are very prevalent in the creative industries industry; in fact, "arts, entertainment, recreation and other services" was the most populated industry within the social enterprise sector. In 2020, 26% of social enterprises identified were operating in this industry, up from 22% in 2018. The growth of the social enterprise model within these sectors is also reflected in the data on the social/environmental objectives identified in the research. 42% of enterprises stated that they wished to encourage greater participation in the arts, sport and recreation, up from 32% in 2018. However, arts/recreation businesses make up only 8% of employees and 5% of turnover generated by social enterprises who responded to the survey. This reflects the relatively small sizes of the social enterprises operating in the creative industries.

The report also highlighted the extreme challenges the Covid-19 crisis caused for social enterprises operating in the creative industries. 82% of social enterprises in the arts, entertainment and recreation sectors indicated they had paused trading at some point during the crisis. This was compared to 63% of social enterprises overall, and was the highest of any sector, which was to be expected given the nature of lockdown regulations. There were substantial sectoral differences within social enterprises in terms of adaptation to the challenging circumstances, with health and care (85%) and education (71%) much more likely to provide remote support, whilst only 40% of arts/recreation and community centres did so. The proportion of employees placed on furlough also ranged from 12% within education to 66% within arts and recreation.

This data paints a picture of a sector of small-sized social enterprises who have faced major challenges during the past few years. Understandably, given the context, many social enterprises had to focus on immediate survival, and much of the funding available during this period was short-term. This has implications for the medium and long-term, as capacity and resources were used for this survival and not for long-term development and sustainability. Social Firms Wales is working

with a number of self-employed people with neuro-diverse conditions who have experienced loss of /less work opportunities. However, we also know that many social enterprises were able to pivot their products and services during the period, including the use of digital technology, and benefit from new opportunities such as new community networks, high levels of volunteering, cost-effective home-working arrangements and use of online platforms, and changing consumer habits.

How financially stable is the sector and how suitable are pay and working conditions?

Creative industries play a key role in Welsh communities, in terms of economic impact through jobs created and generating wealth, and through improving well-being and social impact. Our research shows that social enterprises are key operators in this sector, and that this business model can play a key role in addressing challenges that the sector and wider communities face. 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. This is evidenced by the fact that 68% of social enterprises across all sectors pay the living wage to all of their staff. Data from the Office for National Statistics (ONS) shows that across the entire economy, 223,000 jobs in Wales paid less than the Living Wage in April 2021, 17.9% of all jobs in Wales.

Data shows that there are high-levels of self-employment in the creative industries in Wales. A report by the Bevan Foundation, 'A New Deal for Self-employment' (2020), highlighted the challenges self-employed people in Wales are facing. They found that 'income from self-employment in Wales is consistently well below the average income earned from employment'. During 2018-19, the median annual income from self-employment in Wales was less than two thirds than that of employed income (£13,500 and £22,500 respectively). This is important to consider in the context of the creative industries. The report found that "although representing a smaller part of the overall employment, sectors such as the creative industries also experience high rates of self-employment. The creative industries also experience some of the lowest income self-employment". Research undertaken in Wales by Donnelly and Komorowski (2022) found that amongst their respondents the average annual income for freelancers in this sector in Wales was £17,000 per year. In addition, we note that Social Firms Wales' experience of working with self-employed people in Wales highlights that many already face other societal challenges and barriers, and this should be considered in an inter-sectional manner.

We want to promote the potential of establishing mutuals for the self-employed as a solution to the challenges facing the high proportion of workers in the creative industries in Wales who are self-employed. One of the major challenges for self-employed people identified by the Bevan Foundation in their report is the limited protection in the event of their income falling or stopping. A co-operative or mutual allows for workers to join together and contribute money to a fund that can be used to support members who have seen their income fall or stop, with the Dutch Bread Fund highlighted as an example by the Bevan Foundation. In addition, the Welsh Government committed in 2021 to doubling the number of employee-owned businesses in Wales, and Social Business Wales has specialist knowledge and experience of facilitating this – further research and policy development is required to explore the potential of this model in the creative industries, but it is clear it could play a key role as a solution to the challenges facing the sector's workforce.

How equal, diverse and inclusive is the sector? How can this be improved?

The Social Enterprise Stakeholder Group has identified increased diversity in the social enterprise sector as a key outcome in its Vision and Action Plan. We know that this would have key benefits for the sector and Wales as whole, including that:

- Social enterprises are able to recruit and retain talented employees and they benefit from the strengths and talents that diversity brings to the workplace
- Sales increase as ethical consumers make purchase decisions based on fair employment practices
- The community at large benefits, as local skills are utilised and more money circulates in the local economy
- Poverty and inequality are reduced
- The use and promotion of the Welsh language and culture increases

The Vision and Action Plan identified key actions that can be taken to ensure this increase in diversity happens:

- Increase awareness in the sector of the value of diversity
- Provide support and resources to help social enterprises implement Fair/Decent Work and diversity improvements
- Develop and promote training and resources to help social enterprises recruit more diverse Board members and leadership teams
- Enhance the availability of training and resources through both the mediums of English and Welsh

We have identified key performance indicators related to diversity:

- Diversity of social enterprise leadership teams
- Diversity of people employed in the sector
- Percentage of social enterprises that put in place measures to make their goods and services accessible to everyone
- Percentage of social enterprises offering services in both English and Welsh

As a sector that has a high proportion of social enterprises, we believe support in achieving these ambitions will be crucial for the creative industries. In addition, we believe many of these actions and objectives are relevant for the economy as a whole.

Conclusion

We hope this evidence highlights the impact of the social enterprise sector, the benefits of this model, and the challenges and opportunities it faces. We would welcome the opportunity to further discuss how we can work together in this area and to support the development of this important sector.