

Senedd Cymru
Pwyllgor yr Economi, Masnach a Materion Gwledig
Ymchwil a Datblygu
RD11
Ymateb gan: Grŵp Rhannau Menter Gymdeithasol

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Welsh Parliament
Economy, Trade, and Rural Affairs Committee
Research and Development
RD11
Evidence from: Social Enterprise Stakeholder Group (SESG)



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

Development Trusts Association Wales

The Development Trusts Association Wales (DTA Wales) is an independent practitioner-based membership organisation supporting and promoting the work of the growing network of development trusts in Wales.

Social Firms Wales

Social Firms Wales is the National Support Agency that supports social enterprises that want to adopt Social Firms principles and values to create places of work that are inclusive, supportive, enabling and progressive.

UnLtd

UnLtd is the Foundation for Social Entrepreneurs, a UK registered charity set up in 2002. UnLtd finds, funds and supports social entrepreneurs – enterprising people with solutions that change our society for the better.

Cwmpas

Cwmpas is a development agency working for positive change in Wales. We are a co-operative, and our focus is on building a fairer, greener economy and a more equal society, where people and planet come first.

WCVA

As the national membership body for voluntary organisations in Wales, WCVA exists to enable voluntary organisations to make a bigger difference together.

In 2020, the SESG joined together to publish [Transforming Wales through Social Enterprise: Ten Year Vision and Action Plan](#). Co-produced by social enterprises and social enterprise support agencies with the support of Welsh Government, the action plan sets out an ambitious vision which will see social enterprise become the business model of choice in Wales by 2030 for people and communities delivering solutions to social, economic and environmental challenges.

Research and Development

Economy, Trade and Rural Affairs Committee Inquiry - Social Enterprise Stakeholder Group response

We know that in order for Wales to meet the challenges we face, we need to be innovative in developing new ways for our economy, society and communities to work. The social enterprise model and its triple-bottom line provides a proven way of harnessing the enterprise and innovation we need in a way that maximises social value and priorities people, planet and profit.

Research mapping the social enterprise sector in Wales in 2022 has shown that post-Covid, the sector is going from strength to strength with high levels of new entrepreneurial activity. There are now approximately 2,828 businesses in the sector, an increase of 22% from 2020 (2309). The total value of the sector, based on the estimated turnover of known and identifiable social businesses in Wales, is estimated to be £4.8 billion. Total employment is calculated as 65,299 - up 16% from 2020.

To maximise the benefits that it can bring to Wales, we need to support the existing social enterprise sector to engage in innovation. We also need to promote the social enterprise model as the business model of choice in Wales – as is the ambition of the Social Enterprise Stakeholder Group’s Vision and Action Plan.

Case Study – Creating Enterprise, Conwy

At our 2023 Social Business Wales Awards we saw businesses across the country recognised for their inspiring work. The Social Enterprise ‘Innovation of the Year’ Award went to Creating Enterprise, an award-winning building and maintenance contractor based in North Wales. The judges were impressed by their plans to build energy efficient, carbon zero homes, whilst also employing the people supported by Cartrefi Conwy in the construction of these innovative homes. This is a brilliant example of the innovative, entrepreneurial mindset of social enterprise that can create social impact in many different ways.

What challenges are Welsh businesses facing in terms of awareness of, and access to, public research and development funding?

The 2022 mapping research found that the greatest barrier to growth for social businesses was time pressures/lack of staff capacity, which was noted by 52% of social businesses surveyed. Obtaining grant funding had also risen to 51%. 11% noted the affordability of finance, and 13% noted lack of financial expertise.

Businesses who suggested that accessing finance was a barrier for their business were asked a follow up question to understand the nature of these challenges. The data suggests that a key driver of this concern was a lack of time to be able to apply for finance (34%) which reflects the broader barriers facing businesses around organisational and staff capacity. A further 32% didn’t have the expertise to apply for finance, which suggests a skills need within the sector.

There were a number of businesses who responded ‘other’, where 9% commented that there was increasing competition for grant funding and others saying there was limited availability of finance. Those who discussed finance options other than grants suggested that their ethics did not align with traditional banks or lenders or found that banks were cautious with lending to a business not driven by profit.

In the context of research and development funding, the limited capacity of the social business sector to become aware of, apply for and then manage research and development funding comes across as a clear issue.

How can universities and businesses better interact and collaborate with each other?

Spark at Cardiff University has recently formed a new Third Sector Research Partnership. Cwmpas is involved as a partner organisation particularly to represent the interest of the social enterprise sector. Other partner organisations involved in the project include Wales Council for Voluntary Action (WCVA), Cardiff Third Sector Council (C3SC), Building Communities Trust (BCT), Together for Change, Swansea and Aberystwyth Universities and the University of South Wales. A blog was recently published outline the ambitions and first steps of the partnership: <https://wcva.cymru/views/a-third-sector-research-partnership-for-wales/>

Spark is to deliver a series of workshops for voluntary organisations based in Cardiff by the end of this year. These will help us to explore how best to 'match' research needs with appropriate support. A survey of researchers in SPARK has shown us that 50% of respondents are already collaborating with the third sector and 44% interested in providing pro bono support to third sector organisations. A range of research skills, knowledge and expertise are available and on offer, including, for example, on case study design, interview techniques and writing research funding proposals.

In October and November, we will be delivering five short research workshops for small and medium sized third sector organisations based in Cardiff, exploring their research aspirations and ideas. Each participant will come out of the workshop with the beginnings of a 'research canvas', mapping out their research needs and possible next steps. This has the potential to lead onto further support, for example on developing a research question, deciding on methods, sourcing data, or drafting a research funding bid. Some research needs might be written up as defined research 'projects' that new Masters' students in Cardiff University could deliver on.

Other support might include enabling connection with existing research findings that are relevant and can inform your work. Access to such research could support more evidenced-based practice or a chance for you to steer the direction of future research. In a sector where capacity to undertake research can be limited, it is important to explore what evidence is already 'out there' and can be of use.

We see this Cardiff-based activity as a first step in exploring longer-term, value-based relationships and collaboration between third sector organisations and academic researchers in Wales.

How effective is Welsh Government's Innovation Strategy likely to be in supporting research, development and innovation in Wales?

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.

Innovation can have a positive, and crucial, impact on improving economic prospects and wellbeing 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.

It is important to understand that innovation can come in different forms – it can be through major technological advances, but can also be through innovative approaches to changing how we work on a small-scale which can lead to big increases in productivity. In the context of the social enterprise sector, these changes would result in significant increases in the level of social value produced – more good-quality jobs in deprived communities, more opportunities and activities available for people, or more green options for goods and services. Facilitating this type of innovation should be at the heart of the innovation strategy for Wales.