

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?clD=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>