

Review of Enterprise and Learning Committee Inquiry into the Role of Social Enterprises in the Welsh Economy

Purpose

1. Lis Burnett, Head of Social Entrepreneurship at the University of Glamorgan, is pleased to provide a review of the National Assembly for Wales Enterprise and Learning Committee Inquiry into the Role of Social Enterprises in the Welsh Economy published in November 2010.

Background

2. In July 2010 the National Assembly's Enterprise and Learning Committee undertook an inquiry into the role of social enterprises in the Welsh economy. It considered the opportunities for economic development and regeneration afforded by the model and how Welsh Government policy might be developed in the future.

3. The inquiry made sixteen recommendations, thirteen of which were accepted and one accepted in principle. This paper reviews those recommendations with reference to the Government's written response and, in light of the current social and economic climate, makes suggestions for possible areas of further discussion.

4. The Welsh Government's response was supportive of social enterprise and the ability of the social enterprise sector in Wales to address some of the major social and economic challenges to be faced. The progress towards delivering against the Social Enterprise Action Plan for Wales 2009, the Social Enterprise Ministerial Advisory Group and the establishment of the Welsh Social Enterprise Coalition to champion social enterprise in Wales were given as examples of continued support for the sector.

5. The inquiry findings, recommendations and subsequent report adopted main four themes and those same headings will be used to aid cross-reference

Recommendations and Response

What is a Social Enterprise (Recommendations 1, 2)

6. In exploring the definition of social enterprise the Committee felt it important to identify the areas of Wales, both geographically and sectorally where social enterprise could have the greatest impact. It also recommended that potential social entrepreneurs should be identified, developed and supported.

7. In accepting the recommendations the Welsh Government committed to working closely with the Welsh Social Enterprise Coalition to identify areas and sectors where social enterprise could play an important role. The Welsh Government response primarily discussed formal routes to social enterprise and business support

provision for those already active. It proposed to discuss the identification, development and ongoing support of potential social entrepreneurs at a future meeting of the ministerial advisory group.

8. **The committee may wish to explore the outcomes of activity proposed since the inquiry.** This might include the outcomes of the Ministerial Advisory Group discussion and available outcome data related to the Business Volunteer Mentoring Framework which had been designed to consider the support needs of individual social entrepreneurs.

Welsh Government Strategy (Recommendations 3,4)

9. The Government initially rejected both Committee recommendations - to establish specific targets for social enterprise activity and outcomes and to move responsibility for the sector to the economic development portfolio. The new Assembly term provided an opportunity for the relocation of social enterprise to the Department of Business, Enterprise, Technology and Science. The Voluntary Sector, which includes many organisations undertaking social enterprise activity, remains within the portfolio of the Minister for Local Government and Communities.

10. In its response the Welsh Government made a commitment to joint working between the two departments, a commitment still relevant today as the voluntary sector is arguably the seed-bed for many social enterprises of the future.

11. It is early to objectively assess the impact of the move. However, there is evidence of greater inclusion of social enterprise in mainstream enterprise activity. **There would be benefit to the sector in exploring early experiences to inform future activity and support collaboration between the voluntary and social enterprise sectors.**

The Potential of the Sector (Recommendations 5, 6, 7, 8, 9, 10, 11,12)

12. A main focus of the inquiry was the Committee's recommendation that social enterprise should be seen as a new, innovative and more effective method of delivering public services.

13. Asset transfer was viewed as a means of achieving economic activity and a sustainable trading base. However at the time of the inquiry only initial information for the first round of applications was available. **The Committee may find it of value to explore the impact that asset transfer has had on the trading status of organisations and their economic sustainability.**

14. Procurement of public and private sector contracts was seen as a major opportunity for the sector. The Committee recommended that all public bodies should be challenged to make their procurement policies and practices more open to social enterprise and that research should be commissioned to investigate the socio-economic impact of social enterprise in delivering public services in support of this aim. It was also recommended that Value Wales provide tailored support for the social enterprise sector.

15. The Committee also felt that successful models such as Glas Cymru offer opportunities for development and growth of the sector. The Government agreed, stating that a review of the transferability of the Glas Cymru model was an option for the future.

16. Education was felt to perform a key role in the development of future social entrepreneurs and as such social enterprise should be fully integrated into teaching, careers advice and work experience.

17. In accepting the recommendations the Government discussed a number of pieces of UK-based research as well as that specifically commissioned for Wales. Many would argue that the Welsh experience of social enterprise differs from that of other areas of the UK and the **Committee may wish to explore these differences and their potential impact on policy.** It remains unclear the extent to which social enterprise in Wales is delivering public services and in which segments. **The committee might also wish to consider exploring the capacity of the social enterprise sector to undertake such a role.**

18. The past year has seen increased training provision to support the participation of the sector in procurement processes. The Committee may find it of use to explore the impact of these interventions on the success of social enterprise in accessing procurement opportunities, although not to duplicate the work of the Procurement Task and Finish Group.

19. The specific inclusion of social entrepreneurship in the Youth Entrepreneurship Strategy and the proportion of FE and HE institutions engaging students in activities that highlight social enterprise is encouraging. However work placements and careers advice remain reactive in their advice, only responding to a request related to social enterprise. **The Committee may find it of value to explore the experience of students engaged in these activities or to explore the impact of activities undertaken on involvement in social enterprise.**

Challenges facing social enterprises in Wales (Recommendations 13, 14, 15, 16)

20. In an exploration of the challenges facing individual social enterprises and the

sector as a whole, access to finance, business support, barriers to growth and the skills base of the sector were identified as priorities for action.

21. The report recommended the Welsh Government should review the financial support it provides to social enterprises and consider the creation of a bespoke finance system for the sector.

22. In its response the Welsh Government mentioned two forthcoming reports; a comparative study of changes in earned income among third sector organisations in England and Wales, and the United States and a review of core funding to social enterprise support organisations. **It may be appropriate for the committee to revisit the area in light of these reports.**

23. The Economic Renewal Programme was not published at the time of the inquiry and business support services were undergoing a period of restructuring or review. **The relocation of the sector within the business and enterprise portfolio would appear to offer an opportunity to explore the current co-ordination of support services and revisit user perceptions of current provision.**

24. The development of skills in financial management, business planning and the “investment readiness” of social enterprises were identified as a priority. In agreeing the recommendation the Welsh Government stated that “Social Enterprise employers can access services on the same basis as other private sector employers.” **The Committee may wish to explore the extent to which a mainstreaming approach meets the needs of the ‘hybrid’ social enterprise business model and whether the sector is able to access the skills required.**