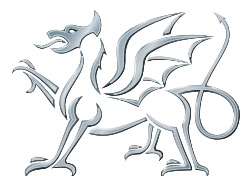


Social Enterprise Strategy for Wales

June 2005



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

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Ministerial Foreword

As Minister for Social Justice and Regeneration, I am responsible for driving forward the Assembly Government's 'Wales: A Better Country' commitment to support the development of grass roots businesses. Providing the right strategic framework within which social enterprise can develop, grow and flourish is at the heart of that commitment.

We recognise that sustainable social enterprises have an important role to play within our overall economic development strategy. Social enterprises take many forms, yet each one exemplifies values that are important to us.

They contribute to tackling social exclusion and to bringing the economically inactive back into the world of work. They provide a real alternative for those who are not attracted to the profit-making sector. And in the context of 'Making the Connections' they have a vital part to play in putting the citizen centre stage.

Since the consultation that we carried out in 2003, we have been working closely with representatives of the social enterprise sector to develop this Strategy. It has taken time – some may say too long – but it is a better Strategy for that because we have been able to engage real practitioners in its development. We have not stood still – we have been taking initiatives even whilst this document was being worked up. Alongside our vision, aims and targets for the future, there is an update on progress so far.

There is still a great deal more to achieve and a number of barriers to overcome – not least a greater recognition of the real potential contribution of social enterprise to Wales' economic life. It is now vital that all those individuals and organisations who have helped shape this document continue to work together to implement its objectives. I believe that this Strategy will provide real support for those who need it.



EDWINA HART AM MBE
MINISTER FOR SOCIAL JUSTICE
AND REGENERATION





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Executive Summary

This document is aimed at social enterprise practitioners and those who facilitate the development of the social economy in Wales.

The Welsh Assembly Government's vision is of dynamic and sustainable social enterprises strengthening an inclusive and growing economy.

This is consistent with the 'Wales, A Better Country' vision for a 'sustainable future for Wales where actions for social, economic and environmental improvement work together to create positive change'.

The **aims** of the Assembly Government for social enterprises are:

- ◆ The creation of an environment that encourages new social enterprises and capitalises on opportunities for growth;
- ◆ The establishment of integrated support for the sector involving mainstream and specialist agencies leading to;
- ◆ The creation of a thriving social enterprise sector in Wales

The **objectives** of the Strategy are: -

- ◆ **Creating an enabling environment** - by:-
 - Co-ordinating government action and policy;
 - Ensuring that legal and regulatory issues do not hinder the development of the sector;
 - Increasing the involvement of social enterprise in delivering public services.

- ◆ **Making social enterprises better businesses** - by:-

- Ensuring high level and quality of support for social enterprise;
- Securing appropriate finance and funding to enable the sector to grow.

- ◆ **Establishing the value of social enterprise** - by: -

- Determining the size, strength and spread of the sector;
- Recognising success and promoting the sector;
- Helping social enterprises to 'prove' their value.


- ◆ **Encouraging the development of new opportunities** - by: -

- Supporting specialist networks;
- Supporting the development of clusters;
- Linking to regeneration programmes.

The aspirational **targets**¹ for the Strategy from 2005-2008 are: -

- ◆ 80 new social enterprises incorporated
- ◆ 100 new, emerging or potential social enterprises registered with the Wales database
- ◆ £1m growth in turnover amongst registered social enterprises
- ◆ £6m of transferred assets to social enterprises
- ◆ £12m investment secured to purchase and/or refurbish assets
- ◆ £2m in new contracts secured by social enterprises
- ◆ 20 sets of social and environmental accounts produced in Wales annually by 2007 and 30 annually by 2008.

¹ The Welsh Assembly Government recognises the need for hard targets for this Strategy. To this end these aspirational targets have been included and we will work with our partners throughout the life of the Strategy and beyond to facilitate their achievement. We will also work with the SEJWG and others to develop a method of measuring achievement against these targets.



The document sets out the Welsh Assembly Government's Social Enterprise Strategy for Wales as follows:

Chapter 1: Introduction

The introduction provides definitions of social enterprise and the social economy as well as outlining what social enterprises can offer.

Chapter 2: Strategic Vision

A statement of the vision, aims, objectives and targets of this Strategy as well as the policy climate which produced it.

Chapter 3: Roles and Responsibilities

Outlines the role of the Welsh Assembly Government and the Social Enterprise Joint Working Group.

Chapter 4: The Social Enterprise Action Plan Consultation

A brief synopsis of the main challenges identified by the consultation and baseline information on the size and scale of the social enterprise sector in Wales.

Chapter 5: Strategic Objectives

Barriers to achieving the four objectives, statements of intent to break down these barriers and summary of work already done toward the objectives.

Chapter 6: Monitoring and Evaluating the Strategy

A statement of what the Welsh Assembly Government will undertake to map progress against the stated aims and objectives.

This document sets out the Welsh Assembly Government's 3 year Strategy to encourage, develop and sustain social enterprises at all stages in their development.

This, the first Social Enterprise Strategy for Wales, builds on the responses to the Social Enterprise Action Plan consultation carried out in 2003.

The Strategy includes four strategic objectives; an action plan for 2005-06 to 2007-08; and information on how the Strategy will be monitored and evaluated.

The four strategic objectives are:

- ◆ Creating an Enabling Environment
- ◆ Making Social Enterprises Better Businesses
- ◆ Establishing the Value of Social Enterprises
- ◆ Encouraging the Development of New Opportunities

What is a Social Enterprise?

A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.

Social enterprises tackle a wide range of social and environmental issues. Crucially, social enterprises also compete in the marketplace like any other business, using their business skills to achieve social aims. Like any other business, social enterprises aim to sustain their business and make profits – it is what they do with these profits that is different.

The Welsh Assembly Government believes that social enterprises have a distinct and valuable role to play in helping to create a strong, sustainable and inclusive economy.

Social enterprises have three key characteristics:


- ◆ they have a social, community or ethical purpose;
- ◆ they operate using a commercial business model;
- ◆ they have a legal form appropriate to 'not-for-personal-profit' status and social ownership.

There is no single legal model for social enterprise. The sector consists of 'companies limited by guarantee' and 'industrial and provident societies', some organisations are unincorporated and some are registered charities.

The Community Interest Company (CIC) legal form, due to become available in July 2005, will provide an additional form for social enterprises. See DTI factsheets at: www.dti.gov.uk/cics

The sector includes a range of organisations such as credit unions, housing associations, development trusts, community or social businesses, co-operatives, employee-owned businesses, social entrepreneurs, intermediate labour markets and social firms and other charities and voluntary organisations that derive their income primarily from trading activities.

One phrase often used when referring to social enterprises is the notion of the 'double' or 'triple bottom line'. This is used to describe the dual or sometimes



triple aims of the enterprise to meet its financial, social and, often, environmental goals. This 'multiple bottom line' approach is key to any social enterprise. In the same way that financial accounts are audited, it is also possible to undertake a 'social accounting and audit' to help evaluate the performance of an enterprise from a social perspective.

What is the Social Economy?

The social economy is a wider concept and includes the many and varied organisations that work outside the private sector and the public sector. It includes voluntary organisations, community groups, self-help groups, community co-operatives and enterprises, religious organisations and other not for profit distribution organisations of benefit to the communities and the people of Wales.

This Strategy makes a key distinction between non-trading organisations and those elements of the social economy that are involved, or are seeking to become involved, in trading activities – selling goods or services or contracting with the public or private sector or by service level agreements. It is recognised that the support needs of social enterprises do not remain the same but evolve through the lifecycle of a business. The Strategy sets out to take a holistic view of the sector, its development needs and the support required to meet these needs. These stages can include:

- ◆ **Non-trading social enterprises** - organisations that have the potential and desire to produce income through trading but are likely to require significant capacity building;

- ◆ **Emerging social enterprises** - organisations that are making the transition to an enterprise orientation, through some trading activity, and social enterprise start-ups. The majority of income may come from grants and donations but the enterprise has the potential to become self-sustaining in the longer term;
- ◆ **Social enterprises** - existing organisations with the majority or all of their income from trading activity and sales.

It is important to recognise that while some social enterprises start off as businesses, others can be in transition from their beginnings as a community or voluntary sector organisation which may have emerged to meet a locally identified need. Others can be initiated and driven forward by individual members of the community (social entrepreneurs).

Some social enterprises may be separate arms of community and voluntary organisations that have embraced social enterprise methodologies alongside other forms of funding. However, social enterprises operate in a distinctive way characterised by trading activities, and for many voluntary and community organisations it will not be appropriate to adopt a 'social enterprise orientation'.

What do social enterprises offer?

Social enterprises harness entrepreneurial drive to achieve wider social objectives. In so doing they can help tackle social exclusion and regenerate deprived communities. In fact social and environmental objectives are the very reason that social enterprises exist.

Social enterprises can:

- ◆ provide routes to mainstream employment
- ◆ create sustainable jobs
- ◆ retain wealth within the local community
- ◆ contribute to community regeneration
- ◆ encourage active citizenship
- ◆ make money in a socially and environmentally responsible way
- ◆ identify and promote the needs of local communities
- ◆ improve service delivery to meet local needs
- ◆ reach out to those who are economically inactive or disadvantaged

Most social enterprises are set up because they have identified a gap in the market. Often, this has meant that there is either a public service or private market failure. In other cases, such as after school activities, the local community has recognised a need and decided to do something about it for themselves. As long as social enterprises are properly supported initially, they are able to provide local, sustainable jobs and meet wider social and environmental goals as well.



The Welsh Assembly Government's vision is of dynamic and sustainable social enterprises strengthening an inclusive and growing economy.

Social enterprise helping to deliver Welsh Assembly Government Policy

'**Wales - A Better Country**' commits the Welsh Assembly Government to action on social justice that tackles poverty and provides people and their communities with the means to help themselves and break out of the poverty trap.

The document commits the Assembly Government to providing support for grassroots business including the funding of Credit Unions, support for community business via the Community Loan Fund and implementation of the **Social Enterprise Strategy for Wales**.

Social enterprise also contributes to all four of the Assembly government Cabinet's main themes of:

- ◆ Helping More People Into Jobs;
- ◆ Improving Health;
- ◆ Developing Strong and Safe Communities;
- ◆ Creating Better Jobs and Skills.

Social enterprise contributes to the delivery of a range of Welsh Assembly Government initiatives, such as:

- ◆ **A Winning Wales:** to create a dynamic, inclusive and sustainable economy for Wales;
- ◆ **Making the Connections:** delivering better public services for the people and communities of Wales.

The **aims** of the Assembly Government for social enterprises are:

- ◆ The creation of an environment that encourages new social enterprises and capitalises on opportunities for growth;
- ◆ The establishment of integrated support for the sector involving mainstream and specialist agencies leading to;
- ◆ The creation of a thriving social enterprise sector in Wales.

The **objectives** of the Strategy are: -

- ◆ **Creating an enabling environment - by:-**
 - Co-ordinating government action and policy;
 - Ensuring that legal and regulatory issues do not hinder the development of the sector;
 - Increasing the involvement of social enterprise in delivering public services.
- ◆ **Making social enterprises better businesses - by:-**
 - Ensuring high level and quality of support for social enterprise;
 - Securing appropriate finance and funding to enable the sector to grow.
- ◆ **Establishing the value of social enterprise - by:-**
 - Determining the size, strength and spread of the sector;
 - Recognising success and promoting the sector;
 - Helping social enterprises to 'prove' their value.



◆ **Encouraging the development of new opportunities** - by:-

- Supporting specialist networks;
- Supporting the development of clusters;
- Linking to regeneration programmes.

The aspirational **targets**² for the Strategy from 2005-2008 are:-

- ◆ 80 new social enterprises incorporated;
- ◆ 100 new, emerging or potential social enterprises registered with the Wales database;
- ◆ £1m growth in turnover amongst registered social enterprises;
- ◆ £6m of transferred assets to social enterprises;
- ◆ £12m investment secured to purchase and/or refurbish assets;
- ◆ £2m in new contracts secured by social enterprises;
- ◆ 20 sets of social and environmental accounts produced in Wales annually by 2007 and 30 annually by 2008.

2 The Welsh Assembly Government recognises the need for hard targets for this Strategy. To this end these aspirational targets have been included and we will work with our partners throughout the life of the Strategy and beyond to facilitate their achievement. We will also work with the SEJWG and others to develop a method of measuring achievement against these targets.

In order to achieve the Assembly government's commitment to support and assist the growth of the social enterprise sector, the **Social Economy Team** of the Assembly Government's Communities Directorate will provide a focal point for strategic decision making across the Assembly Government.

In 2002 the Assembly Government established the **Social Enterprise Joint Working Group** a partnership of the Social Economy Network (SEN) and the Wales Council for Voluntary Action (WCVA) to develop the Social Enterprise Action Plan for consultation

Following the consultation on the Social Enterprise Action Plan, the Minister for Social Justice and Regeneration reconstituted the Joint Working Group to include social enterprise practitioners and ensure improved geographical coverage. The Group was charged with developing proposals for the Social Enterprise Strategy for Wales, and ensuring that the sector actively participates in its delivery.

(The remit and membership of the Joint Working Group is at Appendix 2.)

The Assembly Government's role is to create the environment in which social enterprises can flourish, by: -

- ◆ Helping to ensure social enterprises are able to compete effectively with mainstream businesses by 'levelling the playing field';
- ◆ Ensuring the specific needs of social enterprises are recognised in policy making and programme delivery;
- ◆ Helping change the culture by showing that there are ways of doing business that are both socially inclusive and sustainable;
- ◆ Making sure that social enterprises have access to appropriate finance;
- ◆ Ensuring that timely and appropriate advice and support, including business support is available to existing as well as potential and emerging social enterprises;
- ◆ Encouraging public sector bodies to actively consider social enterprise solutions to procurement issues.

What is required will need the full engagement of all departments and agencies at both national and local level to help deliver a 'coherent framework of support' for the sector.

The Consultation Document '**Social Enterprise Action Plan**' (see Appendix 1) was issued in July 2003. The responses to this consultation identified the challenges which have to be met to ensure social enterprises in Wales can develop to their full potential. Some work has already been done but significant challenges remain.

The Challenges


- ◆ Social enterprises not accessing existing mainstream business **support services**. Services need to be co-ordinated, building on existing provision and streamlining at the local, regional and national levels.
- ◆ Opening up **procurement practices** to the sector is crucial.
- ◆ Existing **funding streams** need to be simplified, streamlined and made more accessible to social enterprises.
- ◆ **Information and skills sharing** through a social enterprise database, websites, mentoring, training and a communications strategy to raise awareness and promote the value of the sector, particularly through publicising success stories and exemplar projects at local, regional and national levels.
- ◆ **A recognised voice** is needed to provide a focus for support, best practice and lobbying, with the Social Economy Network as an obvious contender for this role.

(Extracted from "Social Enterprise Action Plan - Report on the Assembly Government's Public Consultation" (February 2004) - available at: <http://www.wales.gov.uk/themessocialdeprivation/content/keydocs-e.htm>)

The size and scale of the sector

Two separate pieces of research on the size and scope of the social enterprise sector in Wales were used to inform the Social Enterprise Action Plan Consultation (see Appendix 4). Both research projects illustrate the difficulties that exist in defining what should be considered part of the social enterprise sector in Wales.

- ◆ A project commissioned by the Social Economy Network (SEN) and the Welsh Development Agency (WDA) and undertaken by the University of Glamorgan quantified the number of enterprises at 600, employing 2,750 people and identified what the authors considered to be the '*core social economy*' in Wales - new mutuals (Credit Unions), Community Regeneration Organisations, Social Trading Organisations and Quasi-Public Service Organisations.
- ◆ The Welsh Assembly Government commissioned ESYS to produce baseline information and the research estimated that there are some 620 social *enterprises* in Wales contributing annual turnover of around £163 million and employment for 5,600 people. This research also identified another 438 organisations that were either emerging social enterprises or had the potential to become social enterprises employing a further 2,900 people. This piece of work placed the organisations researched into 10 categories including Intermediate Labour Markets, Social Firms and companies limited by guarantee.



Additional information from the WCVA's almanac indicated that the wider *social economy* in Wales is made up of some 30,000 organisations, providing a turnover of £1.2 billion, assets of £1.6 billion, and employment for 22,900 people (of whom 14,900 work full-time).

Further Research

The Social Enterprise Unit within DTI's Small Business Service is working together with the devolved administrations and the English Regional Development Agencies (RDAs) on a project to establish baseline data on social enterprise across the UK. The project is building on existing knowledge across the UK to gather core data on social enterprise in a consistent

and comparable way. It is a first step towards building a strong, national evidence base on social enterprise which will increase understanding of the sector and help improve delivery of services to it - for example allowing government agencies and others to develop a more accurate assessment of the demand for finance and advice, to consider how best to facilitate networking within the sector, and monitor changes in the sector over time.

The results from this research are expected to be published in Summer 2005, but further work to establish and maintain information on the size and impact of the sector may be required.

Case Study

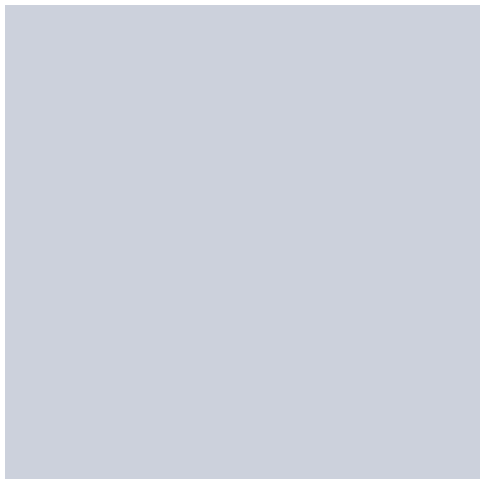
Caia Park New 2 You - Recycling

The New 2 You Shop – is a community run business that collects and re-sells second hand furniture, non-electrical household items and toys at low cost to the community. The business commenced on the Caia Park Estate in Wrexham in November 2004 and also provides volunteering and training opportunities

Volunteers are involved in the warehouse element of the business which involves storing the furniture, cleaning & repairing, collecting and delivering furniture. Other volunteers are involved with the shop element of the business, selling the goods and collecting the payments.

Run by a Management Committee of local residents and staffed by volunteers, it is hoped that in future it will provide paid employment for the area. Staff from Communities First and other partnership organisations have provided the lead and full assistance in starting up the project and will continue to assist until the project is able to run itself.

Organisations such as Caia Park Partnership, The Venture and Caia Park Community Council have donated time, equipment and funding. To the end of March 2005, the business has achieved a sales turnover of £3,881.93.



Case Study

'Partners in Leadership with Community Enterprise'

The Consultation on the Social Enterprise Action Plan demonstrated strong support for mentoring opportunities for the social enterprise sector. The **'Partners in Leadership with Community Enterprise'** scheme aims to foster closer working relationships between business and community leaders. Part of Business in the Community Cymru's Business Brokerage initiative supporting community regeneration under the Communities First and Objective One programmes, the initiative offers the opportunity to share valuable experiences and knowledge. The scheme brings together the experience and business know-how of the private sector with the entrepreneurial spirit and commitment of social enterprises.

Launched initially in March 2004 in Rhondda Cynon Taff, the scheme now has 128 private sector and community partners involved in this scheme across Wales. Community partners include; Caerphilly People First, GTFM Radio, Cymmer Communities First, The Phoenix Centre, Blaenymaes, Penplas and Portmead Development Trust and the Telynnau Teifi Harp Project. Business partners include: Legal and General, Walkers Snack Foods, Oriel Jones, The Swansea Marriott and HSBC.



Aim: To foster a supportive and enabling environment in which social enterprises can be established, developed and flourish

Barriers to an Enabling Environment

- ◆ Lack of understanding about the sector and its potential;
- ◆ Lack of hard evidence to demonstrate the impact and added value of social enterprise;
- ◆ Access to and a lack of specific investment funding and use of finance for the sector;
- ◆ Inflexible frameworks around legal, regulatory and procurement activities.

Breaking down the barriers

- (i) It is vital that the needs of social enterprises and opportunities for their development are taken into account in policy development and delivery right across the Assembly Government and by its partners.

The development of Wales's first Social Enterprise Strategy is key to achieving success, as is securing, for the first time, adequate resources for its implementation. The expansion of the Social Enterprise Joint Working Group to include practitioner members and to widen representation from across Wales provides a valuable resource in the implementation and monitoring of the Strategy.

- (ii) Wherever possible the Assembly Government will consult with the Social Enterprise sector and other interested bodies on any relevant legal and regulatory issues. For example, the Assembly Government was consulted on the provisions and implementation of the Companies

(Audit, Investigations and Community Enterprise) Bill, of which Part 2 included proposals to create **Community Interest Companies** - a new company legal form designed for people who wish to establish certain types of social enterprise. (See DTI factsheets at: <http://www.dti.gov.uk/cics>).

- (iii) **State Aid** Regulations, from the European Commission, seek to ensure no public subsidies are made that distort competition within the single European market. Social enterprises, charities or other not-for-profit organisations conducting commercial activities may be subject to these rules when they receive public support. The DTI has a State Aid Branch, providing guidance on this issue across the UK.

The Assembly Government will work with DTI, the EU and the sector to:

- ◆ clarify the position of social enterprise within legislation;
- ◆ pursue the opportunity of an extension of block exemptions to include social enterprise;
- ◆ ensure support is available to enable social enterprises to successfully submit applications for assistance.

As many of the legal and regulatory issues facing the sector remain the responsibility of the UK Government, the Assembly Government will continue to work closely with the DTI in the implementation of its strategy - '**Social Enterprise: a strategy for success**', as well as with the other devolved administrations.



What is already being done

There are a number of recently introduced initiatives which will provide funding and support for social enterprise in Wales:


- ◆ At the end of March 2005 the Coalfields Regeneration Trust in partnership with the Scarman Trust and Community Enterprise Wales launched the Social Enterprise Development Fund targeted at the Objective 1 and former coalfield areas of Wales. The initiative will provide grants of between £2,000 and £60,000 along with professional advice, guidance, support and training specific to the individual needs of the community organisations and businesses that apply. This £1.4m project is funded by Objective 1, with match funding from the Assembly Government.
- ◆ The Communities First Support Network have also submitted a similar, but much larger bid for Objective 1 funding, which will be matched by Communities First funds. The CFSN fund would operate in all Communities First areas of Wales. The bid is aiming to set up a fund totalling £9m, however if the Objective 1 bid is unsuccessful it will proceed with a £3.6m fund.
- ◆ Finance Wales' Community Loan Fund has been extended by £500,000 which will enable more loans to social enterprises.

Food and Well Being

Addressing **food** poverty and the promotion of food equality, by improving physical and economic access to food and support for community action, is at the heart of the Assembly Government's **Food and Well Being** nutrition strategy. The Strategy aims to improve nutrition among the whole population of Wales. It also targets action towards key groups in some areas of Wales that stand to gain the most from improved nutrition, often where limited access to a range of healthy foods is a major barrier to healthy eating.

Childcare

There are many examples of social enterprises as **childcare** providers and the Assembly Government supports these through a number of initiatives. Guidance encourages local Children's Partnerships to use the *Cymorth* programme to build childcare provision strategically, including start up or sustainability support to social enterprises or voluntary sector childcare providers. Other support is provided through the *Genesis Wales* project and the funding of core bodies, in particular *Clybiau Plant Cymru Kids'Clubs*. The role of social enterprises was also highlighted in the Final Report of the Childcare Working Group "A Flying Start Childcare for children, parents and communities.



A two year pilot project has been established to develop **food co-operatives** and expand a food network system throughout North and South Wales. Support from the *Inequalities in Health Fund* will lead to the development of at least 26 food co-operatives across Wales, with links to schools and communities. The pilot will focus on socially disadvantaged communities particularly in *Communities First* areas.

Appendix 3.1 contains the actions being pursued under this objective.

Case Study

Holyhead Town Ward Food Coop

The Holyhead Town Ward Food Coop was set up at the beginning of March 2005. Initial sales were of 91 bags of fruit and vegetables sold at £2 each and remained steady for the next two weeks. By 15th April sales had reached 124 bags.

The food itself comes from a local supplier who sells to the coop at almost cost. The supplier owns several green grocer shops around the area and realised it was better to work with the coop than try to compete.

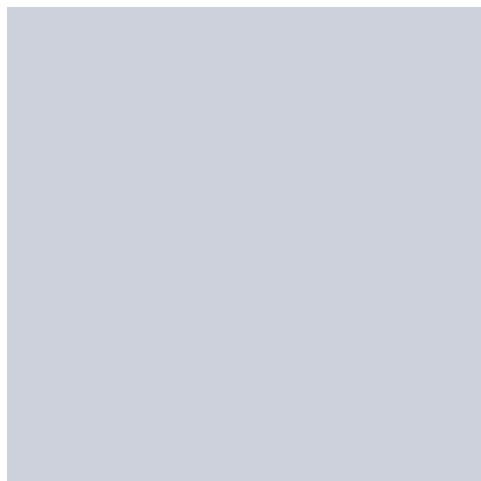
For the first two weeks, the coop was run by staff from the Communities First team with help from volunteers. The volunteers have now taken ownership of the coop and are running it with support from the team.

The coop has found a permanent home in the form of a local unused community cafe behind a local church.

The volunteers are receiving capacity building training and are thriving on the satisfaction that they are getting from the coop's success.

The local residents think that the coop is a great idea and the number of customers is growing weekly.

The coop management team is looking at ways of developing the food coop, possibly through sourcing foods such as fresh eggs from local farmers.



Aim: To facilitate and provide services, business support and appropriate finance and investment for social enterprises at all stages of development to help them attain success and sustainability and achieve their social, economic and environmental goals

Barriers to making social enterprises better businesses

- ◆ Lack of support services dedicated to social enterprises, failure of mainstream support to attract social enterprise.
- ◆ Provision of specific investment funding and use of finance for the sector.
- ◆ Difficulties in balancing social objectives with commercial decision making.


Breaking down the barriers

- (i) In addressing how to encourage, develop and sustain social enterprises, consideration needs to be given to the relevant **business support** that can be provided as part of the mainstream programme in Wales as well as through the provision of specialist support. For example, whilst the services provided by the WDA are available to all businesses, it is acknowledged that action needs to be taken to improve their accessibility and relevance to social enterprises, including training of business advisers so that they understand the specific needs of the sector. This was clearly borne out by the response to the Consultation on the Social Enterprise Action Plan which demonstrates that advisors need to understand the whole business including 'social' objectives, the inter-relation of social and business objectives and the method of delivery of their services.

It is also important that social enterprises are made aware of the business support available and the relevance to their own operation, and also to ensure easy access to them.

- (ii) We will build on the existing information on business support for social enterprises and make recommendations in respect of a comprehensive financial and business support framework for the sector, taking into account the responses to the consultation. The overall aim is to develop 'tailor-made' but consistently high quality support by a network of general and specialist support agencies.
- (iii) A clear message from the Consultation exercise was that **funding** is key to the future growth of social enterprises. One of the main conclusions of the exercise was that the existing financial infrastructure that supports mainstream business development does not target or encourage the sector in its development, nor does it 'fit' the sector's particular financial needs. The private sector is generally able to access a wider range of financial products than social enterprises which are often limited to grants or donations which in themselves do not make for a stable and sustainable income.

There is also the potential conflict between the financial institutions' perception of the sector providing sufficient commercial opportunity with



acceptable risks and the concern of the social enterprise of jeopardising its social values and putting the business itself at risk due to more rigid financial conditions.

With calls for existing funding streams to be simplified, streamlined and made more accessible to social enterprises, and proposals for a dedicated grant stream for the sector, ensuring the availability of a suitable, co-ordinated financial framework is therefore one of the Strategy's priority areas for action.

As a first step we will **map existing sources of public and private sector financial support** (including grants, loans, Community Development Finance Institutions, donations and help-in-kind, European Funding initiatives, investments from foundations and trusts) and assess their consistency, complementarity and accessibility with regard to social enterprises in Wales.

This work will also help to identify what further investment is needed in the social enterprise sector to build up business activity for asset development, for working capital and for skills and technical support. Specialist training to trustees and social enterprise managers in business planning, managing risk and financial management may be needed to accompany such an approach. Equally there will need to be awareness raising and training of funders and business advisors in understanding the sector and its requirements.


It is particularly important that the Welsh Assembly Government and its partners are fully engaged in the work of the DTI on finance and funding. This work is being taken forward with key UK financial institutions and builds on the Bank of

England's report, '**The Financing of Social Enterprises**', published in May 2003 which noted the growing desire on the part of investors that at least part of their investments should be used to benefit society. The Assembly Government has carried out some initial research into the Bank's suggestion regarding a '**social angels' network**, to match social investors with social enterprises, in the manner of business angel networks for traditional venture capital and will be consulting the sector on this.

(iv) The Assembly Government recognises the potential of asset transfer for the social enterprise sector and also acknowledges that this is not happening frequently or very quickly. The question of asset ownership and the collateral this can provide to access financial products was highlighted by the response to the Consultation.

What is already being done Business Support

There are currently a number of organisations in Wales involved in delivering **business support to social enterprises**, as well as to voluntary and community organisations. At an all-Wales level these include the WDA, Wales Co-operative Centre (Wales Co-op), Development Trusts Association Wales (DTA Wales), Community Enterprise Wales, Wales Rural Development Network, Community Recycling Network (CYLCH), Social Firms Wales and the Wales Council for Voluntary Action (WCVA). At a more local level support is provided by some local enterprise agencies, County Voluntary Councils/Services (CVC/S) and also local authorities.



The coverage of these organisation's services can be varied and may differ according to where and by whom the services are provided. All agencies need to work in partnership, building on existing provision and experience

The aim is to put in place broad-based but comprehensive, consistent and accessible packages of support for social enterprises, provided to a quality standard and throughout Wales. This standard has already been set by the Small Firms Enterprise Development Initiative (SFEDI), and is applicable to both social enterprise managers and advisors. Details of SFEDI Standards can be obtained from the Management & Leadership Network at www.mln.org.uk/sfedistandardsforbusinessdevelopment.asp.

Agencies should also ensure that the support they offer meets the specific needs of different types of social enterprises, taking account of the organisation's objectives and whether it is a potential, emerging or existing enterprise. Fledgling social enterprise organisation's support needs vary greatly, requiring far more attention to mentoring, encouraging and hand holding for instance.

Awareness Raising

The WDA commissioned **Awareness Raising** sessions about social enterprise for mainstream business advisers and the first phase of this programme has been completed.

Finance and Funding

Finance Wales Community Loan Fund

The Finance Wales Community Loan Fund was established in 1999 by the

Welsh Assembly Government and WDA to overcome the funding gap often experience by social enterprises. It provides funds to support a wide variety of not-for-profit enterprises across Wales and to help bridge the gap in financial support for a growing social economy. Loans are offered to encourage less grant dependency and more self-sufficiency. Loans can allow social enterprises to plan for the future and give organisations the opportunity to create financial track records that will allow access to a wider range of funding from the private sector in the longer term.

To date, Finance Wales has offered 48 loans totalling £1,435,355 and has leveraged £1.9 million into community regeneration.

Community Development Finance Institutions (CDFIs)

Across the UK CDFIs have been established to support enterprises that are deemed 'viable but not bankable'. CDFIs are independent, sustainable financial institutions that provide capital and other financial support to SMEs and social enterprises in disadvantaged communities. Accredited CDFIs are operating successfully UK wide, for example ICOF (Industrial Common Ownership Finance UK) has a UK wide remit and an office in Wales. Scotland, Ireland and England have their own specific provision which is not yet available in Wales.

In September 2004 the Minister for Social Justice and Regeneration approved the recommendation of the CDFI Steering Group to establish an All-Wales CDFI. Subject to state-aid implications, this proposal is being developed by Finance Wales in partnership with the DTI.



Community Banking Partnership

Wales should see its first Community Banking Partnership (CBP) formed in 2005-06 as the Robert Owen (Montgomeryshire) Credit Union Ltd is to be the second UK pathfinder pilot for this model developed by the New Economics Foundation and the University of Salford among others. The CBP is a partnership between a credit union, Community Reinvestment Trust, money and debt advice provider and a high street bank. This will enable credit unions to offer a wider service including small and micro business loans. Further information on CBP can be obtained at www.neweconomics.org.

The gap between existing 'voluntary sector' grant-funding on one-hand and the loan or CDFI-type funding on the other has given rise to a new 'Investment Funding': -

Patient capital

One of the Bank of England's key recommendations in 'The Financing of Social Enterprises' was recognition of a demand for patient capital (with flexible financial and/or social returns). The UK Government introduced the £2 million Adventure Capital Fund in England in December 2002 to test out alternative approaches to financial investment in community and social enterprises. This programme has now attracted a third round of investments and two evaluation reports have been produced by New Economics Foundation (www.neweconomics.org).

Community Investment Fund

The Social Enterprise Action Plan Consultation Document made reference to a proposal by the Development Trusts Association Wales and the Wales Co-operative Centre to establish a new Community Enterprise Investment Programme in Wales - one element of which was the provision of patient capital. A bid has now been developed by Communities First Support Network partners: - DTA Wales, Wales Co-op Centre and WCVA to fund with Objective One and Welsh Assembly Government support community organisations and enterprises in Communities First areas within Objective One areas. If successful, this Investment Fund will launch in 2005.

Asset Development and Transfer

In December 2003, the **General Disposal Consent 2003** was introduced. This allows local authorities to dispose or sell off land, in certain circumstances, for less than its market value, without having to ask the permission, in Wales, of the Welsh Assembly Government (see **Asset Transfer** Legislation). The circumstances where a public-body may consider disposal 'at less than best consideration' could be where the result will be beneficial socially, to the local economy or to the environmental well-being of an area.

Funding was provided to the Development Trusts Association Wales for a conference in January 2005, which attracted 130 delegates and took a practical look at asset development and transfer and 'how to do it'. For information on this area contact DTA Wales; info@dtawales.org.uk

Appendix 3.2 contains the actions being pursued under this objective.





Case Study

Cwmni Beddgelert Cyf

Beddgelert chapel was formally closed in 1997 and a community appeal led to the formation of a not-for-profit limited company under the name Cwmni Beddgelert Cyf (Beddgelert Company Ltd). The community of Beddgelert unanimously voted to retain ownership and develop the property for the benefit of the community. The project involved the restoration and refurbishment of the disused chapel and chapel house in order that it would return to being the focus of village life. The centre has become an innovative combination of information and education using state of the art technology while remaining true to the idea of community and sustainable tourism. The plans adopted for the centre include:

- ◆ Tourist Information Centre
- ◆ Heritage Centre
- ◆ Technology Centre

The centre has created many partnerships, which include The National Trust, Countryside Council for Wales, Gwynedd County Council, Snowdonia National Parks, Leader II (Cymad) and Wales Tourist Board.

Finance Wales was approached to address a shortfall which would have prevented them from completing the restoration and refurbishment. The project includes two of the cornerstones of the company's vision, those of sustainable tourism and cultural tourism which are believed to be the kind of developments to serve the long-term future of environmental and culturally sensitive communities like Beddgelert.

5.3

Establishing the Value of Social Enterprise

Aim: To raise the level of awareness on social enterprise and its potential across all sectors and the general public; to establish its value to the economy, and its 'added-value' in social, cultural and environmental outcomes, also to facilitate effective representation of the sector in Wales

Barriers to establishing the value of social enterprise

- ◆ Lack of awareness amongst public and private sector organisations.
- ◆ Difficulties in reflecting added value with traditional business accounting methods.
- ◆ Lack of a framework to enable effective external communication.

Breaking down the barriers

- (i) There is a clear need to **build awareness** amongst the public and private sectors and the wider community of the contribution that social enterprises make to Wales and their potential for growth. This needs to be addressed:
 - ◆ at a local, regional and all-Wales level;
 - ◆ within the Assembly Government, local authorities, the NHS and Assembly Government Sponsored Public Bodies;
 - ◆ through increased media coverage, awards schemes, events and publications; and
 - ◆ through publicising case studies which demonstrate the range and success of social enterprises and their products and services.

Whilst acknowledging the differences between the social enterprise sector and mainstream business, the Assembly Government also wishes to encourage links between them such as financing, mentoring, secondments and in-kind support which, as well as providing

practical support would also help raise awareness and promote better understanding. Social enterprises would benefit from practical business skills such as project management, marketing, legal and planning advice, whilst private and public sector businesses could offer development opportunities for their staff as well as addressing the corporate social responsibility agenda.

There is also room for improvement in raising awareness within the sector itself and within the broader voluntary and community sector. Opportunities for networking, sharing ideas and best practice, mentoring, inter-trading and more generally creating stronger alliances will be promoted. Helping new social enterprises to network with existing successful social enterprises is a potentially important part of the development process.

- (ii) The Consultation Document highlighted the need to improve upon information gathered about the sector which can be used by the sector itself and by the public sector in developing further policy support. This information, along with that provided by the proposed **database** of social enterprises, will be important in informing policy development and also in marketing and networking activities.



(iii) There are real economic and social gains for organisations that use appropriate tools to evaluate and improve their performance and demonstrate their value. Such assessments should help social enterprises in tendering for contracts and in obtaining funding, as well as providing evidence on their **social, environmental and economic impacts**.

(iv) The responses to the consultation on the Social Enterprise Action Plan, and indeed the way in which the sector was targeted for the consultation itself, clearly show that there is a need to identify members of the sector and to formalise its representation in Wales. This would ensure that social enterprises are included and consulted on issues that affect them and give a voice to the sector to communicate to Government and other key agencies.

The Assembly Government is clear that whilst it cannot create such a representative organisation, it can help facilitate and support an appropriate infrastructure. The Assembly Government considers it a priority that social enterprises should identify how their interests can be best represented, and how they can maximise the benefits of networking and sharing best practice.

Although there is not yet one organisation which can claim to represent the social enterprise sector as a whole there is an organisation which brings together a number of smaller representative organisations.

The Social Economy Network brings together social economy support organisations who are practitioners in their field, have an all Wales remit and clearly represent their particular specialism. Its partners are the Wales Co-operative Centre, Menter a Busnes, Groundwork Wales, Clych, Development Trusts Association Wales, Community Enterprise Wales, Amcan, Wales Rural Network, the WCVA and is attended by the Welsh Development Agency.


Its aims are:

“To bring together social economy organisations that make a holistic contribution to the regeneration of Welsh communities – economically, socially, environmentally and culturally by combining the experiences and expertise of the different partner organisations”

What is already being done

As noted in Chapter 1 two separate pieces of research on the **size and scope** of Welsh social enterprises were undertaken to inform the Social Enterprise Action Plan Consultation.

In addition the DTI's UK wide sector **mapping exercise**, which began in 2004, aims to build a strong, national evidence base on social enterprise which will increase understanding of the sector and help improve delivery of services to it. For example the information will allow Government and others to develop a more accurate assessment of the demand for finance and advice, to consider how best to facilitate networking within the sector, and how to monitor changes in the



sector over time. The Assembly Government and members of the Social Enterprise sector in Wales have been involved in this work and, when its outcome is known, consideration will need to be given as to whether further Welsh research is required.

The Assembly Government will ensure any research carried out in Wales complements and builds on work taken forward by the DTI in England and by the devolved administrations in Scotland and Northern Ireland.

There is also an opportunity to build on the work carried out through the 'Entrepreneurship Action Plan' to promote the concept of **social entrepreneurship** and social enterprise in schools, and in further and higher education. The WDA is working with suppliers to develop curriculum materials to highlight the role of entrepreneurship and will include the social enterprise sector.

The WDA is also working with Students in Free Enterprise (SIFE) to pilot social entrepreneurship in Wales. SIFE encourages students to run sustainable businesses during their time in University.

Social Accounting and Audit

The UK Government is leading in this area by supporting research into auditing methods to identify the most effective and appropriate approaches for the sector. In the longer-term the DTI plans to identify a framework of tools and techniques that could meet the needs of both social enterprises and mainstream small and medium sized businesses.

A recent conference on **Social Accounting** in Wales, supported by the Welsh Assembly Government, was designed to provide social enterprises with the knowledge, tools and resources they need to prove and improve their quality and impacts.

The Assembly Government will ensure that the sector in Wales is kept abreast of these developments and will support the development of a **Wales Social Accounting Network** (with links to SAN UK) by building on the recent social accounting pilot project led by the Development Trusts Association Wales via the Communities First Support Network. This new network will promote Social Accounting, developing an accredited process and a number of trainer/facilitators across Wales.

Appendix 3.3 contains the actions being pursued under this objective.

Case Study

Candystripes Day Nursery

Candystripes Day Nursery in Cwmcelyn, Blaenau Gwent is a joint project between Tredegar and Ebbw Vale and District Development Trusts, supported by the Welsh Assembly Government, Working Links and Blaenau Gwent County Borough Council.

The project stemmed from a recognised need to make childcare provision more easily available for council employees. The former infant school at Cwmcelyn was identified as a potential site for a day nursery. Local Development Trusts were approached to see if the nursery could be run as a social enterprise and it was agreed that it would be set up under a joint company owned by the Ebbw Vale and Tredegar Development Trusts. Funding was sourced from the Social Enterprise Fund, which forms part of the Corus Steelworks Recovery Package, and the school building was leased by the Council to the nursery for a peppercorn rent.

The 100-year-old community building has been completely refurbished with new windows, doors, heating systems, lighting, toilet blocks, kitchen, floor coverings and redecoration, plus disabled access to both parts of the building, which are on different levels, via a new entrance and an external ramp.

Providing up to 62 places, a proportion of which are prioritised for the children of Council employees, Candystripes will create at least 20 new full- and part-time jobs.

The project shows that working in partnership can bring benefits to all, providing a new use for an old building, new jobs for the community, and top quality childcare for both council employees and other members of the community.



5.4

Encouraging the Development of New Opportunities

Aim: To identify and support specific, priority growth sectors

Barriers to developing new opportunities

- ◆ Difficulties in developing expertise in individual small and micro social enterprises.
- ◆ Lack of awareness in local authorities regarding the potential of social enterprise as public service providers.

Breaking down the barriers

- (i) The Consultation Document identified the potential of providing expertise and business support in those sectors where social enterprise has growth potential. Development of a **sector approach** was proposed to be achieved by the establishment of specialist working groups bringing together key agencies including existing networks such as recycling (CYLCH), Development Trusts (DTA Wales), Co-ops (Wales Co-op Centre), Social Firms (Social Firms Wales), Rural Development Network and the community and voluntary sector (WCVA) etc. Priority growth sectors suggested included childcare, health and social care, recycling, housing, renewable energy, tourism, crime reduction and food.

The question of specialist working groups was one which highlighted the most marked variance in consultation responses. Respondents were equally split, with half believing it to be a positive way forward whilst the other half strongly argued against such action feeling it would constrain the sector. Suggestions were, however, made to increase the initial proposed areas of development,


but it was emphasised that local needs and existing good practice needed to be taken into account should this aspect of the Plan be taken forward.

- (ii) The Consultation Document recognised the potential for social enterprises to become involved in the provision of public services. The responses to the Consultation highlighted that the sector is well equipped to deliver many goods and services and products not only to the public sector, such as local authorities, central Government and the NHS, but to the private sector also. And many are doing so already.

However, the Consultation exercise also confirmed the relative inexperience of many social enterprises in tendering for contracts, as well as the perception held by many responsible for procurement of the sector's ability and capacity to deliver. This supports the Social Enterprise Strategy for Wales prioritising **procurement** as a key area to tackle over the next 3 years, by improving expertise within the sector to bid for and deliver contracts, and by raising awareness of the benefits of opening up contracts to the sector, in those charged with procurement in both the public and private sectors.

The WDA will produce its own tendering toolkit aimed at any small business wishing to tender for the provision of goods or services.

The potential of "clustering" and collaboration by social enterprises will also need to be considered, as these can



provide greater economies of scale and increased opportunity for inter-trading, partnership working and joint bids for procurement contracts

(iii) The Social Enterprise Strategy for Wales is focused on improving services and increasing opportunities across the sector as a whole. This is necessary in order to raise the overall level of support available to all and to be able to prioritise current resources.

The WDA is considering recommendations from a feasibility study on a **social enterprise incubator** pilot project based in South East Wales. The results will also feed into their all-Wales business incubation strategy.

In recognition of the findings of the Consultation it is acknowledged that targeting priority growth sectors deserves further investigation and support.

What is already being done

Asset Transfer Legislation

'Disposal of land at less than best consideration' secondary legislation was passed in Wales by the National Assembly for Wales in December 2003. DTA Wales and WLGA have produced a briefing on Asset Transfer and Development as a mechanism for community enterprise and regeneration (for a copy of the briefing contact: Development Trusts Association Wales – info@dtawales.org.uk).

Procurement

The Assembly Government considers that there is potential for local authorities to extend the procurement process to the social enterprise sector. The Welsh Local Government Association and a number of

local authorities in Wales are already actively involved and the Association will be exploring the potential for using its *Excellence Wales* scheme to spread good practice between local authorities in this area.

Since the publication of the Consultation Document a National Procurement website has been established: - *Sell2Wales* is a new initiative by the Welsh Development Agency and the Welsh Assembly Government that aims to help small and medium-sized companies – including social enterprises - work successfully with public sector clients. The website lists all the public sector tenders published in Wales, enabling social enterprises to access a huge array of tendering opportunities. Social enterprises can also register their details as suppliers of goods and services.

Practical advice for social enterprises working up bids for public sector tenders is provided in the DTI Toolkit "*Public Procurement: A Toolkit for Social Enterprises*". More detailed step-by-step advice is contained in "Tendering for Public Sector Contracts: A practical guide for social economy organisations in Scotland".

The **Local Supplier Development Project** provides a resource to assist all small firms in Wales develop their ability to win contracts. The WDA also employs 10 Supplier Champions across Wales providing advice and information, newsletters, a website, workshops and one-to-one consultation.



A major conference organised by DTA Wales and the WLGA with the support of the Assembly on **'Procurement and Social Enterprises – developing the opportunities in Wales'** was held in July 2004. This brought together public sector procurers, social enterprises and support agencies and focussed on both barriers and opportunities in delivering public contracts in Wales by highlighting case studies and leading edge Procurement Strategies already developed by local authorities in England.

Appendix 3.4 contains the actions being pursued under this objective.

Case Study

Cynon Valley Crime Prevention

As a charity Cynon Valley Crime Prevention (CVCP) provided security equipment free of charge to vulnerable target groups such as the elderly, ethnic minorities, victims of crime and single parents.

The organisation saw the opportunity to provide these services to people outside of their charitable criteria. It set up a trading arm in 2001 as a community enterprise to provide this facility.

The enterprise initially offered a lock fitting service, but the product range has now grown to include: CCTV and burglar alarm installation, access control and fire alarm fitting, key cutting and chimney sweeping as well as Corgi- Registered gas servicing and installation.

With just 1 full-time and 2 part-time employees in 2000, the organisation currently comprises 22 full-time staff. Accredited training in gas fitting, locksmith, chimney-sweeping and administration, in combination with the award of NACOSS Gold Standard and ISO 9001, allows CVCP to successfully compete in this arena. Turnover more than doubled between the first and second year of trading and has continued to grow.

The company's customer base extends across the UK and, by holding the rights to certain lock systems, they have recorded international sales. Ambitions for the future are to continue broadening the range of services offered and to develop sales through e-commerce.



Through this Strategy the Welsh Assembly Government has committed itself to a range of actions which aim to encourage, develop and sustain social enterprises at all stages in their development. It is crucial that, from the beginning, we explain how we will monitor our progress in achieving these actions and how we will evaluate whether or not we are being successful.

The Assembly Government's Social Economy Team will:

- ◆ act as a focal point for the Strategy and policies and programmes aimed at supporting the sector;
- ◆ promote and champion social enterprise;
- ◆ map progress against the agreed actions;
- ◆ keep Ministers, the Social Enterprise Joint Working Group, the sector and other interested parties informed of progress;
- ◆ work across Wales supporting practitioners in the sector, support organisations and other stakeholders to ensure that Strategy actions are taken forward;
- ◆ review the strategic direction and priorities outlined as progress is made and revise actions as appropriate;
- ◆ contribute to and learn from work across the UK and Europe;
- ◆ identify and disseminate best practice and promote the success of the sector; and
- ◆ deliver specific tasks allocated directly to the Unit.

The team will also lead on the publication of an annual progress report, in consultation with the sector and the Social Enterprise Joint Working Group.

The Consultation Document 'Social Enterprise Action Plan' was issued in July 2003. Comments on the document and responses to the specific questions posed were requested by 22 October 2003. 61 formal responses were received, in addition 130 people attended a series of regional consultation events.

Consultation findings - a summary

The publication of the Action Plan was seen as a significant development, raising the profile of the sector and acknowledging its contribution to the wider Welsh economy.

The consultation found that there should be:

- ◆ a clear lead Department and Minister within the Assembly Government responsible for social enterprise;
- ◆ closer collaboration and communication across Assembly Government Departments, in particular Economic and Rural policy, the Communities First programme and housing stock transfer; and
- ◆ improved joint working with and within external bodies such as the Welsh Development Agency and other support organisations.

The overwhelming view was that social enterprises were not accessing existing mainstream business support services. Services needed to be co-ordinated, building on existing provision and streamlining at the local, regional and national levels, supported by clear sign-posting to advice and funding sources. There needed to be ongoing support for social enterprises, not just at the start-up stage but through all the different development stages. There were also calls

for capacity building and training within communities as well as for those directly engaged e.g. social enterprises, mainstream business advisers, the public and private sectors. It was recognised that enterprises needed to upskill to become more business orientated.

There was not a clear consensus about how improved support should be delivered, but options included:

- ◆ a new one-stop shop specifically for the social enterprise sector;
- ◆ improving existing business support services to incorporate social enterprise specialists or, as a minimum, training advisers to understand the needs and differences of the sector;
- ◆ supplementing existing business support services with dedicated services for the sector to be delivered by other national or local organisations such as the Wales Co-operative Centre, Development Trusts Association Wales; Wales Council for Voluntary Action, County Voluntary Councils; and existing local or regional enterprise agencies.

Opening up procurement practices to the sector was seen as crucial. Funding was seen as key, with calls for existing funding streams to be simplified, streamlined and made more accessible to social enterprises, whilst others proposed a dedicated grant stream for the sector.

A social angels network was, on the whole, welcomed as were the proposals to establish a sectoral database, a social enterprise website to enable better information and skills sharing and a communications strategy to raise awareness and promote the value of the

sector, particularly through publicising success stories and exemplar projects at local, regional and national levels. There was not a consensus on who should lead on the development and delivery of these although the sector needed to be fully involved.

There was little support for a new representative body, however there was a strong consensus that the sector did need a recognised voice to provide a focus for support, best practice and lobbying. The majority of respondents saw the Social Economy Network as an obvious contender for this role, although it was recognised that it would require a formal constitution and structure, as well as a more inclusive and representative membership.

The question of specialist working groups was one which highlighted the most marked variance in consultation responses. Respondents were equally split, with half believing it to be a positive way forward whilst the other half strongly arguing against such action, feeling it would constrain the sector.

(Extracted from "Social Enterprise Action Plan - Report on the Assembly Government's Public Consultation" (February 2004) - available at: <http://www.wales.gov.uk/themessocialdeprivation/content/keydocs-e.htm>)





Appendix 2

Social Enterprise Joint Working Group - Terms of Reference and Members

The Social Enterprise Joint Working Group is a joint group of representatives from the social enterprise sector, the Social Economy Network, national and local government, and the voluntary sector. Details of the Group's membership are at Annex A. The Group is charged with taking forward the proposals outlined in the Social Enterprise Action Plan Consultation Document, developing a Social Enterprise Strategy for Wales and ensuring that the sector can actively participate in the delivery of the Strategy.

The Group will:

- ◆ provide a forum in which to exchange information and views between the social enterprise sector and the public sector;
- ◆ seek to achieve a joint approach in the implementation of policies by establishing and encouraging stronger social enterprise/public sector working relationships at all levels;
- ◆ disseminate information throughout the sector and help promote the benefits of social enterprises;
- ◆ oversee how social enterprise development and support is being taken forward across the Assembly Government, public and voluntary sectors, and other agencies;
- ◆ agree an annual work programme in support of the Social Enterprise Strategy for Wales, receive and review progress reports on the Strategy and work programme;
- ◆ take forward specific areas identified in the work programme;

- ◆ commission further specific work, including seeking input from experts and establishing sub-groups where necessary; and
- ◆ consider, approve and publish an annual progress report to include monitoring and evaluation of policy and programmes and to help improve public awareness of the sector and its activity.

The Group will normally meet 3 times a year although additional meetings can be called as and when necessary. It is intended that the venue for the meetings will be rotated around Wales and may incorporate visits to social enterprises.

The membership of the Group may be increased to accommodate other individuals, either on a permanent or ad hoc basis, as the need arises who may be able to contribute to the Group's work.

The Welsh Assembly Government will provide the Secretariat for the Group.

The work of the Group will take into account the Welsh Assembly Government's policy to promote and integrate equality of opportunity into all aspects of its business.

These Terms of Reference have been agreed by the reconstituted Group and will be reviewed, by the Group, after 12 months.



Membership

Chair - Anne Stephenson - Head of Communities Directorate, Welsh Assembly Government

Abdul Latiff Mohammed Farook - AWEMA

Craig Mitchell - Welsh Local Government Association

Phil Jarrold - Wales Council for Voluntary Action

Simon Harris - Wales Co-operative Centre Ltd (Social Economy Network (SEN) representative)

Joan Asby - Wales Rural Development Network (SEN representative)

Sarah Mayze - Finance Wales Community Loans Fund

Karyn Pittick - Welsh Development Agency

Sue Price - Groundwork Wales (SEN representative)

Peter Williams - Development Trusts Association Wales (SEN representative)

John Bennett - Pack-IT Group

Steve Cranston - National Energy Action/Arts Factory

Menna Jones - Antur Waunfawr

Gerallt Llewelyn Jones - Menter Mon

Gaynor Richards - Neath Port Talbot CVC/Tiddlywinks

Dr Ruth Williams - National Trust Wales

Lynne Schofield - Head of Social Justice Policy Unit, Welsh Assembly Government

Lisa Clarridge - Social Justice Policy Unit, Welsh Assembly Government

Steve Curry - DTA Wales/Welsh Assembly Government Seconded

Chris Morrish, Social Justice Policy Unit, Welsh Assembly Government - Secretariat

Appendix 3

Actions to Achieve Strategy Objectives

Appendix 3.1 Creating an Enabling Environment

Actions:

The following actions are being pursued as part of the 'Creating An Enabling Environment' objective:

| ACTIONS - CREATING AN ENABLING ENVIRONMENT | PARTNERSHIP | INDICATORS/TARGETS |
|--|---|--|
| <p>Annual review of Social Enterprise Strategy for Wales, in consultation with the sector</p> | <p>Welsh Assembly Government Social Enterprise Joint Working Group (SEJWG) Social Enterprise sector</p> | <p>Consult on and review Strategy Summer 06</p> <p>Summer 07</p> <p>Evaluation Summer 08</p> |
| <p>Strengthening links within Assembly around the social enterprise agenda including housing, childcare, regeneration, education, economic development and health and in policy areas of Spatial Plan, Communities First, Heads of the Valleys and the Sustainable Development Scheme</p> | <p>Welsh Assembly Government SEJWG</p> | <p>Ongoing – continue to work within Assembly to ensure relevant policies and programmes reflect social enterprise agenda</p> |
| <p>Continuing research and intelligence to inform policy, marketing, networking</p> | <p>Welsh Assembly Government SEJWG Social Enterprise sector DTI Devolved administrators</p> | <p>Included in Social Justice and Regeneration Department Research Unit research programme 2005-07. SEJWG to advise on requirements</p> |

ACTIONS - CREATING AN ENABLING ENVIRONMENT

Raising awareness of the sector and its needs through the Social Justice and Regeneration Committee, the Business Partnership Council and the Social Justice and Regeneration Policy Group

Support **Best Practice** exchanges by social enterprises, investors and support networks

Communication of **case studies**

Supporting **training and best practice** case studies, piloting **procurement** policy and practice,

Support **training and best practice**, case studies, piloting **State Aid** policy and practice.

PARTNERSHIP

Welsh Assembly
Government
SEJWG
Social Enterprise sector

Social Enterprise sector
SEN

BBC, HTV, S4C, Welsh Assembly Government public bodies, Communities First partnerships, Social Enterprise sector, local media

Welsh Assembly Government, SEJWG, Social Enterprise sector, WLGA

SEJWG
Welsh Assembly Government
SEN

INDICATORS/TARGETS

Relevant items tabled including quarterly progress reporting to SJ&R Committee

100 exchanges every year³

20 features in Wales national and local media³

50 features in specialist press³

Make recommendations to Minister by **Dec 2005**

Tabled SEJWG Meeting October 2005

Hold first seminar by Dec 2005

Tabled SEJWG Meeting **June 2005**

Appendix 3.2 Making Social Enterprises Better Businesses

Actions:

The following actions are being pursued as part of the making social enterprises better businesses objective:

| ACTIONS - MAKING SOCIAL ENTERPRISES BETTER BUSINESSES | PARTNERS | INDICATORS/TARGETS |
|---|--|--|
| Increase turnover of larger social enterprises in Wales | Social Enterprise sector | Increase number of social enterprises with turnover above £1m by 200% over 3 years ³ |
| Establish a Mentoring programme for leaders of social enterprises plus emerging successors/leaders | DTA Wales, Wales Co-op Centre, ELWA, WDA | 50 mentoring places for chairs, CEO's and successors over the life of the Strategy |
| Funding the dissemination of information and best practice in asset development/transfer | Welsh Assembly Government, DTA Wales, WLGA | Following on from DTA Wales and WLGA conference held and briefing paper published January 2005 |
| Continue to develop proposals for an all-Wales CDFI currently with DTI/Finance Wales | Welsh Assembly Government, Finance Wales, DTI, SEJWG, Social Enterprise sector | Ongoing work from Finance Wales on Hybrid CDFI model for Wales DTI follow up on budget report promises to set up a growth fund for UK CDFI, given State Aid clearance |

ACTIONS - MAKING SOCIAL ENTERPRISES BETTER BUSINESSES

PARTNERS

INDICATORS/ TARGETS

Mapping sources of public and private sector financial support and business support for social enterprises

Welsh Assembly Government, SEJWG, Social Enterprise sector, WDA, WLGA, Wales Funders Forum

Update as part of Annual Review

Work with partners to **engage private sector**, including banks, to identify opportunities for social enterprises

Welsh Assembly Government, DTI, SEJWG, SEN

Update as part of Annual Review

Developing the **Business Eye** to ensure all types of social enterprise are signposted to the relevant **business support** services

WDA, Welsh Assembly Government, SEJWG

Directory of Business Support Services produced by WDA to include all business types – **end 2005**

Training of business advisors working with social enterprises and introduction of qualifications

Welsh Assembly Government, DTI, WDA, Social Enterprise sector

Recommendations to Minister on adopting SFEDI Guidelines by **end 2005**

Training programme for the sector to include capacity building on: legal structures, business planning and financial awareness

Welsh Assembly Government, SEJWG, Social Enterprise sector

Programme in place by **end 2005**

Delivery of **specialist support** to enable social enterprises to gear-up to tender and deliver public sector contracts

WLGA, Welsh Assembly Government, Social Enterprise sector

New contracts totalling £2m secured by social enterprises by 2008³

ACTIONS - MAKING SOCIAL ENTERPRISES BETTER BUSINESSES

PARTNERS

**INDICATORS/
TARGETS**

Promote **asset development** mechanisms – principally through transfers and funds enabling purchase and refurbishment

WDA, WLGA, DTA
Wales, Wales Co-op,
CRT, WCVA

Assets values at £6m transferred with £12m investment secured to purchase/ refurbish assets³

Develop '**community right to buy**' proposals

Land For People, DTA
Wales, Home Office, DTI

Pursue in line with Home Office timetable

Appendix 3.3 Establishing the Value

Actions:

The following actions are being pursued as part of the establishing the value objective:

| ACTIONS - ESTABLISHING THE VALUE | PARTNERS | INDICATORS/TARGETS |
|--|---|---|
| Supporting an Annual Conference on social enterprise in Wales | Social Enterprise sector Welsh Assembly Government SEN | 300 delegates annually by 2008 |
| Introducing and publishing a quarterly Social Enterprise Newsletter | Welsh Assembly Government, Social Enterprise sector SEN | Publication of newsletter on quarterly basis |
| Considering a contract to implement a communications plan to build awareness in key target audiences | Welsh Assembly Government, Social Enterprise sector, SEJWG | Make recommendations to Minister by March 2006 Table at SEJWG meeting October 05 |
| Encouraging the participation of social enterprises in relevant award schemes | Welsh Assembly Government, DTI, Social Enterprise sector | Publicise relevant award schemes to sector via Assembly Newsletter |
| Ensuring the interests of the sector are represented and promoted across Europe ; identifying opportunities for learning and sharing of best practice | Welsh Assembly Government, DTI, Other European Governments, Social Enterprise sector | Ongoing contact with UK and other European Governments |

ACTIONS - ESTABLISHING THE VALUE

Developing and maintaining accurate information on the sector in Wales, and a possible **database** for Wales on size, employment and economic contribution of the sector

Establishing a **representative structure** for the sector in Wales by looking at best practice at local, regional and national levels

Continue developing **social accounting** in Wales from the DTAW / CFSN pilot project and establish Wales Social Accounting Network

PARTNERS

Welsh Assembly Government, DTI, Social Enterprise sector, Devolved Administrations

Welsh Assembly Government, SEJWG, Social Enterprise sector

DTA Wales / CFSN

INDICATORS/ TARGETS

Disseminate results of UK-wide mapping exercise in 2005 in line with DTI timetable

Table at SEJWG meetings **June and October 2005**

Recommendations to Minister by **end 2005**

20 sets of social and environmental accounts prepared and audited in 2006 and 30 in 2007

Appendix 3.4 Develop New Opportunities

Actions:

The following actions are being pursued as part of the developing new opportunities objective:

| ACTION | PARTNERS | INDICATORS/ TARGETS |
|--|--|---|
| Use existing networks and support emerging ones in areas such as Social Firms, recycling, childcare, housing transfer and renewable energy | Welsh Assembly Government, Social Enterprise sector, SEJWG | Produce recommendations for the Minister as required. Minimum 4 networks supported by end 2007 ³ . |
| Investigating social enterprise opportunities through the Heads of the Valleys strategy | Welsh Assembly Government, Social Enterprise sector, Heads of The Valleys project team | 6 new social enterprises created to help deliver the Strategy ³ |
| Identifying opportunities to open up public procurement to social enterprises via Wales Programme for Improvement (WPI) | WPI, WLGA, SEJWG, Social Enterprise sector, Welsh Assembly Government | Report developments as part of Annual Review |
| Investigating opportunities for supporting clustering, inter-trading, spin-off enterprises and intermediate labour market initiatives | Welsh Assembly Government, SEJWG, Social Enterprise sector | Produce recommendations for the Minister as required. Minimum 2 clusters established end 2006 ³ . |

³ The Welsh Assembly Government recognises the need for hard targets for this Strategy. To this end these aspirational targets have been included and we will work with our partners throughout the life of the Strategy and beyond to facilitate their achievement. We will also work with the SEJWG and others to develop a method of measuring achievement against these targets.



Appendix 4 Useful Resources

Wales

"Social Enterprise Action Plan - A Consultation Document" - Welsh Assembly Government (July 2003)
<http://www.wales.gov.uk/themessocialdeprivation/content/actionplan/contents-e.htm>

"Social Enterprise Action Plan - Report on the Assembly Government's Public Consultation" - Welsh Assembly Government (February 2004)
<http://www.wales.gov.uk/themessocialdeprivation/content/actionplan/contents-e.htm>

A Winning Wales – The National Economic Development Strategy of the Welsh Assembly Government (January 2002)
<http://www.wales.gov.uk/themesbudgetandstrategic/content/neds/winningwales2004-e.pdf>

Making the Connections – Delivering Better Services for Wales (October 2004)
http://www.wales.gov.uk/themespublicservicesreform/content/Making_Connection_Eng.pdf

Wales: A Better Country-The Strategic Agenda of the Welsh Assembly Government (September 2003)
<http://www.wales.gov.uk/themesbettercountry/index.htm>

"The Business Support Needs of Social Economy Enterprises" - ESYS (April 2003)
<http://www.wales.gov.uk/subitradeindustry/content/consultations/business-support-needs-sse-e.pdf>

The Welsh Development Agency and the Social Economy Network research on The Social Economy in Wales available from:
e-mail: h.davies@can-online.org.uk
(April 2003)

Sell2Wales - National Procurement website
- <https://www.sell2wales.co.uk>

Business eye - www.busesseye.org.uk

UK


"Social Enterprise: a strategy for success" - Department of Trade and Industry (July 2002)
<http://www.dti.gov.uk/socialenterprise>

"A progress report on Social Enterprise: a strategy for success" - Department of Trade and Industry (October 2003)
<http://www.dti.gov.uk/socialenterprise>

"Public Procurement: A Toolkit for Social Enterprises" - Department of Trade and Industry (October 2003)
<http://www.dti.gov.uk/socialenterprise>

"Guidance on mapping social enterprise" - Department of Trade and Industry (July 2003)
<http://www.dti.gov.uk/socialenterprise>

"Small Supplier...Better Value?" (a guide for procurement officers on the benefits of working with small suppliers including social enterprises) - The Small Business Service (June 2002)
http://www.ogc.gov.uk/embedded_object.asp?docid=2077



"Competitive Procurement" (a guide for local authorities to become more effective at procurement - stock code LL12712) - The Audit Commission
Audit Commission Publications, PO Box 99, Wetherby, LS23 7JA tel: 0800 502030

"Tendering for Government Contracts" - The Small Business Service / Office of Government Commerce (March 2003)
<http://www.businesslink.org>

"The Financing of Social Enterprises: A Special Report" - The Bank of England (May 2003)
http://www.bankofengland.co.uk/financing_social_enterprise_report.pdf

"Unlocking the Potential – a Guide to Finance for Social Enterprises" - The Social Enterprise Coalition, 54 Haymarket, London SW1Y 4RP; (June 2004) e-mail: info@socialenterprise.org.uk or via the web at www.socialenterprise.org.uk

"Achieving community benefits through contracts – law, policy and practice. MacFarlane, R and Cook, M (2000). Policy Press.
<http://www.jrf.org.uk/knowledge/findings/housing/d12.asp>

"Asset transfer – a can-do guide". Hart, L (2001). DTA Publications.
<http://www.dta.org.uk/Downloads/Asset%20Transfer%20A%20Can%20Do%20Guide.pdf>

"There's more to business than you think: a guide to social enterprise." Social Enterprise Coalition (2004), 54 Haymarket, London SW1Y 4RP; e-mail: info@socialenterprise.org.uk or via the web at www.socialenterprise.org.uk

Northern Ireland

"Developing a Successful Social Economy" - Department of Enterprise, Trade and Investment, Northern Ireland (September 2004)
<http://www.socialeconomy.detni.gov.uk>

Scotland

"A review of the Scottish Executive's policies to promote the Social Economy" - Scottish Executive (January 2003)
<http://www.scotland.gov.uk/library5/social/rose-00.asp>

"Tendering for Public Sector Contracts: A practical guide for social economy organisations" (2004) Scottish Executive.
<http://www.scotland.gov.uk/Publications/2004/06/19510>