

Local Government Consultation Response

ABOUT US

The Wales Co-operative Centre is a not-for-profit co-operative organisation that supports people in Wales to improve their lives and livelihoods. We are working for a fairer economy. We help to create and retain wealth within our communities through the growth of co-operatives and social businesses and by providing people with the skills to take more control of their own lives and strengthen their communities.

Our projects are as follows:

- Social Business Wales provides intensive, one-to-one support to new start social businesses as well as those which have ambitions to grow and a viable business proposal.
- Digital Communities Wales: Digital Confidence, Health and Well-being works with organisations across Wales, in order to help people increase their confidence using digital technology so they can improve and manage their health and well-being.
- Our Communities Creating Homes project offers support and advice to new and existing organisations looking to develop co-operative community-led housing schemes in Wales.
- Community Shares Wales Resilience Project is funded by the National Lottery Community Fund and delivered by the Wales Co-operative Centre. We help communities raise investment to protect and strengthen the things that matter to them, such as pubs, libraries or other local services.

Introduction

Community Wealth Building, Build Back Better, Resilience and Decarbonisation

At the Wales Co-operative Centre, we work to build a fairer, more resilient economy that has the well-being of its citizens at its heart. We believe that to achieve this, the way we as a country think about our economy must be transformed. We subscribe to the interpretation set out in the Donut Economics model, that states that we must prioritise working in a way that doesn't threaten our environment, while ensuring nobody falls below a social floor in terms of well-being.

In order to achieve this, we support the economic approach of community wealth building, a movement that is growing in the United Kingdom and internationally. The Centre for Local Economic Studies (CLES) defines community wealth building like this:

A people-centred approach to local economic development that redirects wealth back into the local economy, and places control and benefits into the hands of local people.

We know that in order to achieve this, social enterprise, co-operatives and wider principles of co-operation and community are essential. Of course, changing our economy to have these priorities necessitates ambitious and effective local government. We want communities across the country to be able to benefit from social enterprise and the spirit of co-operation, and therefore urge this committee to play a vital part in embedding the principles of community wealth building in economic policy in Wales.

The committee can support a move towards community wealth building by producing high-quality research on local economies in communities across Wales, what must be done to achieve a just and

sustainable economy, and how we can build on successes across the country and learn from each other. In addition, we would urge the Committee to hold the Welsh Government to account on the positive steps it has already taken in legislation such as the Social Services Act (Wales) 2014 and the Well-being of Future Generations (Wales) Act 2015, and how this legislation can lead to delivery that genuinely impacts the people and communities of Wales by embedding social enterprise, co-operatives and community-led initiatives at the centre of our economy.

Benefits of Social Enterprise

Social enterprises deliver on the ambitions of community wealth building by putting people and planet before private profit. They are driven by a social, environmental or community mission and re-invest profits to ensure these goals are met. In Wales, the sector is estimated to include up to 2,309 businesses and up to 56,000 employees, generating £3.1–3.8 billion in value.

The positive impact of social enterprises could not be clearer. They are essential to the foundational economy and operate across our communities, especially in deprived areas where they are needed the most. Profits are re-invested in their communities. 76% of social enterprises pay the real living wage to all their staff. In the context of the looming unemployment crisis, the fact that 17% of new staff in social enterprises were previously out of work is significant. The social enterprise sector is also much more gender balanced – 40% of social enterprises are led by women, over twice as high as SMEs more widely (17%).

Specific industries

Whilst the Welsh Government has recognised the role social enterprise can play in delivering Llwybr Newydd – The Wales Transport Strategy (WTS) 2021, its long-term vision for an accessible, sustainable and efficient transport system, we want the Government to be more ambitious in their ambition for how social enterprises can play a key role in tackling the climate crisis. Social enterprises value the environment just as much as people and profit through committing to a triple bottom line, and as a result social enterprises in all sectors can play a crucial role in achieving the net zero target. In addition, many operate as enterprises in sectors such as renewable energy, zero waste, food, biodiversity and land management.

Our Social Enterprise 2020 Mapping Report showed that social enterprises reported having more social objectives this year, which demonstrates the sector's potential to broaden their support to address the increasing social needs created by the pandemic. Social enterprises are ideally placed to play a key role in helping with training and skills development in local communities and empower communities to have a greater stake in the climate agenda today. The Welsh Government has also committed to building 20,000 low carbon social homes, and we are calling for social enterprises to be included in the supply chains, and to ensure local businesses are supported in the inclusive delivery of such projects.

Benefits and Potential of Co-operative and Community-led Principles

In addition to social enterprise, co-operatives and community-led organisations can play a crucial role in embedding well-being our economy and local ecosystems. Across different sectors, workers in co-operatives see improved working conditions, better pay, and higher levels of job satisfaction, and community-led organisations ensure decisions that are made at a local level have the input and consent of those they will affect the most. Two sectors that we believe co-operative models have considerable potential in are care and housing, and we would urge this committee to work with relevant partners, including other Senedd committees, to understand how these models can be supported and developed.

In addition, we know that there is considerable potential for Community Shares in Wales. Community shares schemes are a way of raising money to finance a project. They can be used to save local shops and pubs, finance renewable energy developments, transform community facilities, or fund new sports clubs; the choices are endless. Rather than traditional forms of investment, in which large stakeholders invest the majority of the money needed, and subsequently have control, community share schemes are more democratically run and give greater control to the whole community of investors. This has the potential to make a positive difference to communities across Wales, and we would urge the committee to work with us to explore how this can be developed further.

What can the Committee do?

We believe that this Committee can play a key role in developing and embedding these principles in Welsh public policy. We believe that 2 effective tools at the disposal of Welsh local government are procurement and market-nurturing.

Firstly, we would urge the Committee to hold the Government to account in ensuring that the objectives it has set out in legislation such as the Social Services Act (Wales) 2014 and the Well-being of Future Generations (Wales) Act 2015 are met, and how this legislation can lead to delivery that genuinely impacts the people and communities of Wales by embedding social enterprise, co-operatives and community-led initiatives at the centre of our economy. In addition, we have asked housing associations and local authorities are given an ambitious target to spend a certain percentage of the investment with local businesses and social enterprises – research to understand how this can be done in an ambitious but realistic way would have a big impact.

Finally, we need to nurture the market to build the supply chains to ensure these business models can play a bigger role in our economy. We know that specialist support is essential – but the next steps are working with partners in specific sectors to ensure these models can grow further in Wales, and become the business model of choice. We urge the Committee to take an active role in exploring the role of local government in doing this effectively.