

## **Prosperity for All: Economic Action Plan**

### **Third sector discussion paper for the meeting with Cabinet Secretary for Economy and Infrastructure, 12<sup>th</sup> February 2018**

#### **Summary**

The third sector broadly welcomes the publication of “Prosperity for all: economic action plan”. There is much synergy between the action plan and the work of the sector. The sector can be a key vehicle to deliver much of the vision outlined in the plan. In this paper we highlight additional opportunities and support needed to ensure that the social business sector can help fully help to realise the Action Plan’s vision.

#### **Framework for the social business sector**

The economic action plan’s commitment to inclusive growth and reducing inequalities are areas where social businesses can play a key role. However, to realise its role in delivering these commitments, the social business sector needs a clear framework and a dedicated action plan that fully recognises its specific needs and strengths. We would welcome additional recognition of and reference to the social business sector in the Economic Action Plan.

There has not been a social business strategy in Wales for many years. Wales needs an ambitious and long term vision for the sector that drives its growth over the next ten years. This framework should give a clear direction and bring together different initiatives. It would capture the needs and aspirations of social and community enterprise practitioners and the key agencies supporting them. For example, future support needs could include accessing finance, identifying routes to market, maximising social value, scaling up, leadership and making a living. Putting together such a framework is not just a job for Welsh Government but for the sector to take a lead on itself in partnership with Welsh Government. Such a document exists in Scotland and is also needed in Wales. Therefore social business support organisations are proposing to work with the sector and Welsh Government to develop an ambitious framework with a clear vision for how the sector can develop and grow.

This framework would set out the sector’s specific needs and how we can work together towards achieving these. While social businesses face many of the same challenges as any other SME from a business perspective they also face particular barriers. This would be reflected in the social business framework. It will also complement Welsh Government’s economic action plan by setting out how social businesses can be assisted to deliver sustainable and inclusive growth.

#### **Foundational economy**

The economic action plan’s focus on the foundational economy signals a step in the right direction towards building a more inclusive economy. Recent research by the Wales Co-

operative Centre demonstrated a strong overlap between the foundational economy and the social economy in Wales as so many social businesses operate in the foundational economy services sector. The social enterprise and co-operative sector are represented in all four of the foundation sectors highlighted in the paper. Subsequently, social businesses could be an important vehicle to deliver Welsh Government's plans for the foundational economy.

While we broadly welcome the foundational economy proposals outlined in the action plan, we would like to raise the following for discussion:

- There now needs to be action on the ground. There has been a great deal of discussion about the foundational economy but resources are needed to make policy a reality. The third sector is already involved in pilot projects. The resources available for this type of work are small compared to the money that is helping traditional economic activities.
- The third sector would encourage a holistic approach to the foundational economy in place of focusing on four foundational sectors. How will Welsh Government work with businesses operating in other foundational sectors to ensure they reach their potential?
- There is considerable overlap between the foundational economy and the social economy in Wales. This is not reflected in the action plan meaning that social businesses' potential for delivering the plan's vision is not harnessed. How can the sector work with Welsh Government to develop the foundational economy across Wales?
- The action plan highlights renewable energy as an 'Enabler' – one of the three national thematic sectors. Yet renewable energy is not identified as a foundational economy sector. Community owned and controlled energy schemes deliver inclusive local growth.
- Clarification of the scope of the four foundational economy sectors identified would be welcomed. Will the sectors identified be supported across the full range of their activities or will it focus on specific elements?

### **Economic contract**

The Economic Contract and its associated calls to action outlined in the action plan are welcomed by the third sector. The requirement for businesses to demonstrate fair work, promotion of health and progress in reducing carbon footprint are particularly welcomed. These are requirements that are already in the DNA of most social businesses. We would ask Welsh Government to consider the following additional requirements:

- An element of social responsibility. For example, businesses could pledge to work with or support social businesses and the third sector.
- Living Wage: Businesses should pledge to become Living Wage employers.
- Procurement: Businesses should consider local supply chains and consider how they can support small businesses to bid for contracts.

### **Procurement practice**

We welcome Welsh Government's commitment to work with public sector partners and business to maximise the value of Welsh public procurement to the Welsh economy and

help Wales- based businesses compete for contracts. We also welcome the Better Jobs Closer to Home pilot. WCVA and Wales Co-operative Centre are supporting the Better Jobs Closer to Home pilots.

We would like to work with the Cabinet Secretary to explore how procurement practices can be reformed or influenced to increase the impact of public procurement in Wales, including:

- Encouraging further use of reserved contracts. In Scotland, this has included making it easier for public bodies to identify and reserve contracts for a wider range of social enterprises.
- Capitalising on opportunities arising from Brexit to influence procurement and state aid rules.

### **Skills and employability**

Prosperity for All identifies five priority areas for cross-government working which have the greatest potential contribution to long-term prosperity and well-being. The inclusion of skills and employability as a priority area is a welcome development. We urge the Cabinet Secretary to consider how social businesses can also help to deliver this priority. They play a particular role in creating jobs for, and developing the skills of, people who are outside the labour market. For many this is their social purpose.

### **Community Ownership of Assets and community development**

We would welcome the opportunity to work with the Cabinet Secretary's team to explore the roll of community ownership of assets such as land and buildings can support community economic development, enterprise and regeneration. This potential is demonstrated by Galeri Caernarfon, a development trust in Caernarfon which redevelops vacant and rundown properties. An independent evaluation found that Galeri contributes £2 million to the local and regional economy each year.

### **Conclusion**

We welcome discussion with the Cabinet Secretary on how the third sector can support the delivery of the vision outlined in the economic action plan. We would direct engagement from across the Cabinet Secretary's department while we as a sector develop the new framework.