

Economic Development and Transport Committee

Date: Thursday 15 July 2004
Time: 2.00am to 5.15pm
Venue: National Assembly for Wales, Cardiff Bay
Title: Wales Co-operative Centre: Response to the Economic Development and Transport Committee – National Assembly for Wales Policy Review – Economic Inactivity

Economic Inactivity

It is important to recognise that the reasons for economic inactivity will vary depending on a number of different factors including socio-economic grouping, environment, geographical area, educational and employment opportunities and personal circumstances.

The policies and programmes which could support a young person in rural Wales into economic activity would be different from those needed to support a long term unemployed person in the valleys. It is also unlikely that national or regional mainstream programmes alone could combat economic inactivity. Often, more intensive levels of support tailored to the needs of the individual would be required, delivered in an environment that is encouraging and non-threatening.

Traditionally, when considering raising economic activity rates, the demand for labour and whether the skills of individuals looking for work meet that demand, are considered. It is also important to consider the needs of the wider community and to measure effectiveness of initiatives in terms of benefits to the community and the individual. For this reason, we would urge that policy development in this area would support the role of locally based, social enterprises as a mechanism for supporting individuals into work and providing benefits to the wider community.

Social enterprises can:

- 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
- improve service delivery to meet local needs
- reach out to the economically inactive

Social enterprises are distinct and unique with three key characteristics; they have a social, community or ethical purpose; they operate using a commercial business model; and have a legal form appropriate to a not-for-personal-profit status and social ownership. The sector includes a range of organisations such as credit unions, housing associations, development trusts, community businesses, co-operatives, employee-owned businesses, social entrepreneurs and social firms.

Because social enterprises have explicit social aims as well as economic goals, they are ideally placed to provide a more supportive environment often needed by people who have been economically inactive for some time.

This could be through provision of training or opportunities for voluntary work for example. Social enterprises, because of their local base and networks, are also well placed to reach people who have lost contact with the labour market.

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 Wales Co-operative Centre and other partner organisations have identified areas where we believe social enterprises have a key role to play:

- Childcare
- Public Services
- Public Procurement
- Renewable Energy
- Recycling
- Housing

- **Childcare**

In many disadvantaged areas there is a shortage of both affordable childcare and qualified people to provide it. The social enterprise model is ideally suited to childcare provision because of the emphasis it puts on reinvesting any surplus back into the service. Social enterprises offering childcare provision could provide work placement opportunities for students and childcare places for carers wishing to return to work, thus offering solutions to economic inactivity at two levels. We would urge that support for the development of childcare provision through the social enterprise model is included in the development of childcare policy.

Linking with the Welsh Assembly Childcare Working group, the development of a programme aimed at encouraging the creation of childcare co-operatives in Wales would be welcome. This could include awareness raising, the provision of practical advice and guidance materials and possibly looking at providing care services for employees in the public sector alongside care services for the community.

Public Services

Social enterprises are often well placed to be able to deliver quality, cost effective public services. Their social, environmental objectives, combined with entrepreneurial flair, can provide an excellent basis for the delivery of public services to their local community. Specific areas could include leisure services, care and housing (see below)

Public Procurement

Capacity building in the sector needs to be supported alongside work to raise awareness of social enterprise solutions amongst public sector procurers. Some local authorities in Wales are already actively involved in this area. We would urge further support in implementing public procurement initiatives which maximise training and job opportunities for disadvantaged residents. We would also urge policy development to integrate the social enterprise perspective into broader procurement initiatives within Assembly departments and other public procurers such as schools and the National Health Service.

A program of training and education to both public procurement individuals and potential new and existing social enterprises in attempt to raise awareness the possibilities of sourcing procurement contracts from social enterprise - this could include food supply and services supply. We would like to improve the understanding of the sector for the buyers and improve the tendering capabilities of the providers with a view to increasing these contracts for the social enterprise sector.

Recycling

The development of recycling businesses within the social enterprise sector - again perhaps using the

public sector as a market source. Training and support services to potential new businesses can be provided through the Communities First Support Network or the Social Economy Network. There exist ready made markets that could be met through the creation of social enterprises involving economically inactive.

Housing

The Community Mutual Model already exists as a suitable structure for transfer of local authority housing stock to a social enterprise.

Using this co-operative structure to raise funds for such projects alongside the need to raise funds for the homes themselves. As a separate, non statutory legal structure, they will be in a position to apply for additional sources of funding such as European sources, lottery and community/co-operative grants and, of course, loan stock to deliver many social and community regeneration projects that can involve the economically inactive. This may include:

- Where maintenance contracts are required on the housing, sourcing employees and or contractors from the local community will ensure economic and social wealth is retained within the community. The new business owning the housing, if locally owned and controlled, can enter into contracts with local providers.
- Building on this, there exists a great opportunity for local people to come together in their own right to form small co-operative businesses that are able to bid for contracts awarded by the new housing landlords. These could include maintenance, cleaning, building, gardening, painting and decorating contracts. New, small and local businesses formed in this way would also be in a position to look for other sources of work from other buyers - such as schools, local authorities, hospitals etc.
- Tenants becoming more involved in community based activity as a result of being involved in the new housing could become a source of membership for existing community based projects, specifically credit unions. The activities proposed here may reach out to socially excluded and economically inactive with a view to involving them in voluntary based activity.
- There may exist opportunities for housing based additional services to the community such as childcare networks, after school clubs, shops, post offices, internet services etc.

Maintenance of housing as stock transfer progresses, provides a major opportunity for local employment. However, as with childcare, there is a skills shortage in the construction field. Support for the development of locally based social enterprises, which can offer work-based training opportunities and bring together people in the community with the range of skills necessary to provide an efficient service could raise economic activity levels. This also links with procurement initiatives.

We would be pleased to provide further oral evidence to supplement this submission which include case studies of successful social enterprises helping to reduce economic inactivity, as well as contributing to the aims of other government policies.

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