

PIW 02

Cynulliad Cenedlaethol Cymru Y Pwyllgor Cymunedau,

Cydraddoldeb a Llywodraeth Leol

Ymchwiliad i: Diodi yng Nghymru Efen 4

Ymateb gan: Canolfan Cydweithredol Cymru



Communities, Equality and Local Government Committee Inquiry into Poverty in Wales,  
Strand 4

Wales Co-operative Centre response

January 2015

## About the Wales Co-operative Centre

The Wales Co-operative Centre welcomes the opportunity to respond to the Communities, Equality and Local Government Committee's inquiry. The Wales Co-operative Centre is Wales's national body for co-operatives, social enterprises and employee owned businesses. The Centre champions and strengthens co-operatives, mutuals, social enterprises, and employee owned businesses. As well as supporting social businesses, we develop and implement co-operative solutions to tackle poverty and promote inclusion. We do this through:

- Facilitating access to joined-up financial advice and support services, including those offered by credit unions and the wider social enterprise sector;
- Support for social enterprise and co-operative business development and growth;
- Encouraging people to use digital technologies, and;
- Supporting the development of co-operative housing initiatives in Wales.

Our projects include:

- The Tackling Homelessness through Financial Inclusion project, which is helping to tackle homelessness by engaging people in using credit union services;
- Our Financial Inclusion Champions programme provides a resource to deliver strategic advice and guidance as well as support on a regional basis in the promotion and development of solutions to address poverty and social issues through financial inclusion and money management.
- Our Co-operative Housing project offers business support and advice to new and existing organisations looking to develop housing co-operative schemes. The goal of the project is to develop and stimulate demand for the co-operative housing approach throughout Wales.
- The social enterprise support project, which provides advice and support to social enterprises and co-operatives to help them set up and grow;
- The business succession and consortia project, which supports business owners to pass on their enterprises to their employees as well as supporting businesses to work together in consortia;
- The Communities 2.0 project, which tackles digital inclusion and helps communities and social enterprises make the best use of the internet.

The Wales Co-operative Centre welcomes the opportunity to respond to the Communities, Equality and Local Government Committee's consultation on community based approaches to tackling poverty. We believe that anti-poverty initiatives are most effective when tailored to local need and flexible enough to respond to changing conditions. There is also still a need to address the Rural Development Committee's recommendation that the Welsh Government should encourage the development of social enterprises in rural areas.

### **The geographical consistency of anti-poverty initiatives and the effectiveness of area-based anti-poverty programmes such as Communities First**

Our experience of anti-poverty initiatives across Wales is that they vary in scope and effectiveness. In some ways, flexibility is preferable to a fixed programme of action. Flexibility allows organisations to tailor services to local need and to respond to changing conditions. In our experience, this is currently a challenge for Communities First clusters. We find that they are restrained in their ability respond to changing need as the programme and objectives were agreed at the start of the project and cluster co-ordinators are held to account on the basis of these targets. The fixed nature of these goals can detract from a flexible and proactive response to changing needs in the community.

The most effective anti-poverty regional initiatives are where a range of partners are willing to work together and think outside their remit areas to meld services into a whole. This continues to be challenging for service providers whose budgets and resources continue to be hard pressed. However, our experience is that where partners are able to work in co-operation with others, statutory as well as third sector organisations, a more effective set of services are offered.

Nevertheless, we believe there is a need for some elements of anti-poverty initiatives to be co-ordinated to ensure consistency of standards and delivery. For example, we find that the extent to which each Communities First cluster addresses digital inclusion differs. We believe that there remains a need to organise local digital inclusion activity as without this delivery will be uncoordinated resulting in a decrease in quality and good practice not being shared.

### **The progress on the recommendations of the Assembly's former Rural Development Committee's 2008 report into 'Poverty and Deprivation in Rural Wales'**

The Committee's report recommended that the Welsh Government should encourage the development of social enterprise as a means of providing community owned facilities in rural areas. They also argued that there was a need for a more robust economic strategy to develop a more varied economy in rural Wales.

We recognise the value of social enterprises providing community services in rural areas. Locally-led social enterprises delivering local basic services bring added-value benefits. They can help to increase community spirit and build community identity as they bring people together to work towards shared aims. They also produce local solutions to local problems and needs by providing services designed and delivered locally. Community-based social enterprises have also been established to take ownership of under-threat key services. After being left without a local shop, the community in North Gower worked together to establish Llanmadoc Siop y Bobl as a community co-operative in 2007. It now provides a wide range of products sourced from local producers and suppliers and is a social hub where people can meet on a daily basis, especially people who live on their own. Siop y Bobl has won numerous awards including the Welsh Volunteers Award, the Best New Business Award, Best Village in South Wales and Best Community in Wales. Further case studies are explored in our report *Community Co-operatives in Wales* publication.

While the Committee's recommendation recognised the role of social enterprises securing community facilities and services, they did not recognise the potential of social enterprise to deliver jobs, growth and a more diverse economy. The Wales Co-operative Centre would welcome greater emphasis on the ability of social enterprise to make a significant impact to the Welsh rural economy through jobs and growth. Social enterprise is a way of doing business that delivers sustainable economic growth while fostering positive social change and innovation. Social enterprises are anchored in their communities and any investment in social enterprises stays in the community and is recycled for wider economic and social benefits. While they often operate in hard to reach, economically challenged communities they employ more people relative to turnover than other businesses. For example, Antur Waunfawr in Gwynedd have been operating for 30 years and now employ over 100 staff. Others, such as Antur Stiniog have created five full-time and two part-time the past twelve months and this figure is set to grow as the organisation expands its horizons following the completion of its initial phase.

There is a continuing need for specialist support for social enterprises. While social enterprises face many of the same challenges as other SMEs from a business perspective they also face particular barriers. They have different organisational and legal structures with specific requirements associated with set up, governance and running. Furthermore social enterprise leaders are often motivated in different ways to a private entrepreneur. The business support needs of social enterprises and co-operatives are not delivered effectively through mainstream provision. These businesses need to be supported in ways which are sympathetic to the means of delivery and the social impact. There is a continuing need for dedicated support provided by specialists specifically to meet the unique requirements of social enterprises. The need for continuing specialist support was recently reiterated in the Welsh Co-operative and Mutuals Commission's report.

**For further information on this response, please contact:**

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The Wales Co-operative Centre is happy to provide any further information on the points raised in our response, and for our response to be in the public domain.