

Lee Waters AC/AM
Dirprwy Weinidog yr Economi a Thrafnidiaeth
Deputy Minister for Economy and Transport



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref WAQ79054

Huw Irranca-Davies AM
huw.Irranca-Davies@assembly.wales

18 December 2019

Dear Huw,

Thank you for your Written Assembly Question of 31 October requesting an update on the recommendations made by the Commission for Co-operatives and Mutuals, which was published in 2014 and reviewed in 2015.

I have commissioned a review of the progress in delivering the recommendations and I attach an update. As you will see there have been significant progress in a number of areas, including:

- Introduction of a dedicated business support service for the sector;
- EU funds approved to support a new Social Business Wales Start-up programme;
- Funding to support the establishment of Social Enterprise Academy Wales;
- Over £4.5 million allocated to the Foundational Challenge Fund to support experimental projects, supporting 52 projects across Wales, 20 of which have a third sector lead, that includes a variety of different types of organisations including Social Enterprise, Charities and voluntary bodies;
- Social Service and Well Being Act and the Well-Being of Future Generations Act legislation used to promote social outcomes in procurement,
- Better Jobs Closer to Home pilot project has three pilots underway with social businesses in the South Wales Valleys, seeking to use public procurement regulations allowing direct award to community enterprises.

However, some areas have not progressed as recommended by the report and clearly more work is needed, especially for social enterprise to realise its potential. I would welcome an open conversation with the sector on next steps.

Yours sincerely

Lee Waters AC/AM
Dirprwy Weinidog yr Economi a Thrafnidiaeth
Deputy Minister for Economy and Transport

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Gohebiaeth.Lee.Waters@llyw.cymru
Correspondence.Lee.Waters@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Update on the Recommendations made by the Commission for Co-operatives and Mutuals – October 2019

Education for co-operation

Rec 1 - A co-operative ethos should be the central organising principle of the education system in Wales. It should be achieved by schools explicitly adopting co-operative principles and values, which may be within the maintained school system, integrating co-operation into all aspects of the school. Multi-stakeholder governance of co-operative schools should be encouraged.

Responsibility	Education & Skills
-----------------------	--------------------

Status: ongoing

- National Model for Regional Working, operational since April 2014, and revised in 2018.
- Stakeholder model of school governance will be retained and the school governance legislative framework reviewed.
- Officials exploring with LAs and consortia why federation is not being used more frequently.

Progress:

School Governance and Federation - The school governance model is based on the stakeholder model which embraces cooperative values and principles. Currently exploring how the school governance framework can be made more flexible to allow governing bodies to appoint governors with the skills they need to be most effective.

Regulations allow governing bodies and local authorities to federate between two and six schools under a single governing body, to share resources and best practice with the ultimate aim of raising standards of education for the benefit of all schools in the federation. The single governing body consists of representatives from all the schools in the federation and their communities.

A working group of executive head teachers, governors and local authority and regional representatives is developing new guidance materials to help schools and local authorities understand the benefits of federation and to facilitate the legal process. Governing bodies are also being encouraged to fully exploit the range of collaborative software available to them through Welsh Government's digital education platform, Hwb to further aid federation and collaboration between schools.

It is anticipated that the changes will also make it easier for schools to federate.

Education for co-operation

Rec 2 - Learning about co-operation should be embedded in the curriculum, explicit through the Youth Entrepreneurship Strategy (YES) Action Plan, at primary and secondary level. The Welsh Baccalaureate should include learning about that through co-operative and mutual principles. Support with learning about co-operation should be provided by regional education consortia.

Responsibility | Education & Economy (Skills)

Status: Work on learning about co-operation is ongoing across the Economy & Transport and Education department.

- Youth Entrepreneurship Strategy (YES) Action Plan 2010-15 - concluded.
- September 2015 - revised Welsh Baccalaureate introduced.
- 1 January 2016 – Business Wales Youth Entrepreneurship Service commenced.
- In 2018 the Wales Co-operative Centre (WCC) developed a community challenge about educating young people on social enterprises.
- January 2019 - two new challenges developed by Young Enterprise on the subject of social enterprise. WCC is exploring adapting the materials to cover co-operatives.
- Curriculum for Wales – the revised Curriculum for Wales will be published in January 2020, with enabling legislation being introduced later that year, prior to adoption in schools and settings from September 2022.

Progress:

Business Wales Youth Entrepreneurship Service - funded from ERDF Operational Programme for West Wales & the Valleys to support Entrepreneurship delivery from 2015-2020, introduces the “Entrepreneurship Exchange” to work with partners to improve understanding and engagement of entrepreneurship in Wales, which includes the social enterprise sector.

Big Ideas Wales’ Entrepreneurial Learning resources continue to be available to school and colleges on the www.BigIdeasWales.com and hwb.hwb.wales.gov.uk websites. As at end August 2019, Big Ideas Wales has 23 Role Models within

the network who run a Social Enterprise, with a further 15 Role Models having been recruited and awaiting training. These Role Models are available to deliver entrepreneurial workshops in schools and colleges to support learning about co-operation.

The Welsh Baccalaureate - does not refer specifically to mutual and co-operative principles. However, the community challenge affords learners the opportunity to identify a community need and address it. The team enterprise challenge supports collaborative working. The global citizenship challenge also promotes personal responsibility and activism. One of the seven essential skills is personal effectiveness, an important component of which is working effectively with others. The revised Welsh Baccalaureate incorporates the Challenges mentioned above.

New Curriculum for Wales - will provide learners with an education that is directed towards four curriculum purposes; Ambitious; Enterprising; Healthy; Ethical. The four purposes are the starting point for all decisions on the content and experiences developed as part of the new curriculum and assessment arrangements.

In taking forward the new curriculum, it is structured around six Areas of Learning and Experience (AoLE), which the Minister for Education propose to make statutory - Expressive Arts, Health and well-being, Humanities, Languages, Literacy and Communication, Mathematics and Numeracy; and Science and Technology.

The Minister for Education also envisage three statutory cross-curricula skills (literacy, numeracy and digital competence) will be embedded within the AoLE, alongside wider skills. The principles of co-operation are also central to these cross-cutting aspects, particularly in respect of, taking risks; expressing opinions; working collaboratively; adaptability; persistence; resilience; and learning from mistakes.

The new curriculum is being co-constructed in an all-Wales partnership with Welsh Government, Regional Consortia, Estyn, Higher Education, business and other key partners. Our Quality Improvement schools are now engaged in further refinement work following consideration of broad and supportive feedback on the draft over the summer.

Education for co-operation

Rec 3 - There should be a significant increase in learning about co-operative enterprise in higher education achieved by:

- a) the Higher Education Funding Council for Wales should ensure provision of at least one higher-level business qualification (e.g. MBA) in co-operative business models from existing resources, ideally delivered in a co-operative environment.
- b) mainstream business and management qualifications should give the same emphasis to co-operative and mutual business models as to mainstream profit-making enterprises.
- c) HE establishments should explore with co-operative institutions the potential for scholarships and other collaboration. HE and FE institutions should promote co-operative and mutual business models to students as part of career discussions and the employability agenda.

Responsibility	Education & Economy (Skills)
-----------------------	------------------------------

Status: ongoing

- Most Higher Education Institutions have tried and failed to run courses on co-operation or social enterprise.
- Wales Co-operative has worked with Cardiff Business School, who are now featuring co-ops in some of their courses.
- As a movement the Co-op sector is developing a Co-operative University.
- A co-operative model is covered within the curriculum of undergraduate business programmes for some of the Higher Education Institutions. Ethical business practice appears to be a standard component of all business programmes, not solely focussing on the cooperative model, for some institutions.
- June 2018 - three year programme of grant funding to Further and Higher Education sector in Wales - January 2019 to December 2021.
- As HEIs are autonomous bodies, neither the Welsh Government nor HEFCW has the power to intervene in curriculum matters.

Progress:

Further and Higher Education sector funding - Minister for Economy and Transport awarded a three year programme of grant funding to FE and HE sector in Wales to stimulate and deliver an entrepreneurial culture by supporting school, college and university leavers starting a business. Funding enables the FE and HE sectors to develop the internal capacity for entrepreneurship across the institutions, expanding on the work of the Entrepreneurship Champions network, internally and

externally with stakeholders. It equally focuses on accelerating student entrepreneurship and support for students and graduates under three EAP themes: Building communities of entrepreneurs; addressing regional and sectoral priorities; stimulating business start-up and growth. Institutions are encouraged, across both areas of work, to improve knowledge and understanding of co-operatives and mutuals as business models as well as equally promoting and facilitating access to information, and support to starting up as a co-operative and mutual as traditional profit making enterprises.

Co-operative University – in development and is now at a stage where they have started to recruit roles. Co-operative College facilitated a fringe event, skills for Entrepreneurs of the future, at the Social Business Wales conference to talk about their plans.

Advice, Support and Development of Co-operatives

Rec 4 - Securing the future of comprehensive business advice and support programmes for co-operatives and mutuals.

Responsibility | Economy, Health (SS&I) & Specialist Providers

Status: work is ongoing to secure business advice and support.

- Social enterprises, including co-operatives and mutual, continue to be able to access business advice through Social Business Wales and Business Wales service, which is a single point of entry to information, guidance and support, through a dedicated website, helpline and “one stop shop”.
- Wales Co-operative Centre receives core funding to support the Welsh Government in taking forward the recommendations of the Welsh Co-operative and Mutuals Commission and to support social enterprises in Wales.
- Welsh Government is additionally providing funding to the Wales Co-operative Centre to influence and support change in commissioning and procurement practice that promote investment in new models of delivery.
- £3 million of EU funds has been approved to support a new Social Business Wales New Start. Service will be operational 1 November 2019.

Progress:

Funding to the Wales co-operative Centre to influence and support change in commissioning and procurement practice includes working with the National Commissioning Board (NCB) and ADSS Cymru to:

- Evidence-gathering to make the case for social value models of delivery
- good practice guide and toolkit for commissioners
- pilot new commissioning and procurement approaches around social value models in two areas, support their work and evidence findings

Social Business Wales new start up programme, led by the Wales Co-operative Centre, will help create new social businesses across the West Wales and Valleys region. This project will complement the services provided by Business Wales and fully operational on 1 November.

Advice, Support and Development of Co-operatives

Rec 5 - Extending the specialist support for growth and development of co-operatives in specific sectors with growth potential

Responsibility | Economy & Specialist Providers

Status: work is ongoing to continue to provide specialist support for growth and development.

- Social Business Wales service is funded fully until March 2021 and in West Wales and the Valleys up until 2022.
- Grant funding to support a three year pilot project to bring the Social Enterprise Academy to Wales.
- Welsh Government support the annual Social Business Wales Awards and Conference.
- Business Wales Accelerated Growth Programme provides specialist tailored support for businesses, which includes social businesses.

Progress:

The Welsh Government provides match funding towards the Social Business Wales EU project which is delivered by the Wales Cooperative Centre. The support provides specialist support service tailored towards the needs of cooperatives, mutual and the wider Social Enterprise sector on areas such as legal structure and succession. WEFO has approved an extension to the project up to 2022 in West Wales and the Valleys only.

Social Enterprise Academy - offers a particular style of learning and development designed to strengthen social enterprise, social entrepreneurship and leadership for social purpose. Its model of learning and development supports personal growth based on strengths, self-awareness, clarity and confidence.

Social Business Wales Awards & Conference – the accreditation from the Social Business Wales Awards has given social businesses the credibility to win new contracts and develop. The conference offers an opportunity to collaborate and share information. It also provides a space for knowledge exchange including; sharing best practice and networking within the sector; encouraging innovation; and providing opportunities to learn from, and build partnerships.

Business Wales Accelerated Growth Programme – launched in April 2015, the aim of the programme is to support and develop start-ups and SMEs in Wales that have high growth aspirations and potential, this includes the social enterprise sector. The programme is delivered by highly skilled coaches and mentors and is supported with a suite of dynamic online high growth tools. The main objectives are to increase the number of sustainable high growth businesses in Wales; increase the turnover, employment and profits of businesses supported; increase the export sales of businesses; increase the number of jobs that generate high levels of GVA in Wales; and to recognise and nurture high growth potential through regionally tailored support. At least 22 Social Business have received support through the programme.

Advice, Support and Development of Co-operatives

Rec 6 - Encouraging existing co-operatives to support the development of new co-operatives, either as spin-offs, as suppliers, or as mentors.

Responsibility | Economy, Health (SS&I) & Specialist Providers

Status: ongoing

- Social Business Wales New Start service is in place and £3 million of EU funds has been approved to support a new Social Business Wales New Start, led by the Wales Co-operative Centre, to help create new social businesses across the West Wales and Valleys region. The service will be fully operational from 1 November 2019. This project will complement the services provided by Business Wales.

- Wales Co-operative Centre provides support to public sector organisations, third sector bodies and co-operatives to deliver public services.
- Wales Co-operative Centre delivers a mentoring service.
- Up to August 2019 Big Ideas Wales has 23 Business Role Models within the network who run a Social Enterprise with a further 15 been recruited and awaiting training.
- Wales Co-operative Centre has published an online toolkit designed to support the development of emerging social care and well-being co-operatives.
- In June 2019 Mutual Alliance arranged a Co-operative Leaders lunch during Co-operative Fortnight.
- In June 2018 the Mutual Alliance held the second, annual Building a Co-operative Country conference

Progress:

Public Service Delivery - as part of its continued Core Funding objectives, in addition to increasing the awareness of co-operatives and social enterprises, and increasing the number of organisations seeking advice, the Wales Co-operative Centre provides support to public sector organisations, third sector bodies and co-operatives to deliver public services. In addition the Centre can provide mentors from a number of backgrounds e.g. sole traders, partnerships etc if required, as long as the client is eligible for support. The mentoring service is offered as a bespoke service in that the Centre finds mentors to meet client needs.

Big Ideas Wales Business Role Models - a network of Business Role Models who support, guide and mentor the next generation of Young Entrepreneurs. These Role Model are available to be deliver entrepreneurial workshops in schools, colleges, universities and outside education to support the development of new co-operatives.

Activities Promoting and Encouraging Collaboration – Wales Co-operative Centre hold workshops, seminars and events to promote and encourage existing co-operatives to support the development of new co-operatives, either as spin-offs, as suppliers, or as mentors. Social Business Wales Conference is a good example.

Mutual Alliance - The group has mainly been focusing on the link between young people and co-operatives, which first emerged at the Building A Co-operative Country Conference in 2018. Example of work carried out with Young People:

- Wales Co-operative Centre is working with ProMo Cymru and Ministry of Life to develop a product that will enable young people to explore co-operation and how to develop a co-operative business. Called 'co-op in a box', a prototype is being developed, and due to be piloted in Cardiff.
- Wales Co-operative Centre continue to work on developing a Welsh Baccalaureate challenge on co-operatives. The aforementioned pieces of work both stemmed from the strategy that was being developed post-2018 conference.

For 2018/19 the group agreed to continue to work in the education area, and hold a lunch event for co-operative leaders during Co-operatives Fortnight. The latter provided an opportunity to consult more widely on the future of the Mutuals Alliance. Membership and attendance had been inconsistent, however, since the Co-operative Leaders Lunch in June 2019 membership has widened. There is potential for future events, following the Co-op Leaders Lunch. There is potential for future events, such as, the Congress for Co-operatives Europe, which is currently in the planning stage, which will be hosted next year in Cardiff.

Co-operative Leaders Lunch – aimed at CEOs and directors of leading co-operatives in Wales to enable co-operatives to come together, network, and identify opportunities of working together to grow the co-operative sector in Wales. The first event was held in June 2019, during Co-operatives Fortnight.

Advice, Support and Development of Co-operatives

Rec 7 - Establishing a web-based portal – Social Business Wales – to facilitate access to advice and support for proposed or established co-operatives and mutual

Responsibility | Economy & Specialist Providers

Status: completed

- A dedicated well established Social Business Wales website is in place. An improvement programme for the website is now complete, with content revised on all pages.

Progress:

Social Business Wales website - The dedicated Social Business Wales website is well established and has been built upon to provide up to date information and signposting for organisations in the sector. Information and tools are tailored to meet the needs of the sector in Wales and is aimed at those considering starting up or operating a social business. Links to this site have been included across the wider Business Wales website, particularly for start-up resources for those individuals seeking to start a business.

Big Ideas Wales service - worked in partnership with Unltd to run a campaign on encouraging young people to think about developing their business ideas to find solutions to solve social issues; <https://businesswales.gov.wales/bigideas/try-it>

Advice, Support and Development of Co-operatives

Rec 8 - Strengthening the support and advice to managers and employees of failing, but economically viable, companies to consider a co-operative and mutual business model as a means of saving the enterprise

Responsibility | Economy, Health (SS&I) & Specialist Providers

Status: ongoing

- Succession Planning delivered via the Social Business Wales service.
- Wales Co-operative Centre supporting provision through user led cooperative and consortia enterprises in the local economy.
- April 2019 Wales Co-operative provided a drafted a paper for Minister's consideration on how the employee ownership provision could be further developed.

Progress:

Succession Planning – contracted providers who deliver the Business Wales service where provided training provided to identify where co-operative models could be an option, before referring clients on to the Social Business Wales service.

Wales Co-operative Centre has signed up 26 groups/organisations who expressed an interest in developing a social care and well-being co-operative over the next two financial years. Business support has been provided to 20 emerging co-operatives. In

addition to continuing this activity it will provide 150 individuals with the skill, knowledge and capacity to participate in the co-operative delivered service over the next two financial years.

Investment Finance

Rec 9 - The creation of a grants and loan fund – Co-operative and Mutual Finance Wales - dedicated to co-operative, mutual and other social enterprises, with specific provision for employee ownership. It should be administered by a range of financial intermediaries and accessed via the web portal of Social Business Wales

Responsibility | Economy & External Organisations

Status: ongoing

- All funds operated by the Development Bank of Wales, including the Wales Management Succession Fund (WMSF), are available to all co-operatives and social enterprises as well as to privately owned businesses. The WMSF is mainly accessed by employee buy-out clients. Far more social enterprises and co-ops access funding through funding provided by Social Investment Cymru, which is mainly ERDF funding.
- In 2019 - launch of the new follow-on Wales Micro Loan Fund, £2m ring fenced for delivery for social enterprises.
- SE Assist Fund launched 1 July 2019

Progress:

Wales Micro Loan Fund (WMLF) – the Minister for Economy & Transport launched this new £30m fund, operated by the Development Bank of Wales, in 2019, as a successor to the previous £18m Wales Micro Business Loan, which was launched in 2012,, That fund included a dedicated £1m allocated to Social Enterprises, which has been delivered by the WCVA. The social enterprise element of the Wales Micro Business Loan Fund has supported 37 businesses, up to the end of June 2019, investing £950k directly and creating 78 jobs and safeguarding 134 jobs.

Far more social enterprises and co-ops access funding through funding provided by **Social Investment Cymru**, which is mainly ERDF funding.

SE-Assist Fund - supported by Legal & General and the Welsh Government, with a Dragons' Den-style "pitch day" scheduled for 30 October when social enterprises and charities can put their ideas to a local committee for consideration. Applications closed on 27 August. This is the fourth year that SE-Assist Fund has run in Wales. Since launching in Wales in 2016 the fund has committed £367,000 to 141 social enterprises. The criteria for applicant is an annual turnover of under £500,000, be working towards a sustainable business model, and demonstrate a clear social or environmental impact. Successful applicants will receive flexible, interest-free loans of up to £30,000 (interest bearing up to £60,000), repayable over three years.

Primary focus of these loans is to help social enterprises build long term sustainability, and enable them to grow further with development finance.

The SE-Assist Fund is delivered by CAF Venturesome in partnership with Legal & General and the Wales Co-operative Centre; with the support of Welsh Government, Business in the Community Wales and the Institute of Directors Wales.

Investment Finance

Rec 10 - Business support providers should collaborate closely with funders to ensure that funders understand co-operative and mutual business models and that co-operative and mutual businesses are 'investment-ready' when their projects are passed through to the funders.

Responsibility	Economy & External Organisations
-----------------------	----------------------------------

Status: on going

- Social Business Wales and Business Wales work with financial institutions and alternative providers, as well as with businesses who are seeking funding to make them 'lending ready', including co-operatives and mutual.
- The follow-on £16.2m Wales Micro Loan Fund, launched in 2019, has £2m ring-fenced for delivery for social enterprises.

Progress:

Wales Micro Loan Fund – follow-on fund - In 2019, the Minister for Economy & Transport launched a new, follow-on fund – the £30m Wales Micro Loan Fund. £2m of this fund is being ring-fenced for delivery for social enterprises. Following procurement, £2m of the Wales Micro Loan Fund is ring-fenced for social enterprises. Landsker Business Solutions Ltd and WCVA were successful in securing the contract for the Social Enterprise element. Both organisation provide work closely with the third sector organisations throughout Wales.

Land and Assets

Rec 11 - The Welsh Government considers legislation to enable communities to list their community assets and have right of first refusal to bring assets into community ownership. In any such legislation, consideration should be given to include sports clubs as community assets.

Responsibility | Communities and Sports

Status: ongoing

- ‘Community Asset Transfers in Wales (CAT) – A Best Practice Guide’ revised and being prepared for re-publication autumn 2019.
- 26 February 2015 Asset Transfer Toolkit published on the Welsh Government website.
- Sport Wales provides information about community asset transfer on their Club Solutions website site.
- Continue to promote the value of physical activity and grassroots sport for health and community cohesion.
- The Healthy and Active Fund (HAF) was launched in July 2018.

Progress:

‘Community Asset Transfers in Wales – A Best Practice Guide’ - aimed at supporting communities as they seek to undertake asset transfers. It establishes ‘ground rules’ to govern individual transfers and promotes a partnership approach. The latest version will reflect the requirements of the Wellbeing of Future Generations Act and a consideration of how the Welsh Language Act could apply to Community Asset Transfer. In addition, we have strengthened and enhanced elements, following feedback from

stakeholders since its original publication. The new publication of the guidance will replace the Asset Transfer Toolkit, currently on the Welsh Government website.

Culture, Sport and Tourism - Sport Policy team within the Department for Culture, Sport and Tourism continues to work with colleagues in local authorities, Sport Wales and different departments in the Welsh Government to promote the value of participation in sport, which can have a positive impact on health and for community cohesion.

The Healthy and Active Fund (HAF) - a partnership between Welsh Government, Sport Wales and Public Health Wales. HAF delivers the Welsh Government commitments to introduce a Well-being bond and a Challenge Fund for Sport in an integrated way and places the five ways of working at the cores of its design, delivery, monitoring and evaluation. It's an opportunity for organisations, groups and clubs to work together to sustainably increase the physical activity of those who are currently sedentary or have very low levels of activity and improve levels of mental wellbeing, with a particular focus on strengthening community assets.

The White Paper on 'Reforming Local Government: Power to Local People' issued in February 2015 included proposals on Assets of Community Value. Following the consultation it was concluded that the Minister for Communities and Tackling Poverty would consider what action needed to be taken, including any need for legislation.

Land and Assets

Rec 12 - Further work will be undertaken on asset locking to ensure that effective safeguards are in place.

Responsibility | Communities

Please see recommendation 11 above.

Land and Assets

Rec 13 - The Welsh Government and the Community Development Finance Association to continue to encourage the development of Community Development Finance Institutions to invest in this area to enable more capital investment

Responsibility | Economy

Status: ongoing

- Exploring the establishment of a Community Bank for Wales. Cambria Cydfudduiannol Ltd, a new mutual society, established with the aim to launch in 2021.
- In 2016 Big Lottery announced a second Community Asset Transfer Fund with £9m available in Wales.
- In 2019 over £4.5m allocated to the Foundational Economy Challenge Fund

Progress:

Community Bank for Wales - Professor Colyn Gardner's report, A Community Bank for Wales, was published in October 2013 and considers the role a community bank might play in Wales. It proposes that the Welsh Government set up a new bank, the Community Bank of Wales, adopting a business model where SMEs and local communities are better served with financial support and credit. Work is currently underway to explore the establishment of a Community Bank for Wales. A new mutual society has been established (Cambria Cydfudduiannol Ltd) with the aim to launch in 2021/22. A feasibility study, market assessment and project plan is being developed and will be submitted to the Welsh Government for consideration in due course.

The Big Lottery Community Asset Transfer Fund 2 – CAT2 programme provided both capital and revenue funding to support the transfer of assets, such as land and buildings, from individuals, public or private sector organisations to community ownership. once launched Welsh Government had been engaged to sit on the panel to review bids for funding.

Foundational Economy - we are setting out an approach to the Foundational Economy that will also have positive impacts on the co-operative sector – including the exploration of different business and delivery models.

As part of our approach to the Foundational Economy, we are looking at how we can scale up and diffuse best practice. This includes re-imagining place based procurement to realise its social value and support for local supply chains, learning from examples such as those in Preston. We are currently out to tender for a Partner to work with PSB's to help embed community wealth building into their procurement processes. The contract will be awarded in early January 2020.

The promotion of Employee Ownership to be part of the Ministerial Advisory Board Task and Finish Group on the Foundational Economy sub group for 'promoting strategic join-up of relevant Government and non-Governmental initiatives.

Launched the Foundational Economy Challenge Fund to support experimental projects. Over £4.5 million allocated to the Fund to support experimental projects, supporting 52 projects across Wales, 20 of which have a third sector lead, which includes a variety of different types of organisations including Social Enterprise, Charities and voluntary bodies.

Procurement

Rec 14 - Specialist expertise in co-operative procurement be developed within Value Wales and mainstreamed into procurement practice throughout Wales.

Responsibility | Finance & All Welsh Public Sector Organisations

Status: ongoing

Progress:

Wales Procurement Policy Statement - sets out how Welsh Government expects procurement to be undertaken in Wales. It encourages public bodies to reserve contracts for suppliers with a social ethos e.g. Co-operatives and Mutuals. Engaging Third / Social Business Sector in public sector procurement has always been encouraged.

Better Jobs Closer to Home - replicating the approach taken with the Better Jobs Closer to Home pilots, the Commercial Innovation team will be looking to mainstream supply chain interventions into public sector procurement going forward. As part of the work, data-driven and innovative approaches will be applied with a view to increased use of Regulations 20 and 77 to reserve contracts for supported business / firms with a social mission.

National Procurement Service (NPS) - has put in place a reserved lot for supported business within its Furniture framework. The lot has proven successful, with the Baglan-based Ministry of Furniture gaining some notable public sector contracts. The next iteration of the framework, being let in December, will continue to have the reserved lot but will also seek to measure the use of Welsh social enterprises within the framework providers' supply chains.

Skills and Capability programme and guidance / tools - a new programme and guidance / tools, which will help public sector bodies with practical policy implementation.

Procurement

Rec 15 - Specific reference to co-operatives and mutuals be made in all Welsh Government guidance on procurement.

Responsibility | Economy, Health (SS&I) & Finance

Status: ongoing

- Social Service and Well-Being Act and the Well-Being of Future Generations Act legislation is being used to promote social outcomes in procurement.
- Part 2 of the Social Services and Wellbeing (Wales) Act places a duty on Local Authorities to 'promote' the social value sector'. The Act specifically describes the social value sector as 'third sector, social enterprises and co-operatives.'

Progress:

Social Service and Well-Being Act and the Well-Being of Future Generations Act legislation - more work is needed but some social businesses say they are having an impact in enabling them to win business from the public sector.

The development of Co-operative provision within the Health and Social Care Sector:

Co-operative models of delivery are still a very small part of social care delivery. Social care commissioners say that more work is needed to evidence and 'make the case' for investing in co-operative models of delivery as an alternative to traditional procurement and contracting routes of investment.

The work about re-balancing the market has a focus on the key role social value and co-operative models of delivery can play in creating a diverse and resilient social care market. We have also commissioned ADSS to map co-operative provision so far to produce a baseline.

Officials recently met with the Deputy Minister for Health and Social Services to consider the scoping work being undertaken in relation to rebalancing the sector. The aim is through those developments to set out some potential options for boosting the social value / not for profit sector.

The Minister for Health and Social Services continues to fund the Care to Co-operate project, led by Wales co-operative Centre, to develop co-operative models of delivering social care. This funding programme currently ends on March 2020. New proposals for 2020 onwards are currently being considered. By working with Welsh Government, Care to Co-operate is able to develop new co-operative models that meet the needs of stakeholders who needed a different approach to care and support, which weren't being met using more traditional approaches. Two of the most popular models that have been developed are based on the use of Direct Payments and working with Personal Assistants.

Work is needed to support and upskill commissioners so that they can shift from traditional commissioning and procurement activity towards supporting and investing in co-operative and social value models of delivery. Wales co-op Centre and ADSS Cymru are jointly working on developing a toolkit for commissioners and testing new approaches with two pioneer authorities; West Wales (either Pembrokeshire or Carmarthenshire) and Flintshire

Some clarity is needed in terms of definitions as with increasing activity in the area of social value and the foundational economy, terminology is creating some challenge and potential for duplication, in other words, social value, social value sector, and social business.

Social Value Forums are struggling to understand their role, work is being undertaken by WCVA to review the first Social Value Forum reports and develop recommendations for next steps. Consideration will be given to a themed Community of Practice, currently being developed as part of the FE Challenge fund, for social care which can have a close relationship with social Value Forums.

There is also some cross over between the work of the Social Services and Wellbeing Act and the Foundational Economy work, which is also seeking to develop local investment and models of delivery. Over £1 million from the Foundational Economy programme is being spent on developing social businesses in the social care arena - Valleys Taskforce area: 6 projects, £459k, Rest of Wales: 5 projects, £592k

Procurement	
Rec 16 - Vigorous efforts be made to implement the revised EU procurement rules that could benefit co-operatives and mutuals in due course.	
Responsibility	Finance & All Welsh Public Sector Organisations
See progress at recommendation 15.	
Procurement	
Rec 17 - The Welsh Government and the co-operative movement develop the co-operative and mutual supply chain for public, consumer and private services, to open new markets for co-operatives and mutuals, utilising the new Joint Bidding guidance.	
Responsibility	Finance & External Organisations
<p>Status: ongoing</p> <ul style="list-style-type: none"> • In 2019 Wales Co-operative Centre launched Social Business Connect. • Functionality of Sell2Wales platform improved. <p><u>Joint Bidding Guide</u> - following the development of the Joint Bidding Guide with the Wales Co-operative Centre, a Steering Group was established to oversee the delivery of eight demonstration projects and the transition of the policy approach into procurement practice across Wales. Marketing literature was developed and training courses made available. Dedicated webpages containing links to all relevant guidance, including links to Wales Co-operative Centre and Business Wales for further support.</p> <p><u>Social Business Connect</u> - a new commercial service supporting public and private businesses to buy from social businesses. Wales Co-operative Centre is already working with bodies such as Public Health Wales.</p> <p><u>Sell2Wales</u> – the platform allows individual/organisations to indicate on their profile their willingness to collaborate in order to bid for larger contracts, which is open to all organisations seeking partnerships. The functionality of the site for small quotes / tenders (under OJEU) has been improved to encourage public bodies to widely advertise smaller opportunities which may be more attractive to smaller SME's and social enterprises.</p>	

Procurement

Rec 18 - A pilot project be established to demonstrate the potential of public procurement to develop co-operatives, similar to the Evergreen Co-operatives project.

Responsibility | Finance & Specialist Providers

Status: ongoing

- Better Jobs Closer to Home pilot project is under way.

Progress:

Better Jobs Closer to Home - promoted by the Wales TUC, this is largely based on a proposal in the Co-operative Commission report. The objective is to encourage the public sector to buy from local businesses and provide sustainable employment in Welsh communities. There are three pilots underway with social businesses in the South Wales Valleys, seeking to use public procurement regulations allowing direct award to community enterprises.

Intelligence and Innovation

Rec 19 - The Welsh Government should ensure that its Innovation Wales strategy fully embraces the importance of co-operatives and mutuals, takes active steps to involve co-operatives and mutuals in its work, and promotes the co-operative and mutual business model in developing new enterprises

Responsibility | Economy

Status: ongoing

- Welsh Government Innovation team is actively engaging with the third sector. In 2017/18 the team presented to Registered Social Landlords events to encourage engagement with our National programme.

Progress:

Small Business Research Initiative (SBRI) - uses public sector procurement to drive innovation through a challenge-led approach. Registered Social Landlords were encouraged to engage with the programme, either as customers, supplying problems requiring innovative solutions, or else as suppliers of solutions to others' problems.

The Innovation team are currently considering whether SBRI might be relevant to Thrive Women's Aid, Port Talbot, who is looking to research and scope workable models of accommodation for victims of domestic abuse. Part of this work is around finding a suitable alternative and innovative resource for their current hostel, in particular having a psychologically informed and effective hostel resource, linking in with Housing First type move-on accommodation. This could result in linking different social policy agenda issues and finding innovative solutions, often through the private sector – setting them a challenge and being open to innovative solutions.

United Purpose - a Cardiff-based charity, which strives to end poverty and inequality across the globe. Its strategy is to find effective ways to help communities solve problems and bring tangible change in people's lives, and in 2017 they applied for a Welsh Government Open Innovation grant of £30K. A key objective was to harness innovation and technology to find lasting, sustainable solutions that can shake off the need for grant aid and subsidy over the long-term.

This enabled United Purpose to distil four major investment-ready partnership projects deploying innovative approaches and technology to solve specific international development challenges.

Intelligence and Innovation

Rec 20 - Capacity for innovation and dissemination be included in the provision of specialist sector support for co-operatives.

Responsibility | Economy

Status: ongoing

- Innovative connections made between the third and public sectors and specialist manufacturers.

- Third sector accessing Knowledge Transfer Partnerships.

Progress:

Better Jobs Closer to Home pilot - Working in collaboration with Welsh Government, Rhondda Cynon Taf Council, and Merthyr Tydfil Institute for the Blind (MTIB), Paint 360 Ltd is turning residents' old paint in to new reusable paint. The 'new' paint was used for the refurbish 21st Century School, Llwynocrwn Primary, the WG's offices in Carmarthen, and c.8 other Councils have signed up to the scheme. An independent assessment by The Carbon Footprint Company calculated that a contractor using one liter of the paint reduces their carbon footprint by the same amount as driving five miles less. The collaboration demonstrates private sector, third sector, construction sector, local government and Welsh Government adding new value and environmental benefit.

Knowledge Transfer Partnerships (KTP) - aims to help businesses improve their competitiveness and productivity through the better use of knowledge, technology and skills. The Knowledge Transfer Network delivers the KTP programme via Welsh Government, for Innovate UK, funded through UKRI as part of the government's Industrial Strategy.

In 2016 the National Adoption Service (NAS) Cymru identified a need to develop a service that could meet the individual complex needs of these children, and 3 voluntary adoption agencies (St David's, Barnardo's Cymru and Adoption UK) were identified to establish a specialised service. In the KTP, St David's worked with Cardiff University's School of Psychology and Business School to develop new methodologies using clinical psychologist and therapeutic social worker input to deliver an individualised recruitment and support service for priority children waiting 12 months or more for a family.

The Adopting Together Service has been operational since May 2018, fully incorporating Welsh Government's Well-being and Future Generations Act as a platform for collaborative working across the statutory sector, third sector and multi-agency partners.

Networks and Advocacy

Rec 21 - Developing capacity for research, strategy and policy on the expansion of the co-operative and mutual economy, to act as source of international economic intelligence and provide strategic leadership to the movement in Wales.

Responsibility	Economy & Specialist Providers
-----------------------	--------------------------------

Status: ongoing

- Provision is made in the Wales Co-operative Centre core funding agreement to facilitate action in this area.
- Social Enterprise Task and Finish group established in 2018 with the purpose of developing a Social Enterprise Framework for Wales.
- Communities Creating Homes project
- British-Irish Council Social Inclusion Work Sector – social enterprise theme.

Progress:

Numerous reports and toolkits have been produced in this area by the Wales Co-operative Centre, funded through core funding and Social Business Wales project.

- Local, fairer, stronger– which is about creating growth through social enterprises and co-operatives
- Rooted and Resilient in 2017, which is about promoting the case for employee ownership in the private sector
- Creating an inclusive economy in Wales – a joint publication with the Bevan Foundation to develop practical proposals that can help achieve an inclusive economy in Wales.
- A collaborative economy for the common good – this publication explores a new economic strategy for Wales based around collaboration.
- Co-operative development in the Welsh agri-food sector. This report investigates the potential for the future development of the agriculture sector in Wales through co-operation.
- Toolkits on developing social care co-ops, housing co-ops and raising funding through community shares.
- Mapping the Social Business Sector in Wales report 2019 published 4 June 2019.

Research and strategy are making an impact. For example, the Bevan Foundation and the Wales Co-operative Centre, sets out practical proposals to help achieve an inclusive economy in Wales, its economic regions and its diverse communities. The 'Creating and Inclusive Economy in Wales' report includes a number of recommendations, one is to develop an ambitious ten-year development strategy, which progress has already started.

In addition, one of the other steps identified in the 'Creating an Inclusive Economy in Wales' report concerned making the most of procurement. Procurement, and especially public procurement, can play a key role in increasing economic inclusion by securing maximum value from expenditure through both voluntary and contractual 'community benefits', these could include creation of apprenticeships, development of links with local suppliers, or support for local environmental schemes.

There have been important policy developments in Wales in this area recently which could prove to be significant in the development of the social business sector. In June 2015 the then-Minister for Finance and Government Business announced the Wales Procurement Policy Statement, which includes several principles of particular relevance to social businesses.

Mapping the Social Business Sector in Wales report 2019 - identified a total of 2,022 organisations operating in the social business sector in Wales, which includes co-operatives, mutual, social enterprises and employee owned businesses. Also, the sector now contributes over £3bn to our economy and there are an estimated 55,000 people employed in the sector. Impressive figures but they do not tell the whole story.

The contribution made by all social business activity in Wales is even greater than shown. The most notable examples of contributions made by non-Welsh domiciled social businesses include:

- The Co-operative Group who have an estimated 122 food stores and 50 funeral homes in Wales.
- John Lewis & Partners with a large outlet store in Cardiff along with eight Waitrose stores in Wales.
- The Freedom Leisure Centre Trust with 27 centres throughout Wales.
- Arup Group with its large presence in Cardiff Bay.
- Mott McDonald presence in Colwyn Bay and Cardiff.
- Stride Treglown Architects' base in Cardiff.

The report identifies that a number of steps have been taken to actively support and attempt to grow the sector. This has included funding and business development support, and legislative changes in procurement regulations, which have created conditions that could be favourable to the sector.

Challenges identified within the research do have the potential to pose a risk to the continued growth and sustainability of the sector. Indicating that measures to address the issues around ageing leadership, access to suitable funding options and capacity issues will need to be designed and implemented in order to secure the long term health of the sector.

The research demonstrates that the social business sector is a varied and innovative sector which offers enhanced economic, environmental and social value to our country and as such makes an important contribution to Wales' efforts to achieve its goals for future generations.

The agri-food report is likely to mean a new initiative in 2019 that will include a focus on co-operation in that sector.

Social Enterprise Framework - findings of the 'Mapping the Social Business Sector in Wales' report 2019 should inform the emerging Framework that is currently being developed for the sector to enable it to capitalise on opportunities and minimise barriers. It is a sector that, with support that targets start-ups, growth and sustainability, can continue to grow and make a positive contribution as we navigate through the impact of the Brexit process. It is proposed that the new Framework will contain a long-term vision for the growth of the social business sector in Wales and become the lead policy document for the sector, developed by and for the sector.

Communities Creating Homes project - Wales Co-operative Centre is providing a broader programme of support for Community-led and Co-operative housing in Wales. The larger scale programme, which is jointly funded by the Nationwide Foundation, will extend support for all types of community-led housing as well as ensure a focus on embedding the Co-operative Principles.

British-Irish Council (BIC) - Welsh Government jointly leads, with the Scottish Government, on the British-Irish Council Social Inclusion Work Sector. In June 2018 Social Enterprise was agreed as a new topic for the Social Inclusion working group.

This will provide a collaborative approach to developing the social enterprise sector in Wales through engagement with the British-Irish Council. It will also provide an opportunity for interchange of knowledge between administrations to inform policy development.

Networks and Advocacy

Rec 22 - The formation of a 'leaders' forum' of key co-operative entrepreneurs to advise Welsh Ministers and, as appropriate, represent the sector.

Responsibility	Economy
-----------------------	---------

Status: ongoing

- A representative from the sector sits on the Business Wales Strategic Board.
- Welsh Government funded Social Enterprise policy officer.
- Council for Economic Development
- Third Sector Ministerial Meetings

Progress:

Social Enterprise Policy Officer – as of April 2019, Welsh Government funding has been provided for a sector wide post to 'bridge' the strategic work of the Welsh Government and the sector. The role aligns by utilising and keeping in touch with the sector around key development and facilitate networking across the social economy in Wales. The Wales Co-operative Centre is providing the necessary resources to accommodate an independent policy officer.

Council for Economic Development - The Council has a wide membership of Trade Unions, business representative organisations and the co-operative sector and has a quasi-statutory role as part of the Welsh Ministers Business Scheme. It usually meets three times a year, but additional meetings are often convened in response to significant events or pressures.

Third Sector Ministerial Meetings – meetings are arranged to comply with the terms of the Third Sector Scheme (made under Section 114 of the GOWA). The Welsh Ministers engage with the Third Sector very frequently through a variety of means. Examples include: meetings about specific issues; visits to organisations and communities; attendance at events and conferences; and via correspondence. Under the auspices of this Scheme, this normal engagement will be complemented by Ministerial meetings which focus more tightly on high level issues that affect more than one Third Sector organisation, and that merit

Ministerial engagement. The Wales Council for Voluntary Action (WCVA) co-ordinates arrangements for the meeting with Third Sector representative organisations.

Networks and Advocacy

Rec 23 - Facilitate networking and awareness-raising.

Responsibility	Economy
-----------------------	---------

Status: ongoing

- Provision is made in the Wales Co-operative Centre core funding agreement to facilitate action in this area and will be strengthened by the post mentioned in recommendation 22 above.
- Mutual Alliance group
- Building A Co-operative Country conference
- Business Advisors Training Programmes

Progress:

Mutual Alliance – run by the Wales Co-operative Centre, meetings took place every few months, bring co-operative organisations together. Its current focus is on education and influencing the Welsh Baccalaureate (recommendation 6).

Building A Co-operative Country - For the last two years the Wales Co-operative Centre has arranged a well-attended annual conference. The 2018 event focused on engaging young people. In 2019 during Co-operatives Fortnight the Centre hosted a Co-op Leaders lunch at the Clink Restaurant, with the Deputy Minister as key note speaker.

Business Advisors Training Programme - Business Wales, Development Bank of Wales and Social Business Wales delivered a training programme to business advisors on succession planning. Core part of the training was raising awareness of co-operative models, which can potentially work as part of employee buy-outs.

Networks and Advocacy

Rec 24 - That the Welsh Government should explicitly consider co-operative and mutual business models in Welsh Government legislation, regulation, guidance and codes of practice as part of their mandatory requirement to consider sustainable development in all government policies and initiatives.

Responsibility	Economy, Housing, Health & Social Care
-----------------------	--

Status: ongoing. This action is been taken forward across the Welsh Government as demonstrated in the following:

- Social Services and Wellbeing (Wales) Act 2014 Section 16
- Housing (Wales) Act 2014 includes a section on Co-operative Housing.

Progress:

Health & Social Care – particularly with reference to the Social Services and Well-being (Wales) Act 2014 and the duty it lays down for public bodies to promote co-operatives, mutual and social enterprises as delivery models. The Department for Health and Social Services is planning to support this process by not only putting in place the legislative framework but also by forming an action plan to project manage an implementation project; to establish a refreshed steering group to help guide the project and to enhance ownership and engagement as well as formal governance arrangements; to link to research; to provide funding for practical support to a small number of model learning projects to raise awareness in several ways as part of communication activity; and to have a dialogue with the Department of Economy, Science and Transport and Value Wales to secure expertise and experience related to business and procurement. The aim is to secure some joint working in the action plan and advice around planning, promoting and delivering new models of services.

Housing - The sector has demonstrated significant growth not just in the provision of housing but also in the management and development of spin-out mutually-owned services. A Co-operative Housing Stakeholder Group has been established by Welsh Government, made up of organisations across both the housing and co-operative sectors. The group meet regularly and oversee this policy work and activity.

Revenue funding has been provided by the Welsh Government since 2012/13 for the Wales Co-operative to host a Co-operative Housing Project Manager and manage a call off contract of expert consultants to support emerging co-operative housing project in

Wales. While in 2012 there were 8 pioneer projects, there are now 25 schemes at varying stages of development and over 530 hours of professional support has been delivered. The Welsh Government has also funded the development of three co-operative housing pilot pioneer projects to deliver approximately 100 co-operative homes, the first of which was delivered in 2015.

Registered Social Landlords (RSLs) are able to access private sector funding as well as Welsh Government grants. There are a number of pioneer projects across Wales which have developed schemes through various investment models. Merthyr Valley Homes are a prime example of this where the co-operative is financed using the Local Authorities' prudential borrowing and asset transfers from Merthyr Valley Homes. This has enabled the renovation of a number of flats and co-operative members will occupy the homes when work is completed.

The former Minister for Public Services and Minister for Economy, Science and Transport jointly commissioned work to support the practical development of mutual models in public services delivery. The results of a review commissioned through the Wales Co-operative Centre, and led by Keith Edwards, were presented in the report 'Is the Feeling Mutual? New ways of designing and delivering public services in Wales' published in May 2015. Following this an Alternative Delivery Model Action Plan, setting out how ADM in public services could be supported, was published in March 2016. The majority of actions have since been completed or mainstreamed into departmental activity and the action plan was closed in 2018.

Delivery and Benchmarks

Rec 25 - Further work be undertaken, as part of an enhanced intelligence function, to develop more robust benchmarks

Responsibility | Economy & Externally to the Welsh Government

Status: ongoing

- Mapping of the Social Business Sector – annual research (see recommendation 21)
- Numerous reports and toolkits have been produced (see recommendation 21)

Progress:

Mapping of the Social Business Sector in Wales - A mapping exercise of the social enterprise and co-operative sector takes place every two years. The most recent report was published in June 2019. It shows significant growth in the size of the sector in the last two years.

Commissioning and Procurements - Over the next year, the Wales Cooperative Centre will work with ADSS Cymru to identify and establish two 'pioneer' authorities/regions to test new commissioning and procurement approaches that will increase investment in social value models of delivery (including co-operatives). This joint work will include a work plan to demonstrate key milestones in each area and a work plan for Welsh Government evidencing progress and achievements.

Review of the Implementation of the Commission Report Recommendations – October 2019

Additional activity by the Welsh Government

5. The Welsh Government response to the Commission's request for information on implementing its recommendations for this review also included information on other activity including:

Transport – particularly as related to the Wales and Borders rail franchise (The Commission Report also noted the significance of community transport). An understanding has been reached between the Welsh Government and the Department for Transport that responsibility for rail franchising will be transferred to the Welsh Ministers by January 2017 (subject to the will of Parliament). The Welsh Government's expectation is that the Welsh Ministers will be the franchising authority for the next Wales and Borders rail franchise. The intention is to establish a wholly-owned, not-for-dividend, company, which can manage the rail franchising process, following the Transfer of Functions Order on rail franchising powers. It is proposed that this company will run the franchising process for the Wales and Borders franchise and will be responsible for the management of the franchise agreement once awarded

Progress:

Transport - The responsibility of the Wales and Borders rail franchise has been transferred to Welsh Ministers. The franchise, awarded in October 2018, is managed on behalf of Welsh Ministers by Transport for Wales, a wholly-owned, not-for-dividend company.