



Report of the Cabinet Member for Community

Governance & Audit Committee – 25 October 2023

Report on the Audit Wales ‘A Missed Opportunity’ – Social Enterprises Report Recommendations

Purpose:	To provide a briefing to the Governance and Audit Committee on the findings of the Auditor General for Wales review of Social Enterprises in Wales and its recommendations for action by local authorities.
Report Authors:	Lee Cambule
Legal Officer:	Debbie Smith
Finance Officer:	Chris Davies
Access to Services Officer:	Rhian Millar
For Information	

1. Introduction

- 1.1 Swansea Council’s Report on the Audit Wales ‘A missed opportunity’ Social Enterprises report recommendations provides a summary of the report and its findings, as well as highlighting the action taken by Swansea Council to date. This includes our response to the three recommendations and notes areas for further action which we intend to explore further.

2. Context

- 2.1 On 1 December 2022, Audit Wales published the report ‘A missed opportunity’ – Social Enterprises, looking at how local authorities across Wales are working to grow and make the most of Social Enterprises. A copy of the report is available for reference at <https://www.audit.wales/publication/missed-opportunity-social-enterprises>.
- 2.2 The report shares the finding of the second of three investigations by Audit Wales on the challenge of alleviating and tackling poverty. The overall conclusion of the report is that “local authorities are not effectively working with Social Enterprises to maximise their impact, make better use of resources and improve services for people and communities”.

3. Content

- 3.1 The report considers the strategic approach of local authorities to working with Social Enterprises. It summarises that local authorities take a passive leadership role with variable support arrangements that means local authorities miss out on the potential for Social Enterprises to help deliver services that improve the quality of life for our population.
- 3.2 The report considers the mechanisms that local authorities have in place to maximise the value of Social Enterprises. It summarises that there are issues impacting the effectiveness of local authorities' processes in getting the most value from Social Enterprises, from bureaucratic processes and a lack of resources to some procurement and commissioning arrangements potentially discouraging engagement with Social Enterprises.
- 3.3 The report considers the ways that local authorities evaluate and report on their duties and impacts in relation to Social Enterprises. It summarises that most local authorities are not delivering their responsibilities under the Social Services and Wellbeing (Wales) Act 2014, although there are some good opportunities for development as well as a drive for positive change. For reference, Section 16 of the Act places a duty on local authorities to **'promote development of Social Enterprises to provide care and support and preventative services'**.
- 3.4 The report highlights the following three recommendations:

	Recommendation	What the report says
R1	Conduct self evaluation	To get the best from their work with and funding of Social Enterprises, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authority officers use the checklist in Appendix 2 to: <ul style="list-style-type: none"> • self-evaluate current Social Enterprise engagement, management, performance and practice; • identify opportunities to improve joint working; and • jointly draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified through the self-evaluation.
R2	Deliver Action Plan	To drive improvement we recommend that the local authority: <ul style="list-style-type: none"> • formally approve the completed Action Plan; • regularly report, monitor and evaluate performance at relevant scrutiny committees; and • revise actions and targets in light of the authority's evaluation and assessment of its performance.
R3	Leadership on the poverty agenda	To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.

4. Way Forward

- 4.1 Our analysis of the findings of Audit Wales' report is detailed in the report at Appendix A. This includes the first iteration of our completed self-evaluation checklist, which has been developed in collaboration with colleagues across the organisation and with oversight from the Enabling Communities Group and Swansea Council Poverty Forum.
- 4.2 Based on the evaluation completed as part of the first recommendation, we have identified the following key actions to be taken forward:

Actions

- 1) We will co-produce, approve, publish and promote our regional vision for Social Enterprises.
- 2) We will create an engagement plan for continuous communication and interaction with Social Enterprise providers across Swansea.
- 3) We will complete mapping and analysis of existing Social Enterprises across Swansea.
- 4) We will support and deliver the Regional Social and Micro Enterprise Project Plan in line with key milestones, resources and constraints.
- 5) We will implement a framework for developing and promoting Social Enterprises in Swansea.
- 6) We will implement a framework for performance and financial monitoring and reporting relating to the work of Local Authorities in developing and promoting Social Enterprises in Swansea.
- 7) We will work with our partners to promote Social Enterprises in Swansea and the value of social enterprise.
- 8) We will develop the Council's relationships with local people and communities to increase awareness and understanding of social enterprise and help them to get more involved in developing new initiatives in their areas.
- 9) We will work with our partners to improve the skills and capabilities relevant to Social Enterprises in Swansea.
- 10) We will explore and recommend how information on and access to social and micro enterprises is best held and share that link with people with care and support needs to the people providing that support.
- 11) We will advise on available quality standards for social and micro enterprise.

- 4.3 We agree with the findings of the Audit Wales report and are committed to deliver the actions identified above through our existing transformation programme governance arrangements. There is a vital role for Social Enterprises to play in responding to this challenge and we can help the Social Enterprise sector to flourish in this region.

5. Integrated Assessment Implications

- 5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to::
- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
 - Advance equality of opportunity between people who share a protected characteristic and those who do not.
 - Foster good relations between people who share a protected characteristic and those who do not.
 - Deliver better outcomes for those people who experience socio-economic disadvantage
 - Consider opportunities for people to use the Welsh language
 - Treat the Welsh language no less favourably than English.
 - Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.
- 5.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the ‘well-being goals’.
- 5.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.
- 5.4 An Integrated Impact Screening has been completed for this report with no further assessment required (See Appendix C). This is an IIA Screening for the ‘For Information’ Report to the Governance and Audit Committee regarding on the findings of the Auditor General for Wales review of Social Enterprises in Wales and its recommendations for action by local authorities. A full IIA will be carried out as part of the development process for the Tackling Poverty Strategy in due course.

6. Legal implications

- 6.1 There are no legal implications associated with this report.

7. Finance Implications

- 7.1 There are no immediate financial implications associated with this report. The actions noted in section 4 will be undertaken in line with departmental budgets.

Background papers: None

Appendices:

Appendix A – Report on the Audit Wales ‘A missed opportunity’ – Social Enterprises report recommendations

Appendix B – ‘A missed opportunity’ – Social Enterprises Report

Appendix C – Integrated Impact Assessment (IIA) Screening