



# **Update on the Council's response to the Audit Wales 2023 Report on Social Enterprises**

## **Scrutiny Performance Panel Adult Services**

**10 September 2024**

## 1. Executive Summary

In 2017, Swansea Council published **Working towards prosperity for all in Swansea: A tackling poverty strategy for Swansea**. This corporate strategy represented the Council's commitment to reducing poverty and the impacts that poverty has on the people of Swansea. In line with this commitment, tackling poverty is one of Swansea Council's well-being objectives defined in its **Corporate Plan 2023-2027**:

**Tackling Poverty and Enabling Communities** so that every person in Swansea can achieve their potential.

On 1 December 2022, Audit Wales published the report '**A missed opportunity**' – **Social Enterprises**. The report looks at how local authorities across Wales are working to grow and make the most of Social Enterprises. The report concludes 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".

The purpose of this report is to provide an update on the Council's progress in responding to the findings of this report and our wider work around supporting Social Enterprises.

## 2. Context

Social Enterprises are businesses which trade for a social or environmental purpose. They operate across many different industries and there are estimated to be around 100,000 social enterprises in the UK. In the Social Services and Well-being (Wales) Act 2014, Section 16 imposes a duty on local authorities to promote social enterprises, co-operative organisations, co-operative arrangements and third sector organisations to provide care and support and preventative services in their area.

Audit Wales published this report relating to tackling poverty in Wales, based on a high-level examination of all local authorities in Wales conducted between August 2021 and September 2022, using document reviews, data analysis, interviews and surveys to inform the final report.

The report recognises most local authorities take a passive or responsive approach to social enterprises, with little evidence of leadership or proactive engagement in this area. This includes the link to Social Value, where processes and resource constraints mean that procurement and commissioning opportunities do not encourage or enable a role for social enterprise. The report highlights the importance of mapping and understanding the role of Social Enterprises in the local area. No local authorities in Wales have a dedicated Social Enterprise strategy or a clear vision for the potential outcomes of social enterprises to people and communities.



Considering how local authorities deliver their responsibilities under Section 16 of the Social Services and Well-being (Wales) Act 2014, the report evidenced that few local authority officers were aware of the legal duty and their role in growing the social enterprise sector.

Other findings of the report include:

- Social Enterprises are worth a combined £60 billion to the UK economy and employ around 2 million people;
- Over 60% of Welsh Social Enterprises only work in one local authority area given that they are primarily community-based;
- In Swansea, the number of social enterprises is growing, up by 17% from 135 in 2018 to 158 in 2020;
- In 2020, the sectors with the highest proportion of social enterprises were a) arts, entertainment, recreation and other services (26%), b) community centre, social space and youth clubs (20%), c) Education (10%) and Health & Care (9%);
- Ways of working relating to relationships between local authorities and social enterprises vary across Wales, with a small number of councils funding their own social enterprises;
- The language relation to Section 16 duties, specifically the word “promote”, leaves a wide interpretation across local authorities with little activity focused on helping to create new Social Enterprises.

### 3. Findings

The report from Audit Wales highlighted an opportunity for the Council to do more to actively promote and support the Social Enterprise sector in Swansea, as well as deliver its duties in relation to the Social Services and Well-being (Wales) Act. This is particularly relevant to supporting disadvantaged areas such as people who are in poverty.

The Audit Wales report identified three recommendations:

#### **Recommendation 1 (R1)**

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:

- 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.

#### **Recommendation 2 (R2)**

To drive improvement we recommend that the local authority:

- 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.

#### **Recommendation 3 (R3)**

To ensure the local authority delivers its Section 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.

Following publication of the Audit Wales report, the Council completed the following actions:

- Completing the Evaluation Tool provided by Audit Wales to assess the findings and recommendations of their review against our local needs and plans;
- Creating the A Missed Opportunity Action Plan for monitoring and controlling actions to improve community resilience and self-reliance;
- Established governance arrangements to provide programme management and control of the work defined by the action plan;
- Improved the data that we collate and report on including through the Annual Report of the Director of Social Services.

A list of the key actions identified following the completion of the Evaluation Tool is included in Annex A of this report.

## 4. Current position

The following sections highlight our current position in taking action to address some of the key challenges we have identified following the Audit Wales report:

### Establishing our approach

We have developed a regional framework for Social Enterprises and Micro Enterprises through our membership of the Regional Social and Micro Enterprise Project, which is delivered through the West Glamorgan Regional Partnership Board (RPB). The framework covers all **Section 16 type organisations** (which includes Social Enterprises) and defines a range of aspects of this approach, including

### Collaborative working

We have been working in partnership with colleagues in Swansea Council for Volunteering Services (SCVS) including their Social Value and Co-production Development Officer. This includes supporting the development and delivery of training and skills improvement opportunities.

We have helped to establish the Section 16 Forum for partners and organisations that deliver care, support or prevention services. This forum is a statutory requirement under Part 2 of the Social Services and Well-being (Wales) Act 2014. It is a space for commissioners and providers to come together to:

- facilitate dialogue about the challenges, risks and opportunities for the sector within local communities and across the region;
- promote service delivery based upon wellbeing outcomes, co-production, collaboration, prevention/early intervention and social, cultural, economic and environmental value.

Membership of the forum includes a handbook for members that provides supplementary guidance and a Terms of Reference for the group. Some of the key drivers for this forum include opportunities for engagement, developing positive relationships and opening regular conversations with the people and communities of Swansea.

### Procurement, Commissioning and Contracting

We have been reviewing and updating our internal processes, frameworks and guidance in relation to procurement, commissioning and contracting. We have updated the data that is captured and presented in our Market Stability Reports to bring out more information relating to Section 16 type organisations.

We are currently engaging with the People Commissioning Group on our approach and the changes we have made, to identify further steps that we can take.

Through our engagement work, we are undertaking more targeted engagement with communities to identify opportunities to collaborate with micro-enterprises, working in partnership with Local Area Coordinators and others to build those connections in the local areas around Swansea.

### Local focus on Social Enterprises

While much of the above actions have been delivered collaboratively at a regional level, our next challenge is to explore more local opportunities to embed the above framework, vision and principles.

We have updated our Contract Register, which contains information about various suppliers that we work with, to collect more specific information about commissioned provisions. This will help us to create a baseline of data for Section 16 type organisations working with the Council and allow us to identify potential gaps in provision or opportunities where Section 16 type organisations may be able to support or contribute to Council services.

We recognise that, while our initial focus has been on improving work with Social Enterprises from a health and social care perspective, there is great potential across the work of the Council to explore new opportunities for Social Enterprises. For example, we are currently exploring opportunities for Alliance Contracting in relation to the implementation of the regional Mental Health and Wellbeing Strategy. This is a great opportunity for different types of smaller organisations to be part of collaborative bids to deliver mental health and wellbeing support to people on a local level.

## **5. Way Forward**

### **Overview of the current position**

In summary, we have taken the findings of the Audit Wales report and the evaluation tool to create a clear direction for the Council to play an important role in the strategic direction for Social Enterprises, allowing this sector to flourish across Swansea. Work has started or is continuing at both local and regional levels to implement the changes required to achieve this.

We recognise from the evaluation which we have undertaken that there is more to be done to define, deliver and continuously improve our vision and strategy for Social Enterprises in Swansea. Under the Corporate Priority 'Tackling Poverty and Enabling Communities', the Council is committed to taking action and working with our local communities and partners to embed the principles, cultural changes and new initiatives.

## **Next Steps**

We will continue to deliver the actions, monitor our performance and report our progress towards improving the ways that we support Social Enterprises in Swansea. In line with the recommendations of the Audit Wales report, we are embedding this work within our transformation programmes to ensure it is delivered in line with best practice and policy.

Work is ongoing to refresh our Tackling Poverty Strategy and this will include a range of co-production activities to understand the needs and priorities of our partners, stakeholders and the communities of Swansea. One of the eight key themes we have identified in the draft strategy is 'Community-enabled Support' and this work will contribute to our strategic goals for enabling communities.

## Annex A – Actions arising from Audit Wales Recommendations

### 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.