

## **Priorities for the Climate Change, Environment, and Infrastructure Committee**

### **Social Enterprise Stakeholder Group response, September 2021**

#### **About us**

The Social Enterprise Stakeholder Group believes that the social enterprise sector in Wales can play a key role in helping to rebuild a fairer, more inclusive, and sustainable economy. Our members include: [Development Trusts Association Wales](#), [Social Firms Wales](#), [UnLtd](#), [Wales Co-operative Centre](#) and [WCVA](#). More information on the purpose of our group and our work to date can be found on our [webpage](#).

Our response particularly concentrates on Welsh Government's stated priorities for Climate Change. Our key messages for the Committee are:

- There should be a bold and ambitious role for social enterprise in delivering a green economy and just green transition. We believe that Welsh Government could go further in harnessing the potential of the sector to deliver against this agenda. Welsh Government policies relating to the climate emergency and protecting the environment should promote social enterprise as the business model of choice for organisations working and wanting to work in this area.
- Social enterprises demonstrate what can be achieved when we put people and planet ahead of profit. They have the potential to influence more mainstream businesses, for example by demonstrating that it is viable to do business more sustainably.
- Welsh Government has set out its commitment to exploring the role of its procurement in this agenda and to maximising the economic, social and environmental benefits of procurement spend. Social value and social enterprise should be embedded within the procurement process to maximise the impact of public sector spending in Wales.
- Confronting climate change requires a radical shift in how we think about our economy and businesses. Our current economic models prioritise growth and GDP growth at any cost. This has damaging consequences for climate, biodiversity, and well-being. Social enterprise should be at the heart of the well-being economy. To fully maximise their potential and impact, social enterprises require specialist business advice services to meet their unique needs.

#### **A bold and ambitious role for social enterprise in the green economy and just green transition**

The Programme for Government includes support for innovative new social enterprises in new bike maintenance repair cafes and bike recycling schemes as part of its efforts to tackle climate change. This is welcome but we believe it fails to tap into the full potential of social enterprise to deliver in the fight against climate change.

The narrow concentration on the role of social enterprise in the Programme for Government overlooks the range of sectors and activities relevant to this agenda that social enterprises operate in. This includes renewable energy, zero waste, food, biodiversity and land

management. It also overlooks the role of social enterprise as values-based organisations that value planet and people as much as profit. Social enterprises operate on the principles of the Triple Bottom line; people, planet, profit. This ensures that their social, environmental, economic purpose is at the heart of what they do. Many have environmental objectives and improving the local area at the heart of their social aims. It is also worth noting that many social enterprises have embedded circular economy principles within these environmental objectives. Welsh Government policies relating to the climate emergency and protecting the environment should promote social enterprise as the business model of choice for organisations working and wanting to work in this area.

There is also an opportunity to build more resilient communities and local economies, through scaling up social enterprises and community and locally-owned businesses with training and skills development in local communities as part of a just green transition.

We would welcome an opportunity to work with the committee to explore how the potential of social enterprise could be harnessed to deliver in the fight against climate change. We would be pleased to facilitate opportunities for the committee to meet with social enterprises working in this field or to provide more detailed case studies for the committee's consideration.

### **The role of values-based businesses in fighting climate change**

Our sector can show what can be achieved when we put people and planet ahead of profit. Research from Social Enterprise UK found that 65% of social enterprises expected the focus on sustainable and environmentally friendly processes within their organisation to increase in the next two to three years - significantly higher than traditional SMEs more widely (49%). In comparison, only a fifth of social enterprises considered cost to be more important than environmental impact when procuring products, compared to 76% of SMEs.

Social enterprises hold a wealth of untapped information about how to achieve environmental impact through socially minded business models.<sup>1</sup> Environmental mission social enterprises hold a wealth of information, best practice and engagement opportunities that need to be explored and amplified for the benefit of other social enterprises, and for climate engagement more widely. Social enterprise could influence more mainstream businesses, for example by demonstrating that it is viable to do business more sustainably.<sup>2</sup>

### **Maximising the role of the sector in decarbonisation: Social value and procurement**

The Welsh Government has set out its legal commitment to achieve net zero emissions by 2050, with an ambition to get there even sooner. Achieving this will take specific investments to decarbonise existing infrastructure in Wales, in areas such as housing and transport. The Government has set out its commitment to exploring the role of its procurement in this

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<sup>1</sup> <https://www.socialenterprise.org.uk/wp-content/uploads/2020/08/climate-change-what-we-know-social-enterprise-uk-2020.pdf>

<sup>2</sup> <https://www.weforum.org/agenda/2021/01/social-enterprises-can-have-a-big-impact/>

agenda, and to maximise the economic, social and environmental benefits of this investment and procurement, the role of the social enterprise sector is crucial.

We believe that social value and social enterprise should be embedded within the procurement process. As discussed above, social enterprises operate on the principle of the triple bottom line. They can deliver added social value in communities across Wales. Spend on social enterprises could therefore help to tackle climate change while also delivering additional social value. In order for these benefits to be given the same weighting as financial cost, social enterprise and social value must be embedded within all procurement practises at different levels of Government in Wales.

We would also welcome further exploration of the role of the Government in nurturing the market to take advantage of this significant investment. The 2020/21 Social Enterprise Mapping exercise highlighted that many social enterprises would like to do more trade with the public sector but that they lack the skills to do so.

### **A new approach to economic development**

Confronting climate change requires a radical shift in how we think about our economy and businesses. Our current economic models prioritise growth and GDP growth at any cost. This has damaging consequences for climate, biodiversity, and wellbeing.

Social enterprises in Wales are ready to challenge the economic models of the past and rebuild a fairer, more inclusive and sustainable economy. Social enterprises are at the forefront of delivering a just and green transition and have pioneered solutions to tackling the climate emergency. They deliver people-centred local economic development that responds to community need and where participation and empowerment are integral. But to fully deliver these things, social enterprises in Wales need specialist business support to rebuild and grow.

Social enterprises require specialist business advice services to meet their unique needs. While they face many of the same challenges as any mainstream business, they also face unique challenges. Social enterprises have different drivers and deliver holistic solutions, integrating their environmental and social objectives with economic ones. They have specific governance structures and are accountable to multiple stakeholders. They access funding in different ways and from different places, for example from trusts and foundations, social investment providers and community share schemes. These businesses need to be supported in ways which are sympathetic to their means of delivery and social impact.

### **Conclusion**

Social enterprise could play a greater role in Welsh Government's plans to tackle climate change. We believe that the potential of the sector has been overlooked. To truly maximise this potential, the sector needs continued access to specialist business support.

We would be pleased to provide the Committee with further information on any of the issues raised in our response.