

# WORLD

Guide to  
building stronger  
local economies



# Introduction

Covid-19 and the climate crisis are two defining challenges of this generation. There is a consensus that fundamental changes need to be made to the way our economy and society works so that we prioritise well-being, resilience, and sustainability. In order to do this, we need to rebalance our economy, so that citizens and communities have more power, wealth, and control to solve the challenges facing us. Many people describe this re-balancing process as building community wealth.

For this to happen, effective policy development, community organisation and political intervention are necessary. Across different sectors and in different parts of Wales, communities and policymakers have had different experiences, face different barriers, and come up with different but complementary solutions. These provide us with opportunities to learn and to find best practice, to ensure that the most effective interventions and policies are implemented across the country.

We have seen several policy shifts at the local level, at the Wales-level and at the UK-level in recent years towards building an economy that prioritises well-being and resilience. New legislation has been introduced, such as the Well-being of Future Generations (Wales) Act 2015.

Policy is more focused on Social Partnership. Important new institutions are being developed, like the Public Service Boards. There are key new funding opportunities like the Shared Prosperity Fund and Community Renewal Fund. These developments mean that it is essential everyone in Wales can access support to understand these new terms and ideas.

**This guide seeks to bridge the gap between policymakers and those delivering services on the ground. It explains key terms and ideas and provides tangible examples of how they can be applied to Wales and its communities.**



# What is community wealth?

"Traditional economic development practice and developer-led regeneration are failing to address the economic challenges of our time. Community wealth building is a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of local people." Centre for Local Economic Strategies



The Centre for Local Economic Strategies has been developing this approach to economic development. We have been working with them in Wales to ensure that communities, public sector institutions and other key partners are able to access the ideas and tools that re-shape the way our economies work.

There is no single way to build community wealth. There are many approaches which are being pioneered across Wales which are proving successful in building stronger local economies and communities.

**In this guide, we will explore the key approaches being used by people to build community wealth and what they mean for effective policy.**

We will provide examples of best practice happening in Wales and beyond and give tangible recommendations across a variety of sectors for how different levels of government and communities themselves can rebalance our economy and build a strong, resilient country.

We hope this guide inspires people in Wales to act. This is not about going from basecamp to the summit in one go, but about starting the journey and making real steps to create a rebalanced and fairer economy that has strong communities at its heart. The examples and recommendations in this guide are practical proposals that have been or could be made in all parts of Wales.



There is no single way to build community wealth. There are many approaches which are being pioneered across Wales which are proving successful in building stronger local economies and communities.



# Approaches to building community wealth defined in this guide:

Employee ownership  
Foundational economy  
Social enterprise  
Social value  
Community shares and community-led schemes  
Circular/sharing economy

Cwmpas is a co-operative development agency working for positive change. Our focus is on building a fairer, greener economy and a more equal society, where people and planet come first. Established in 1982 as the Wales Co-operative Centre, we have made it our mission to change the way our economy and society works.

**This guide ends with a section introducing Cwmpas, our projects, and how we can help build community wealth.**

# Employee ownership

**At a glance:** When employees totally or significantly own the business they work in, there are benefits for them, the business and the local economy. It keeps profits and decision-making rooted in the local area and gives business-owners a trusted succession plan. The Welsh Government wants to double the number of these businesses in Wales, and in this section, you can read more about why and how this can be done.

## Definition

Employee ownership is a business model that means the business is totally or significantly owned by its employees. We know that this model has real and significant benefits for the workers themselves, the business, and the local economy, and offers a solution for owners wishing to sell their business. The Welsh Government has recently announced its commitment to doubling the number of employee-owned businesses in Wales.

There are different forms of the employee ownership model. Workers can either own the business directly through becoming registered shareholders, indirectly via a trust which holds the shares collectively, or through the process of a management buy-out.

## How it builds community wealth

In 2018, the Ownership Effect Inquiry in the UK, chaired by Baroness Bowles, produced a report titled *The Ownership Dividend: The Economic Case for Employee Ownership*, which found that there was an economic dividend to employee ownership that pays off at three levels; for workers, businesses, and the wider economy.



Workers can either own the business directly through becoming registered shareholders, indirectly via a trust which holds the shares collectively, or through the process of a management buy-out.

The Inquiry found that employee-owned businesses make a vital contribution to the local economy, specifically at a local and regional level, making them essential to a place-based approach to economic development that seeks to put power and wealth at the community level. The Inquiry found that:

- The values, outlooks and approaches of EOBs ensure that they are more likely to create and retain jobs that are rooted to local areas, and less likely to relocate or create offshore jobs.
- Capital distributed to staff in the form of dividends is often spent or invested locally
- The majority of EOBs make explicit commitments to contribute directly to their local communities. This is particularly important as Wales seeks to recover from Covid-19, and transition in a just way to net-zero emissions and a sustainable, green economy.

In addition, Cwmpas has discussed the “business succession time bomb,” which employee ownership can be a key solution to. SMEs account for 99% of the business count and 62% of private sector employment in Wales, with family ownership common. 43% of these businesses do not have a succession plan in place, with only 12% of family firms making it to the third generation. One in five SMEs face planning closure or succession in the next 5 years, and 29% of businesses have been under the same ownership for the past 21 years, meaning 15,000 business owners could be looking to leave their businesses. Employee ownership can be a valuable solution and keep these jobs in Wales.

Employee ownership has other benefits:

Workers	Businesses	Business Owners
Enjoy higher employee engagement, motivation, and well-being due to EOBs providing a more inclusive, transparent, and effective model of corporate governance	Typically achieve greater levels of worker engagement, productivity, and efficiency than non-EOBs	Having employee ownership as a succession plan that means minimal disruption, with advice from specialists at the employee ownership team at Social Business Wales who can support them throughout the process
Top up their salaries by sharing in the capital value they create	Have stronger workforce retention/find it easier to recruit	
Work within transparent governance regimes that lock in benefits for the long-term	Encourage employees at every level to drive innovation	
	Approach decision-making and planning based on long-term stewardship of value, which enables resilience.	



## Welsh context and examples

The Social Business Wales programme employs a team of specialist business transition advisors focusing on employee ownership and share schemes. The Social Business Wales programme is delivered by Cwmpas and is funded by Welsh Government and the European Regional Development Fund. This means that the cost of our specialist Employee Ownership Wales advisors is fully covered, offering free guidance and support every step of the way.

Over 50 companies in Wales have been advised about ownership transition. In 1994, the first assignment was completed with the £9million purchase of Tower Colliery by its employees. Since then, many businesses have been helped to make the transition to employee ownership including engineering companies, health firms, retail businesses, film and TV companies, architecture firms, IT organisations and print companies.

In 2020–21, the employee ownership team converted 5 businesses to employee ownership, including the following examples.

## Case studies

**Tregroes Waffles** is a small, family run bakery based in the Teifi Valley in South-West Wales. Recruiting locally, the business employs 15 people and remains strongly embedded in the community – a local institution. The owner began to explore the concept of employee ownership about five years before the transition started, inspired by the John Lewis Partnership model. In 2016, the owner sold 10% of his shares to the Trust using company profits to pay for them. As part of the agreement, the owner will sell a further 10% to the Trust each year provided the company is able to pay for them. The employee ownership model has enabled Tregroes Waffles to maintain and build upon its success in the area.

**Cwmni Da** is an award-winning TV company based in Caernarfon, employing 50, with a £5 million turnover. It is known for making factual, drama and children's programmes, primarily in the Welsh language. It transitioned to employee ownership in 2018. The process saw the company valued, funds raised from banks to buy the shares, and 100 percent of the shares were transferred into an Employee Ownership Trust. The shareholding is held in the Trust on behalf of the workforce. The Trust is overseen by a Corporate Trustee and a Board which includes a solicitor, accountant, the Managing Director, and a staff member. The Trust looks after the interests of the employees and decides annually how much is re-invested and how much is paid to staff.

## Next steps

We have identified two principal barriers to growing the number of employee-owned businesses in Wales; a lack of awareness and understanding of the model in the business community and a lack of access to funding to finance the transition process. We have four recommendations for policymakers seeking to promote this model and ensure the number of these businesses in Wales grows over the next few years:

- Establish a Leadership Group, led by the business community themselves, with the purpose of promoting and celebrating employee ownership in Wales. Government at all levels could provide the funding and infrastructure needed for the business community, as well as other stakeholders, to promote this business model in the country.

- Continue to fund specialist business support for businesses considering their succession options, with specific expertise in the employee ownership model. Social Business Wales has gained considerable experience in this area and has the potential to help many more businesses on their employee ownership journey.
- Embed employee ownership as a mainstream business model in all business settings, including business and entrepreneurship studies within schools, FE and HE institutions, and especially Business Schools. Engagement with business stakeholders in all settings is needed and could be an objective of the Leadership Group.
- Ensure access to appropriate finance for workers and businesses seeking to transition to or start-up with this model, by looking at inspiration in other parts of the world such as the Marcora Law in Italy.





# Foundational economy

**At a glance:** The foundational economy is a sector of the economy that covers “everyday” sectors that are provided everywhere, in every place in Wales. Refocusing our economic policy towards these sectors can have considerable benefits because it employs a significant amount of people and provides essential goods and services.

## Definition

In recent years, academics and policymakers have had a renewed focus on the “everyday” or “foundational” economy. These are the industries, goods and services which are found in every part of the country and are there because people are there. They provide the basics of our lives which are needed to keep “safe, sound and civilised” according to the Welsh Government. Examples of the foundational economy include health and care services, food, housing, and energy. They are not high-tech, research and development-intensive, or easily tradeable or exportable. The industries not in the foundational economy therefore comprise goods and services that are not universal or evenly spread across the country.

In Wales, it was estimated in 2020 that these foundational economy sectors comprise about 40% of the economy, and £1 in every £3 that we spend. In some parts of the country, these industries account for a much higher proportion of the economy, the jobs people have and the goods and services they spend their money on.



**40%**  
of the economy

## How it builds community wealth

At the core of the desire to refocus policy on the foundational economy is the need to make places across Wales stronger, fairer, and more resilient. While in the past the focus on creating economic growth led to the prioritisation of high-tech or high-growth industries, a focus on the foundational economy can lead to us prioritising what we actually want the economy to work for; better working conditions, more resilient supply chains for essential goods and services, and sustainable, vibrant and fair Welsh communities.

A significant proportion of people in Wales work in industries in the foundational economy. Renewed policy focus on these industries can ensure that more Welsh workers have the best pay and working conditions possible, and businesses or wider sectors within these industries can access the resources needed to innovate and become more resilient.

The Covid-19 crisis has highlighted the importance of robust supply chains for essential goods and services. Renewed policy focus on these industries are therefore vital for ensuring that the goods and services we rely on are provided by businesses with access to the best support and financial resources possible.

## Welsh context and examples

Wales and the Welsh Government have been pioneering a new approach to the foundational economy. The £4.5m Foundational Economy Challenge Fund supported a series of experimental projects that sought to enable government, businesses, and other partners to test how the foundational economy can be supported to innovate and challenge economic and social problems, and what Government can do to intervene as effectively as possible.

In addition, the Welsh Government has been looking at how it can incorporate social value into its procurement practices. This is a significant opportunity for businesses within the foundational economy in Wales because they can offer advantages that multinational or foreign firms cannot, such as keeping profits in Wales and smaller and more sustainable supply chains.

Following the Foundational Economy Challenge Fund, the Welsh Government has announced its Backing Local Firms Fund. This will support businesses in the foundational economy to deliver more of the products and services required by the public sector. Three areas where the Welsh Government is seeking to support local firms are the social care sector, ensuring that food produced in Wales is served on plates in Welsh organisations, and housing retrofit and decarbonisation.

## What more can we do?

We believe that there are crucial next steps that Wales can take to build on the innovative foundational economy policies we have already seen. We believe that procurement should be seen as one important tool for supporting the foundational economy. The Well-being of Future Generations Act provides a key foundation to make sure practices are consistent across Wales. It aims to ensure that procurement teams within public bodies and local authorities are using and exchanging best practice, so that there is genuine impact on the ground for local firms.

This should come alongside a proactive approach, working to nurture the market and ensure firms are being started or grown in Wales to provide these essential goods and services, alongside matching existing firms to opportunities from public bodies. There are key sectors where there is potential for this in Wales, such as PPE production and social care recruitment.

Many social enterprises in Wales work in the foundational economy, and this business model acts as a catalyst to ensure even more of the benefits of supporting the foundational economy are maximised. Social enterprises prioritise their workers, local communities, and the environment to the same extent as profit, and this ensures that even more of the money made in this sector can stay in Wales and support our social and environmental objectives.

We want social enterprise to be the business model of choice in Wales, so it is essential that those seeking to support the foundational economy understand the benefits of this model, continue to provide specialist support to these businesses to start and grow, and that social enterprise is embedded in entrepreneurship education in our schools and FE and HE colleges, as well as all other business settings.



# Social enterprise

**At a glance:** Social enterprises are businesses which prioritise their impact on well-being and the environment to at least the same extent as making profit. This growing sector of the economy will be vital to how we face the challenges we face as a society. Below, you can read how these businesses already play such a vital role and what we can do to support them to grow even further.

## Definition

A social enterprise is a business with social objectives whose profits are principally used for a good cause, rather than being given to shareholders and owners.

Their social, environmental, economic, or cultural purpose is at the heart of what they do. This can include tackling social problems, fighting against the climate emergency, and improving the environment, building stronger communities, and providing training and employment for those furthest from the labour market. Social enterprises can come in many forms, including co-operatives, mutual organisations, community interest companies, community-owned businesses, trading charities and more.

They aim to make a profit but unlike mainstream businesses the profit is reinvested towards business growth, and furthering their social, environmental, economic, or cultural purpose. This purpose is set out in their governing documents.

The key difference with social enterprises is that they are values-led organisations.

These values mean they are uniquely placed to tackle the challenges facing Wales in ways which benefit everyone.

These values include:

- Being transformative and creative - social enterprises take action to solve problems, and bring people together to make changes that affect them positively
- Being collaborative - social enterprises help and support one another; they share information and solve problems together
- Being accountable - they are democratic, involving customers and staff in open and fair decision making
- Being good employers - they pay at least a living wage and treat people fairly. They deliver equality of opportunity and are more diverse than businesses in the private sector
- Being responsible - they value the environment and use natural resources efficiently and carefully to minimise their impact
- Being inclusive - they work for and serve all sections of society regardless of gender, disability, age, sexual orientation, race, religion, or belief



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## How it builds community wealth

The unique triple bottom-line business model used by social enterprises, which means their social and environmental impact is prioritised to at least the same degree as profit, means social enterprises must be a crucial part of the mission to build community wealth.

The benefits of the social enterprise business model go beyond solely the economic value and jobs they directly create. They are anchored in their communities, meaning they are resilient to economic conditions and consider the impact they have on people and place at every stage of their development.

Sixty-eight percent of social enterprises in Wales pay the Living Wage to all staff, which is much higher than the wider private sector. Thirty-six percent of people employed by social enterprises were unemployed directly before taking up the post, highlighting the sector's role in supporting those furthest from the labour market. Sixty-nine percent of the social enterprise workforce live within ten miles of their workplace, demonstrating the sector's role as local employers in towns across the country.

Our 2020 Social Business sector mapping exercise found that social enterprises and co-operatives have been widening their reach over recent years and are delivering on more social objectives than before, which could demonstrate the way the sector has stepped up during a time of crisis and its crucial work in addressing the social needs created by the pandemic. Social enterprises and co-operatives will be essential for future

challenges too. Seventy-three percent have stated that they are aware of the Well-being of Future Generations Act and most believe that it is having an impact on their business.

## Welsh context and examples

Social enterprises and co-operatives already make a significant contribution to the Welsh economy. The sector is estimated to include up to 2,309 businesses and up to 56,000 employees, generating £3.1-3.8 billion in value. They are particularly concentrated in the poorer South Wales Valleys and are more likely to operate in areas of deprivation. Social enterprises cut across a wide range of operational sectors but are primarily based in arts and recreation, community centres/groups, education, and health and care.

In 2020, social enterprises and social enterprise support agencies in Wales, with the support of Welsh Government, produced 'Transforming Wales through social enterprise'. It is a vision and action plan that outlines an ambitious vision which aims to make social enterprises the business model of choice in Wales by 2030 for people and communities delivering solutions to social, economic, and environmental challenges.

For the last few years business support to social enterprises and co-operatives has been delivered for Welsh Government by Cwmpas through the Social Business Wales programme, which offers free advice and business support for new social enterprises and co-operatives and those that wish to grow, expand, or diversify.



## Case studies

**Therapeutic Activities Group** was the winner of the Social Enterprise of the Year Award at the Social Business Wales Awards 2021. The Cardiff-based community interest company was set up in February 2019 and strives to improve the physical, emotional, educational, and social well-being of young people. The social enterprise is currently working in 23 schools across south Wales and engaging between 10 and 15 young people per school, a total of around 345 'at risk' young people. Its long-term goal is to set the standard in programme delivery of Specialised Trauma Informed Therapeutic practices.

**Creating Enterprise** is a social enterprise in Conwy. A subsidiary of Cartrefi Conwy, it started trading in 2015 and has quickly grown into the social contractor of choice for North Wales. It builds environmentally friendly homes using sustainable materials and is innovative in finding new ways to lower its carbon footprint, such as by sourcing eighty percent of its timber from Wales and constructing its frames onsite. As well as having an environmental mission, it has a social mission to create well-paid, full-time employment opportunities for the local community it serves. Its Creating Futures Academy helps local people find and access training, volunteering, and employment opportunities. In November 2020, it was named as the Fastest Growing Company in Wales. This team is the perfect example of how social enterprise can deliver on its three ambitions: business success, environmental sustainability, and helping people.



## What more can we do?

To achieve the vision set out in the action plan, we need to ensure that we support people to start new social enterprises, and that existing businesses can thrive and grow even further.

Providing specialist business support is therefore crucial. For the last few years business support to social enterprises has been delivered for Welsh Government by Cwmpas through the Social Business Wales programme. Our advisors have a specialist understanding of the characteristics of social enterprises – that they are multi-stakeholder, have a triple bottom line, differing legal structures and alternative funding options. Their specialist support is available to social enterprises at all stages of the business cycle, from supporting nascent entrepreneurs to established firms which are seeking to export or work across borders. This specialist support is essential as we seek to expand the impact of social enterprise to ensure our communities and economy is ready for the challenges of the future.

We also want to see sector-specific strategies for ensuring social enterprise can grow to deliver more services in Wales. As we have seen, social enterprises already do amazing work in many different sectors, and we know that with the right support this business model can grow even further. We are working in diverse areas like construction, food, tourism, and care to promote the social enterprise model as the best way to deliver value for businesses, workers, customers, and communities. There are also practical policy steps we can take to change the way we do things to promote social enterprise at all levels of Government. For example, we want social value, community resilience and well-being to be valued to the same extent as profit and savings in public procurement practices. Wales is already leading the way on this agenda with the Well-being of Future Generations Act and the Social Services and Well-being Act. We are ready to work with everyone in Government and the social enterprise sector to ensure we can maximise the positive impact for communities in Wales.



# Social value

**At a glance:** Social value is a way of measuring the impact of decisions made that takes into account the social, environmental and economic. It is a way of ensuring that the impact on the well-being of our communities and of future generations is fundamental to the decisions we make.

## Definition

Social value can refer to the social, environmental, and economic impacts of actions taken by communities, organisations, governments, and individuals. The Welsh Government has stated that it wants to take social value into account when making decisions, to meet the needs of the present without compromising the ability of future generations to meet their own needs.

This is a move away from orthodox economic thinking, whereby economic impact has been the sole or principal factor in this decision-making process, without considering the wider impacts on people, communities, and the environment.

## How it builds community wealth

Taking this approach to how we value our impact and decisions can build community wealth by ensuring a place-based approach is embedded within structures of government and decision-making

processes. Rather than decisions being made solely on money or increasing measures like GVA and GDP by as much as possible, a wider assessment of the impact of decisions can be made. Preston Council has been heralded for its approach to community wealth building. The council lists employment, skills, the real living wage, environmental impact, and greater wellbeing to be considerations at the heart of social value policymaking and decision-making. In addition, Preston has been at the forefront of place-based decision-making, meaning that the decisions it makes consider how all places and communities will be impacted by decisions.

There is a growing international movement that prioritises building a well-being economy. WEAll is a collaboration of organisations, alliances, movements, and individuals working towards a wellbeing economy, delivering human and ecological wellbeing. Measuring social value will be a crucial step towards prioritising well-being and ensuring this happens will be essential for building community wealth.



This is a move away from orthodox economic thinking, whereby economic impact has been the sole or principal factor in this decision-making process, without considering the wider impacts on people, communities, and the environment.

## Welsh context and examples

The Welsh Government has developed and implemented legislative changes that refocus its policy and practice towards social value and well-being. This can be seen in the Social Services and Well-being (Wales) Act 2014 and the Well-being of Future Generations (Wales) Act 2015.

The Social Services and Well-being Act (Wales) 2014 sets out the legal framework for improving the well-being of people who need care and support, and carers who need support, and for transforming social services in Wales.

The fundamental principles of the Act are:

**Voice and control** – putting the individual and their needs, at the centre of their care, and giving them a voice in, and control overreaching the outcomes that help them achieve well-being.

**Prevention and early intervention** – increasing preventative services within the community to minimise the escalation of critical need.

**Well-being** – supporting people to achieve their own well-being and measuring the success of care and support.

**Co-production** – encouraging individuals to become more involved in the design and delivery of services.

The Well-being of Future Generations Act Wales (2015) is a world-leading piece of legislation that puts requirements on organisations to consider social value. The Well-being of Future Generations Act requires public bodies in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change.

## What more can we do

While these crucial pieces of legislation have the potential to make a significant impact on the way we do things in Wales, this does not mean the job is over.

We need to ensure that best practice of measuring and finding social value is promoted and highlighted across the country. All levels of government in Wales, from national to local authorities and communities themselves, must be equipped to be able to measure and understand social value. This can be done through the production of national guidance and the establishment of local forums for those working on procurement and public spending to be able to exchange information and experience.

A key element of understanding social value is based on consultation with communities themselves, and this process being embedded within policy development and service design. This should become the standard way of doing things in Wales, and we must encourage those working in key institutions across all sectors to develop this practice and mode of working.

There are already great examples to learn from in Wales. Commissioned by Welsh Government and developed by the i2i project, the Can Do Toolkits revolutionised the way the housing sector used investment to deliver jobs, training and other benefits for local communities. We believe that this experience can be adopted across all public investment. We are working with key partners to develop the next generation of series of Can Do Toolkits to support the

public sector to develop and adopt Can Do strategies that deliver social/economic /environmental value.

In addition, we believe that social enterprise offers a revolutionary way of promoting social value, and all public bodies should seek to significantly increase the percentage of procurement that goes to social enterprises. In some cases, social enterprises are ready to take on these contracts, and social value must be embedded in procurement practices to ensure their added value is considered. However, in other markets, we need to grow the supply of social enterprises to deliver products and services. This will be an essential step to ensuring the social enterprise sector continues to expand. Ensuring continued specialist business support, education and funding is available to social enterprises is vital.



# Community shares and community ownership

**At a glance:** Giving local people genuine power and control over the assets they value is a great way of ensuring they can play an active role in how communities develop. Community shares offer a way of ensuring these groups and projects can access the finances they require. This section explains the benefits of these models and how they can be supported.

## Definition

Community shares offer an opportunity for communities to come together and fund democratically-run enterprises that serve a community purpose. They can support a huge variety of projects, ranging from local pubs at the heart of their community under threat of closure, to community energy development projects, to sports clubs or facilities and much more.

Rather than traditional forms of investment, in which large shareholders invest the majority of the money needed, and subsequently control decision-making, community share schemes are more democratically run and give greater control to the whole community of investors.

Anyone can choose to invest, and each investor has a say in the scheme's

management, no matter what the size of their investment. Because of this, community shares are a great way of funding projects with a specific community benefit in mind.

## How it builds community wealth

Community shares can play a crucial role in developing community wealth and ensuring that decision-making over the future of key community assets can be rooted in the people who use them, rather than large shareholders.

This is often the case when a key community asset is under threat of closure. For example, if a pub that provides a hub for community activity is closed, community shares offer the chance for local people to pool money and resources to keep it open.



Community share schemes are more democratically run and give greater control to the whole community of investors.

As well as protecting at-risk assets, they allow communities to develop new activities and assets and have a sense of control over the future of their local area.

The key aspect of these initiatives is that they ensure that enterprises have their decision-making process rooted in local communities. This means the impact on the local area is always prioritised, rather than solely making profit. This means that with these initiatives, the benefits for the community are maximised; jobs are created for people in the local area, profits and money are re-invested in the local area, and the social and environmental impact of the activities are always considered.

We know that these community initiatives are extremely resilient to economic challenges. The Plunkett Foundation has reported that of the 600 community enterprises it has supported in the UK, 96% are still trading – a level that is considerably higher than the wider private sector.

## Welsh context and examples

The Community Shares Wales Resilience Project is funded by the National Lottery Community Fund and delivered by Cwmpas. We help communities raise investment to protect and strengthen the things that matter to them. We have supported community projects across the country and across different sectors. Here are some examples of the amazing work community-led projects are doing across the country:

The **lorwerth Arms**, a community owned pub in Holyhead, was saved from closure and demolition through community action in 2015. It is now a successful community hub for the Bryngwran area. This year, it won the Community Impact Award at the Social Business Wales Awards.

**Awel** is a Community Benefit Society which owns and runs two 2.35MW Enercon wind turbines on Mynydd y Gwrhyd, 20 miles north of Swansea. Community energy can play a key role in achieving net zero. The model works with communities and increases citizen engagement and participation, making people active agents in how their communities change and adapt. The community energy sector is already growing in Wales, and it employed over 79 people in 2020, raised over £4.4 million in investment from community shares, and six organisations installed renewable electricity projects across the country.

## What more can we do?

While there are more and more examples of these community projects across Wales, it is the responsibility of policymakers and the public sector to ensure that they are working in the most supportive environment possible. This is so existing projects can thrive and grow, and new projects can start and make a difference in local areas across the country.

One of the key barriers for these projects is having to compete with the private sector to gain ownership of crucial community assets. While community shares offer a fantastic way of allowing groups to raise the money to own crucial community assets, groups need to be able to access funding throughout the development of their initiative so they can compete with private sector organisations. In addition, those selling these assets in all sectors need to be aware of the benefits of this model.

We also support the growing calls for the Welsh Government to legislate to ensure that communities have first refusal on these

assets when they become available. This includes land. Difficulty accessing land is a key barrier to projects like community-led housing and community energy projects. The experience of this policy in Scotland offers us a pathway, and a chance to learn and develop our own Wales-specific solutions.

A key development in this area will be that all local authorities are keen and proactive supporters of community ownership. The benefits outlined in this guide demonstrate the key advantages this model can have for places across the country and ensures that the people living in them have access to and ownership of key community assets across housing, energy, culture and many more sectors. We want this model to be a key part of local government strategies, and for community groups to be given the same level of consideration as large private sector organisations. This will necessitate groups in their developmental stage to be facilitated and supported so they can be ready to take ownership of key assets – and this is a role that local government can play.



# Circular/sharing economy

**At a glance:** The Circular Economy and the Sharing Economy are ideas that are growing in popularity, with interest from a wide variety of stakeholders. By limiting our wastefulness and ensuring everyone can access the resources they need, we can make a positive difference to the environment and people's lives. This section explains how these ideas can be developed in Wales.

An important function of the sharing economy is that it brings together or 'matches' suppliers to customers through a common platform.

## Definition

The circular economy is an economic model that recognises that we need to be more prudent and sustainable with our resources in order to prioritise the well-being of people and planet. While the current model is to take, make and waste, the circular economy is to re-use, recycle and regenerate.

According to the Ellen MacArthur Foundation, the circular economy is based on three principles:

- Eliminate waste and pollution
- Circulate products and materials
- Regenerate nature

In practice, that can come in many forms. It could be repairing and re-using products rather than throwing them away, being as efficient as possible with the materials that

we do use and aiming for zero-waste and sharing our products, so they are not going to waste and materials are not being used unnecessarily.

The sharing economy is a growing model in its own right. In a report for HMRC in 2017, NatCen Social Research defined the 'sharing economy' as economic activity facilitated by the internet, through digital platforms and applications that enable people or businesses to share, sell, or rent property, resources, time, or skills. An important function of the sharing economy is that it brings together or 'matches' suppliers to customers through a common platform. There is a growing movement to ensure that socially minded and community-led projects are at the heart of this growing sector, to ensure its benefits are maximised.

## How it builds community wealth

The circular and sharing economy can play a crucial role in making our communities more sustainable and resilient. Ensuring that we are maximising the utility of our natural resources and that we are not wasting crucial natural assets means that we can get the most benefits possible for the people in our communities and are not threatening the viability of future generations.

Ensuring that the circular and sharing economy models are owned by communities can maximise these benefits. Giving power and ownership of the platforms that facilitate the circular and sharing economy to community-led organisations or enterprises with social value embedded in their structures will mean we can all access the goods and services they offer and gives everyone in these communities a say in how their resources are used.

## Welsh context and examples

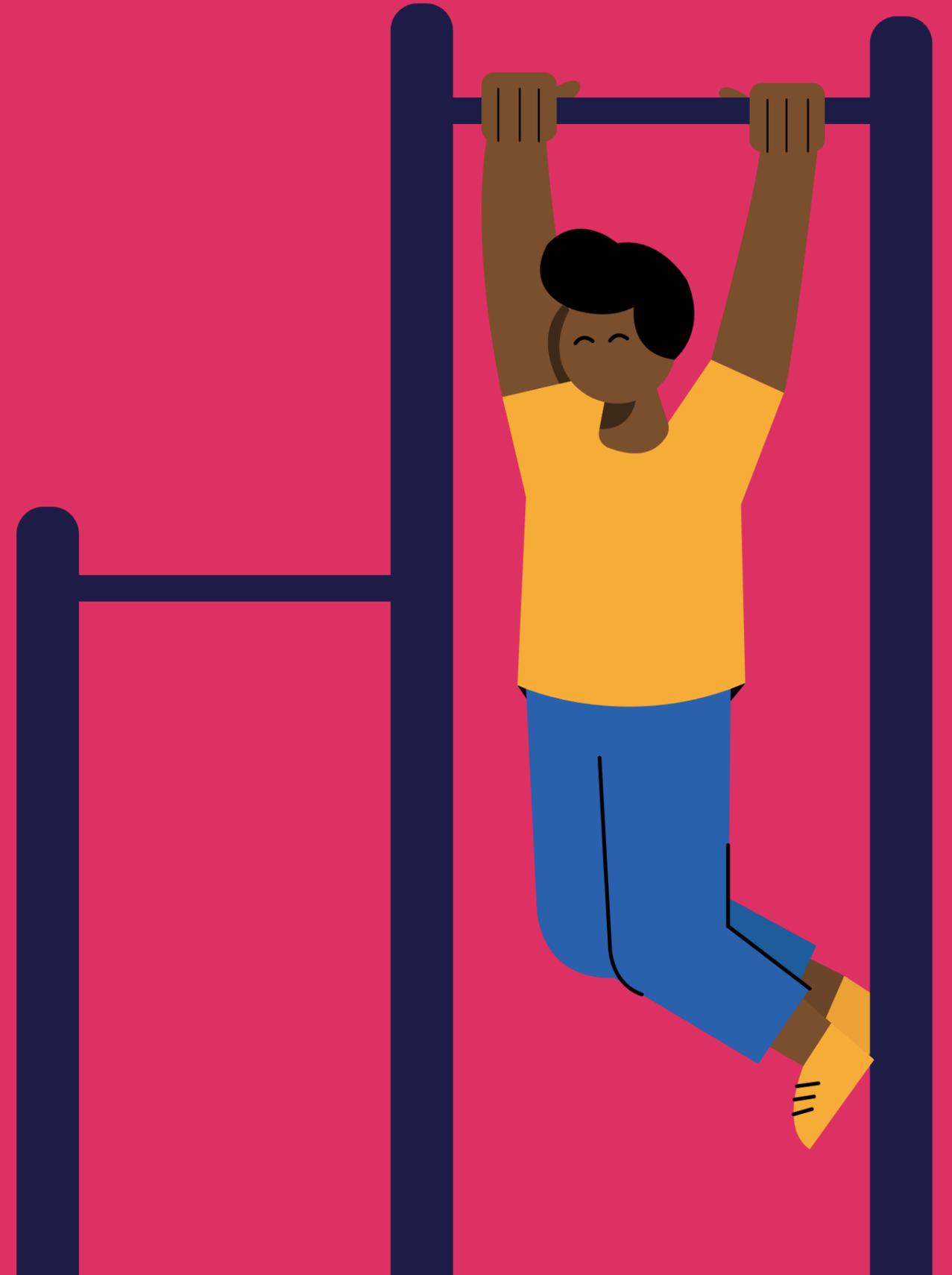
The Welsh Government published Beyond Recycling in 2021, which is its plan to make the circular economy in Wales a reality where we keep resources in use and avoid waste. In this it states, “Seeing value in our resources, and ensuring that they are re-used, reprocessed, remanufactured, and recycled, also provides skills development, employment opportunities, innovation, and wealth creation. We are already seeing the green shoots of this in the growth of the digital sharing economy, repair and remanufacturing community initiatives and businesses adopting circular economy models.”

It gives examples such as FareShare Cymru and Repair Café Wales that will support citizens from all backgrounds and income levels to have improved and more equitable access to goods and services. In response to the challenges caused by Covid-19, the Welsh Government and WRAP Cymru have supported organisations through the £6.5 million Circular Economy Fund, and this agenda has been given a further key role and investment by the Welsh Government for the coming years.

## What more can we do?

We want to support more community-led businesses, co-operatives, and social enterprises to be a part of the growing circular and sharing economy. To ensure this is possible, we need to facilitate and nurture community groups so they can reach a stage where they can launch or take ownership of platforms that facilitate sharing and ensure that everyone in our communities can access the goods and services they offer.

The sharing economy is currently dominated by many multinational corporations that are run in the interest of private profit. However, the benefits of this sector from a sustainability and well-being-perspective are maximised if it is managed with alternative economic models that embed social value. Further research and development are needed to explore how these models can grow within this sector, and we want the public sector and all layers of government in Wales to take a pro-active role in developing the funding and learning needed for this. We want Wales to be at the forefront of the co-operative, circular economy.



# What we can offer

Cwmpas delivers a range of consultancy and support services to help people and communities to set up the type of enterprises and projects discussed in this guide. We also provide advice to policymakers.

## Social Business Wales

SBW is a project which is funded by the European Regional Development Fund and Welsh Government and is delivered by Cwmpas. It is part of the Business Wales service. This project is designed to support established social businesses that are looking to expand, diversify or create more jobs, or to support those thinking of setting up a business which puts its profits towards a good cause. SBW also supports businesses to transition into employee ownership, often as part of a business succession process.

## Social Business Connect

Social Business Connect can help organisations to effectively connect social businesses into supply chains to create social impact. We specialise in supporting the social business sector in Wales and can support organisations to play their part in reaching the goals of the Well-being of Future Generations Act 2015.

## Consultancy

Our consultancy team at Cwmpas has developed a unique service to help organisations, in the public, private and third sector to maximise social impact. We can help in a number of ways, including:

- Developing a **Social Value Strategy** – Identify and map social value, identify opportunities strategically and operationally within supply chains. Connecting foundational economy businesses and social enterprises.
- Planning a **Strategic COVID recovery** – Including public service transformation, community wealth building, community asset transfer, engagement strategy facilitation, implementation, and contract management.
- **Promoting Digital Inclusion and Transformation** – Strategy development, transformation, and implementation for the public and third sector.
- Delivering the **Social Enterprise Leadership programme** – Learning and development programmes for people and organisations enabling social change through Social Enterprise Academy and Clore Social Leadership.

## Community Shares Wales

Community Shares Wales Resilience Project is funded by the National Lottery Community Fund and delivered by Cwmpas. We help communities raise investment to protect and strengthen the things that matter to them.

## Communities Creating Homes

The Communities Creating Homes project is funded by The Nationwide Foundation and Welsh Government and delivered by Cwmpas. Our project offers support and advice to new and existing organisations looking to develop co-operative and community-led housing schemes in Wales.



To discuss any of the approaches this guide or find out how we can support you, please contact Cwmpas on;

Telephone: **0300 111 5050**

Email: **info@cwmpas.coop**

Web: **cwmpas.coop**

Cwmpas (formerly known as the Wales Co-operative Centre) is a registered society under the Co-operative and Community Benefit Societies Act 2014, number 24287 R. This publication is available in Welsh. Other formats, such as large print or braille, are available on request.

We welcome correspondence in English or Welsh and aim to provide an equal standard of service in both languages.

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