

Cyflwynwyd yr ymateb i ymgynghoriad y [Pwyllgor Cyllid](#) ar [Cyllideb Ddrafft Llywodraeth Cymru 2025-26](#).

This response was submitted to the [Finance Committee](#) consultation on the [Welsh Government Draft Budget 2025-26](#).

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WG Draft Budget 25/26 – Cwmpas Response



Cwmpas Introduction

Cwmpas is a development agency working for positive change in Wales. We are a co-operative, and our focus is on building a fairer, greener economy and a more equal society, where people and planet come first.

We are the lead partner in delivering Social Business Wales, the Welsh Government's specialist support service for social enterprises, co-operatives, and employee-owned businesses. We also deliver the Welsh Government's flagship digital inclusion project, Digital Communities Wales, and community-led housing project, Communities Creating Homes.

Our consultancy team works with the Welsh Government, communities, local authorities, housing associations, universities, charities, social enterprises, and businesses in the private sector, among others, helping them to think creatively and act smartly so they can embed the kind of positive values within their operations that bring sound and lasting social and economic benefits to the communities they serve.

We have made a separate submission as part of the Social Enterprise Stakeholder Group that focuses on the development of the social enterprise and co-operative sector in Wales. This response focuses on other areas of our work.

Consultation questions

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Cwmpas has delivered a variety of projects on behalf of the Welsh Government during 24-25. This includes Social Business Wales (as lead partner in the Social Enterprise Stakeholder Group consortium), Digital Communities Wales and Communities Creating Homes, as well as short-term specific projects across a wide range of sectors.

All of these projects are part of Cwmpas' core mission to build a stronger, fairer and more co-operative economy and communities in Wales. We are proud of the impact we are having in Welsh communities. Here are two inspiring case studies of the type of work we support in Welsh communities:

Sunflower Lounge

Sunflower Lounge works with care experienced young people, care leavers and young people estranged from their families in Neath, South Wales. The young people are at the heart of everything they do. They nurture and support each young person to identify their strengths, needs and goals. Their primary objective is to support the young people through

education, into employment and living independently, feeling connected and supported within their local community.

Sunflower Lounge has received specialist advice from Social Business Wales throughout their development process, from start-up to identifying new opportunities as an established social enterprise. They have a trusted relationship with their local specialist advisor who is able to give them a reassuring point of contact, provide specialist advice from knowledge and experience gained in supporting a number of social businesses in the area, and can point them in the direction of other providers of key advice and support.

As well as this, Sunflower Lounge have been working with Digital Communities Wales. The young people they support are trained as Digital Champions, and then work with other members of the community to develop their digital skills and foster community cohesion. In addition, Sunflower Lounge are working with Communities Creating Homes to explore the potential of setting up a co-operative housing scheme for the people they support.

This is a great example of how the different elements of support Cwmpas can offer to create community-led, mission-driven solutions can come together to create a new type of economy and services with people at their heart.

Employee Ownership

This year, Wales saw its 80th business transition to employee-ownership – achieving the Welsh Government’s 2021 target to double the number of these businesses by 2026 with two years to spare. Employee Ownership Wales, part of the Social Business Wales project, provides specialist support to businesses exploring the transition to employee-ownership. Cwmpas has been supporting the development of worker-owned businesses in Wales for decades, and we are delighted to have achieved this success – safeguarding jobs, improving productivity and resilience, and creating better outcomes for workers, owners, communities and the economy.

While we are proud of the impacts we have achieved through these projects during 24-25, we are ambitious for the potential of these models to transform the Welsh economy. We want to see social enterprise become the business model of choice in Wales and to double the size of the co-operative sector as key parts of building a new wellbeing economy that puts people and planet first. We want to build inclusive communities in which everyone can get online confidently and securely, where co-operative and community-led housing models are central to building a fairer and more sustainable housing market, and where community-led and co-operative models are re-balancing the social care sector. We see significant potential for the models we support in Wales and want them to be at the heart of Welsh Government policy and investment.

Priority Areas

Digital Inclusion

Digital inclusion is about being able to access and use the internet and engage with digital technology, confidently and safely, as and when needed or wanted. These are basic

requirements for people to participate in a digital society and economy. As more of our lives move online and services become digital as standard, it is more important than ever that everyone in our communities are included. A whole range of factors impact whether an individual is able to use the internet as they want or need to.

The four main barriers to participation have been identified as cost (of data as well as devices), connectivity, motivation and skills. Some people in our communities are far more likely to be digitally excluded than others. We know that older age, low incomes and low educational attainment all correlate strongly with digital exclusion, social disadvantage, and health inequalities.

We must all take responsibility to end digital exclusion. Digital exclusion is not an isolated problem – it is one of countless challenges facing communities in Wales that have unacceptable levels of poverty. The cost-of-living crisis has exacerbated existing inequalities, and there are many stories of families needing to choose between data, heating and food.

Digital must be at the heart for our vision of a Wales that is fit for Future Generations. It is central to achieving each of the seven well-being goals within the Well-being of Future Generations Act 2015 (Wales). Health systems are increasingly moving towards digital, such as through the NHS Wales App. While there are clear advantages to this, existing digital and social inequalities risk further exacerbating health inequalities. This could result in a digital health divide and a digital inverse care law.

Younger generations need to have the practical and functional skills for using digital devices and engaging online. The education system must be at the forefront of reaching families most at risk of data poverty and digital exclusion, to enable them to have the opportunity to develop the skills and confidence they need to participate in our digital society. We understand the financial pressures faced by the Welsh Government, but now is not the time to cut back on digital inclusion.

A report published by The Good Things Foundation suggests that for every £1 invested in interventions to enable digitally excluded people to build basic digital skills, £9.48 is gained throughout the economy. This is in addition to the potential savings across health and other government departments. Money invested in a new digital inclusion programme beyond 2025 makes business sense”.

Following years of working on digital inclusion in Wales, we present five specific recommendations for policymakers:

1. Commit to six-year funding for a national digital inclusion programme that:
 - Delivers direct, targeted support to the 7% of people who are still digitally excluded, and those who do not have the five essential digital skills. Now, more than ever, it is crucial that digital inclusion is embedded into, mainstreamed and owned by organisations and communities across Wales.
 - Provides the support, collaboration, and amplification to organisations and community groups to establish a mainstreamed digital skills and inclusion agenda,

that is the responsibility of everyone in Wales. A long-term commitment to funding digital inclusion, to the benefit of all government departments, will ensure the project will be able to focus on delivery, develop relationships with key stakeholders and communities, and adapt to the evolving digital environment in a way driven by need, not funding requirements.

2. Implement the findings of the Minimum Digital Living Standard research pilot and expand to all households in Wales We need to see the implementation of the Minimum Digital Living Standard in a way that is impactful for communities and accessible for the groups and organisations that support them. No household in Wales should be below the MDLS threshold. We need effective cross-sector strategies, policies and actions that are developed together with financial and political commitment to achieve this vision. The creation of a Minimum Digital Living Standard for Wales for households with children should be a catalyst for Welsh Government to commission further research to understand the implications of the Minimum Digital Living Standard on a range of households and communities facing digital exclusion in Wales.
3. Funding of the Digital Inclusion Alliance Wales must be continued to ensure its sustainability and enable it to consider options for a transition to alternative funding sources, should that be required in future. The Alliance has been a key asset in ensuring a space for peer-networking, data gathering and experience-sharing, fostering meaningful change across sectors. It is growing to be an influential hub to support organisations, small and large delivering digital inclusion systematically across the country and we would want to see more organisations joining the network in the next phase.
4. Welsh Government should develop strategic partnerships with the technology industry to support an expanded digital Inclusion programme. Industry partners have a key role to play in supporting Wales to become a digitally inclusive nation ensuring all barriers to digital inclusion are overcome, including improving access, skills and confidence.
5. All digital transformation programmes in the future should include a percentage of their funding for digital inclusion. As we have demonstrated in this report, the business case for digital transformation requires investment in digital inclusion. Without this, it risks excluding citizens from essential services, negatively impacting well-being and increasing costs in the long run. By requiring digital transformation policy and programmes to allocate funding to digital inclusion initiatives we are ensuring inclusive practices are embedded throughout the transformation process.

Community-led and Co-operative Housing

Co-operative and community-led housing has the potential to play a significant role in transforming the housing market in Wales. In recent years we have delivered Communities

Creating Homes, a project funded by the Welsh Government and the Nationwide Foundation, to support these models in Wales.

The project offers support and advice to new and existing organisations looking to develop community-led housing schemes in Wales. Co-operative and community-led housing means bringing people together to decide what kind of homes and communities they want to live in. People with a shared vision can come together and have an influential voice. They play an essential role alongside councils, developers and investors to create affordable homes which meet local community needs.

Wales is in the midst of a housing crisis. We do not have enough affordable and social homes for people, market value housing is increasingly seen as a commodity rather than a home for life, and one-time family homes are now part of the private rental market or being used as holiday lets. When demand outstrips supply, market values and private rents increase, leaving local people unable to purchase a property – young and old alike. As a nation, we are seeing an increased cost of living, shortages in skilled labour, increased prices for building materials, delays in the planning system and increasing demand – all of which are contributing to the crisis.

Our CCH programme is a vital part of the solution. We bring communities together with local landowners, councils, investors and developers to address the specific housing needs and types of homes required by the community. This year, we supported 30 groups across Wales with the potential to develop up to 265 new affordable community-led homes. Thanks to funding from the Nationwide Foundation and Welsh Government, we provided essential support to these groups and promoted more inclusive, community-led housing solutions. We also secured a £664,000 grant from Oak Foundation to expand our work supporting underrepresented communities to explore community-led housing options. Key achievements include:

- Securing over £800k capitol grant funding from the Welsh Government for Gŵyr Community Land Trust.
- Inclusion of 'CLH as a vehicle for delivering affordable housing' in the update of Welsh Government's Planning Policy Wales.
- CLH groups secured £100k of seed funding via Perthyn small grants.
- Establishment of the Community Ownership Commission, with Cwmpas being represented as members.

Developing homes takes time. The average time from site identification to people moving in is 7 years – we need long-term investment to ensure communities can deliver the current pipeline of homes, inspire more communities to tackle their local housing shortages and build a thriving community-led housing movement that challenges the status quo and meets the needs of future generations.

The three main barriers to community-led housing we have identified are:

- Access to land/buildings

- Access to capital (seed-funding, pre-start stage)
- Lack of awareness

The key solutions to overcome these barriers are:

- Community ownership legislation as called for by several organisations including Cwmpas and the IWA, and as is being explored by the Community Ownership Commission.
- The Welsh Government should establish a Revolving Loan fund for community-led housing projects to grow the number of affordable community-led housing project and should develop a Community Wealth Fund that would support communities to develop social infrastructure.
- The Welsh Government should continue to champion co-operative and community-led housing models and set ambitious, achievable targets for the sector as part of its mission to end the housing crisis in Wales.

Support for community-level organisations

We support a variety of community-based organisations in the third sector who deliver invaluable support for communities across Wales. Organisations of this size and scale are often extremely locally-embedded, with personal relationships, networks and knowledge of their local areas, and are trusted deliverers of services in communities. Their smaller size means they have the ability to react quickly and agilely to new contexts and situations and can deliver high-quality, tailored support for the vulnerable individuals, as well as empowering communities by rooting decision-making those areas and keeping money in local communities.

We have worked to develop community-led solutions across different sectors, particularly social care, the Welsh language and digital.

Social Care

Cwmpas' belief is that genuine transformation in social care requires a community-led approach that fosters collaboration amongst people, groups and organisations.

Our innovative 'test and learn' project, 'Community-led care: solutions to social care issues' funded by the National Lottery Community Fund, put communities at the heart of the solution to the challenges facing the sector, empowering them to drive their own approach to social care in two contrasting areas. The project was rolled out in south-west Cardiff in Caerau and Ely and north-east Pembrokeshire in Newport, Crymych, and surrounding villages.

The project demonstrated that care models deeply embedded within local communities have the potential to grow organically, supported by social networks. As these networks develop, they can be maintained in the long term, precisely because they are locally owned and driven by those who contribute to and benefit from them.

We are currently seeing significant challenges to the sustainability of organisations providing preventative services in communities. Small-scale organisations are finding it difficult to

access funding and engage with commissioning processes due to limited capacity and high-demand for services.

Cwmpas' long experience of working to support community-led and co-operative models in social care has emphasised the potential for scaling this model across Wales and beyond, and the impact this would have as part of transforming the social care sector and our communities as a whole.

Perthyn

We have delivered the Perthyn project on behalf of the Welsh Government alongside partner organisations since 2022. Perthyn provides local early-stage support to our Welsh communities in the North and West who are interested in developing social enterprise ideas. The project aims to grow a number of initiatives focusing on ensuring that our language is being used and enjoyed everyday.

The Perthyn project seeks to create a strong economic base for Welsh communities by coming together to:

- Create new social and co-operative enterprises
- Help social and co-operative enterprises that already exist to realize new plans
- Create community-led co-operative housing developments
- Develop Community Land Trusts.

We have worked to create a strong economic base for the Welsh language in its heartlands by supporting communities to develop new social and co-operative enterprises, helping existing social businesses to expand, and developing community-led housing and Community Land Trusts.

Cwmpas administers the Perthyn small grant schemes, allowing communities to bid for up to £12,500 to fast-track their ideas and build the capacity to drive them forward. In the last year, Perthyn has supported 27 groups and awarded over £260k in grants – many community groups have confirmed they would not have progressed to the stage they are at now without this. The funding has been invaluable and enabled groups to obtain further, larger funding from other sources.

These community groups want to protect local assets at risk of being lost, regenerate lost assets to community ownership and ensure local people have access to affordable housing, to stay in the communities where they were raised. Most importantly, they want to protect, encourage and increase the use of the Welsh language.

Perthyn is making a real impact in the communities it supports and there is an opportunity to learn from its success. With increased and sustained investment, it could support even more

communities across Wales.

Newid

Newid promotes effective digital practices across the third sector in Wales by providing training, support, and information. This is delivered in partnership with WCVA, Cwmpas, and ProMo-Cymru, and is funded by the Welsh Government.

As a partner, Cwmpas offers a mentoring service that assists third sector organisations in assessing and understanding how to use technology to achieve their goals. Digital mentors work with organisations to explore current practices and capabilities, empower them to strengthen their digital culture, and guide them in identifying the right solutions and practical strategies for successful implementation.

The Newid project follows an iterative process, learning from the organisations it supports and developing tailored approaches that address the current priorities affecting social enterprises, charities, and third sector organisations. Cwmpas aims to build strong digital foundations for organisations, ensuring a thorough review of current practices before pursuing any transformative digital ambitions.

In Year 2 of the project, Newid engaged with 46 organisations. A significant proportion of these organisations lacked a current business or digital marketing plan. Our goal is to provide tailored support, helping them revisit their core mission and establish clarity and digital alignment around the key areas of People, Process, and Purpose for each venture.

In Year 3 of Newid, Cwmpas aims to provide practical digital guidance to third sector organisations, offering straightforward processes to gradually embed effective digital practices. The goal is to cascade awareness to enhance efficiency, improve audience engagement, and build digital confidence across the sector, enabling organisations to adapt to an ever-evolving digital landscape.

National Insurance Contributions

We also re-iterate our concerns regarding the impact of the rise in employer National Insurance Contributions (NICs) will have on the sector. These organisations are key to the creation of jobs, often for those furthest from the labour market, and in areas of least economic activity. We urge the UK and Welsh Governments to consider how smaller organisations that deliver essential public services can be supported to cope with this additional financial burden.

WG Draft Budget 25/26 – SESG Response

Introduction: The Social Enterprise Stakeholder Group

The Social Enterprise Stakeholder Group (SESG) is passionate about the potential of social enterprise to transform the Welsh economy. Our members are Cwmpas, Social Firms Wales, DTA Wales, UnLtd and WCVA.

In 2020, the SESG published its ten-year Vision and Action Plan, [Transforming Wales through Social Enterprise](#), which seeks to make social enterprise the business model of choice in Wales by 2030. The SESG has come together as a consortium to deliver Social Business Wales, the Welsh Government's flagship specialist support service for social businesses, and is working strategically to make Wales the best place to start and grow a social enterprise. We recently published a [progress report](#).

Consultation questions

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

The Social Enterprise Stakeholder Group, which includes Cwmpas, Social Firms Wales, Development Trust Association (Wales), WCVA and UnLtd, secured £1.5m from Welsh Government to develop the social business sector within Wales this year. The funding has allowed us to deliver Social Business Wales, as part of the Business Wales family. The new stage of the project began in May 2024.

In addition, the Employee Ownership Wales project, part of Social Business Wales has supported businesses to transition to employee ownership – safeguarding jobs and rooting businesses in local economies, with benefits for worker engagement and conditions, productivity and economic resilience. This year we exceeded the target set by the Welsh Government in 2021 to double the number of employee-owned businesses in Wales by 2026.

The social business sector has faced unprecedented challenges over the last few years, with the pandemic, cost of living and energy crisis. With the end of large-scale investment into the sector from European structural funds, we have worked hard over the last 12 months to maintain investment into the sector.

Given the challenging economic and financial contexts, we are delighted to have come together as a consortium to work strategically and deliver this essential service for the sector and the wider Welsh economy.

In October, we celebrated the sector at the 2024 Social Business Wales Awards and Conference. The Award winners came from across Wales and a variety of different sectors:

Social Enterprise of the Year: Community Impact Initiative

The Community Impact Initiative CIC buys and regenerates long-term empty properties, teaching new skills and providing employment to disadvantaged communities - boosting wellbeing and empowering people to achieve recognised qualifications.

The renovated properties are either sold with the profits reinvested into community activities, or used in partnership with local authorities to house vulnerable people.

Social Enterprise Building Diversity, Inclusion, Equity & Justice: Grange Pavilion

Grange Pavilion Youth Forum boosts opportunities for young people in a disadvantaged area by providing environmental, academic, arts, crafts and sports activities, as well as skills training and qualifications to help them get into the hospitality industry.

Their youth workers provide weekly activities, including street games and environmental awareness.

Community-based Social Enterprise: CAIS Social Enterprises and St Giles Cymru

CAIS Social Enterprises is the trading arm of a charity aiming to improve nutrition and break the poverty cycle for people affected by addiction, mental health issues, unemployment and/or caught in the cycle of the criminal justice system.

St Giles Cymru is an award-winning social justice charity, aiming to build inclusive communities where people facing the greatest adversity have a voice and opportunities for a positive future.

The social supermarket Y Pantri, a joint partnership between St Giles Cymru and CAIS Social Enterprises, has provided subsidised food (including 14,672kg of food saved from landfill) to 453 local people and families affected by socio-economic circumstances.

One to Watch: Down to Zero

Down to Zero delivers community-led environmental activities, tackling climate change and championing the low-carbon green economy - including a low-cost vegetable subscription service, developing and selling sustainable charcoal fertiliser, and education and training.

Social Enterprise Innovation: Qualia Law

The only non-profit in the UK providing court of protection deputyship by qualified and regulated solicitors, Qualia Law CIC delivers a subsidised, or pro bono, service to protect the most vulnerable in society.

A court of protection deputy is an individual appointed to act for those who cannot make decisions on the management of their affairs.

Qualia Law also provides free training and information for families, carers and the public sector.

This is just the beginning of the extent and impact of the sector in Wales. It is a strong, optimistic and passionate sector determined to find entrepreneurial solutions to challenges facing Welsh communities. The support provided by Social Business Wales expert advisors is key to facilitating the development of this sector be as effective and impactful as possible.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

The most recent mapping of the social enterprise sector in Wales in 2022 found that businesses were broadly optimistic about their growth prospects over the next three years, with 69 percent of businesses expecting their turnover to increase and 63 percent expecting their profit to increase. Many businesses said they planned on achieving this increase through business growth activities such as attracting new customers or clients (81 percent) or developing new products or services (60 percent).

There is no doubt that there have been considerable challenges for the sector in recent years. Austerity has meant a challenging funding environment at the same time as increased demand for services, which has been compounded by the rising cost of living, energy costs, and the loss of

European funding. Despite this, the sector has demonstrated remarkable resilience and determination to develop their work to answer challenges facing communities.

After more than a decade of austerity, we welcome the shift towards public investment in this week's UK Government budget. Communities in Wales are still suffering from high levels of poverty and exclusion, and increased investment is essential to ensuring a just transition to an equal, prosperous, net-zero Wales.

Social enterprises and community-owned businesses have, wherever possible, stepped in to provide vital services and create good, well-paying jobs during the challenging periods we have been through. It is important that not only are they supported to handle increased costs arising from the budget but that there is a clear strategy for the sector to benefit from the increased investment that has been announced. In particular, the rise in employer National Insurance Contributions (NICs) will have a high impact on social enterprises that are key to the creation of jobs, often for those furthest from the labour market, and in areas of lowest economic activity.

For Wales, it is essential we use the largest real-terms funding increase since devolution to build a stronger, more resilient economy that prioritises the well-being of our communities and takes pressure off public services in the long-run. We will do this by supporting the development of social enterprise, co-operative and community-owned solutions.

3. What action should the Welsh Government take to:

– help households cope with inflation and cost of living issues;

Community-based social enterprises are delivering essential work to support communities struggling with the cost of living crisis. We recently responded to the Equality and Social Justice Committee's inquiry on fuel poverty highlighting the work of community energy projects in both re-balancing the energy market in the longer-term and supporting people in their communities to be more energy efficient and save money on heating their homes in the shorter-term. Community-based social enterprises are well-placed to find innovative solutions to these multiple crises because they are embedded in their local areas, are trusted deliverers of essential work and can be agile to respond to challenges as they emerge.

As well as being part of fundamentally restructuring how our economies work and supporting community wealth building, they are already having a major impact on people's lives in the short-term, and must be supported as part of the solution to the challenges identified.

Case Study: Datblygiadau Egni Gwledig

There are many examples in Wales of community energy projects that are creating huge social value and improving the lives of individuals most at-risk of fuel poverty. [Datblygiadau Egni Gwledig](#) were recently nominated for the Social Enterprise in the Community Award at the Social Business Wales Awards 2024.

DEG is an award-winning social enterprise supporting community-led action across northwest Wales. They aim to increase their area's ability to cope with the rising cost of fossil fuels and improve the natural environment whilst supporting communities to transition to zero carbon.

Their work provides communities with the confidence, knowledge and ambition to take ownership of their future:

- Reducing energy use, fuel costs and dependence on unsustainable fuels
- Strengthening the local economy
- Generating sustainable electricity and heat

The [Prosiect Sero Net Gwynedd](#) initiative was launched in March 2022.

The ambitious project is a partnership between many organisations, ventures and businesses from all corners of Gwynedd, namely DEG, Cyd Ynni, Partneriaeth Ogwen, Yr Orsaf, MaesNi, YnNi Llŷn, Adra Housing Association, Grŵp Cynefin, and Grŵp Llandrillo Menai.

There are many strands to the project which all work towards decarbonising Gwynedd's housing stock, creating local jobs in the green economy, and helping families across Gwynedd use energy in a more efficient way. These include establishing an innovative training hub for upskilling on new technology e.g. installation of heat pumps, assessment of community buildings, and employing Community Energy Officers who offer energy advice and ensure residents are on the correct energy tariffs. The energy officers are trained to offer advice about insulation, draught proofing, and how to use energy in a cost-efficient way so that residents spend less on energy bills.

The aim with Prosiect Sero Net is to help Gwynedd on the march towards net zero, helping residents whether people are privately renting, living in social housing or an owner-occupier.

As we head towards 2030, the project will help as many people as possible to reduce their carbon emissions – but more importantly, will be helping people with the costs associated with becoming carbon neutral.

– address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

Co-operatives, community ownership and social enterprise embed the principle of local empowerment into economic development. What works in one part of Wales will need to be different in another part of Wales because of the specific contexts, strengths and challenges which are heterogeneous across different communities.

The key principle needed to transform local economies is empowering communities to develop their own ideas and solutions using their own strengths, assets, innovation and entrepreneurialism. This is done by investing in anchor institutions and social and democratic businesses in local supply chains that keep decision-making and wealth rooted in local communities.

There is significant evidence that these businesses create better outcomes for workers, the wider economy, communities as a whole and the environment. Cwmpas has published a [Guide to Building Stronger Local Economies](#) which highlights how the principles of employee ownership, the foundational economy, social value, social enterprise, community ownership and the circular economy can work together to build community wealth and support local economic development that prioritises people and planet.

Putting these principles, ideas and models of development at the heart of Wales' economic strategy will be essential to building a wellbeing economy and supporting positive economic development that is redistributive, regenerative and sustainable. The Welsh Government should invest in ensuring opportunities for new social enterprise, community-owned or co-operative businesses are pro-actively fostered and nurtured. We should be looking to support the development of social

enterprises with high growth potential that can become new anchor institutions that are financially successful and job-creating while ensuring that profits are kept in Wales and re-distributed.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

As discussed, the Welsh Government's flagship business support programme for social enterprise, Social Business Wales, has been delivered by the Social Enterprise Stakeholder Group as a consortium. Since April 2023, the programme has helped 130 new start social enterprises to incorporate and start trading, and provided support to 333 already established social enterprises.

To supplement the delivery of Social Business Wales, Cwmpas accessed additional funding from the UK Shared Prosperity Funding to provide additional support in Carmarthenshire, Pembrokeshire, Powys, Ceredigion, Caerphilly, Anglesey and Gwynedd.

Specialist business support for these enterprises has been identified by the businesses themselves as being crucial to their growth. Independent evaluation has highlighted a need for specialised support for the social business sector, recognising the multi-stakeholder environments and specific legal, constitutional and financial arrangements that have wide-reaching implications for the successful operational of social businesses.

The key requirement is that 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. This specialist support must be available to social businesses at all stages of the business cycle, from support to nascent entrepreneurs to established firms who are seeking to export or work across borders.

5. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

To effectively tackle climate change and support a just transition to net zero, and to reverse the trend of decline of nature in Wales, we need to fundamentally transform how we manage our communities and how our economy works. We cannot chase growth and profit for its own sake at the cost of depleting vital green spaces and harming our environment. We must look to create sustainable local economies that prioritise the well-being of communities and the planet.

Social enterprises are a proven way of doing this. The triple-bottom line embedded in their business models mean impact on the environment is at the heart of what they do as they regenerate and strengthen local economies and create high-quality jobs. It is clear that social enterprise can play a vital role in protecting the environment and revitalising nature, engaging communities in finding and implementing the solutions needed to do this, and transforming the wider economy to be more sustainable and nature-friendly.

Case Studies

Creating Enterprise won the Social Enterprise Innovation of the Year Awards at the 2023 Social Business Wales Awards – they are an award-winning building and maintenance contractor based in North Wales with plans to build energy efficient, carbon-zero homes whilst employing the people supported by Cartrefi Conwy. On top of their work leading the way on creating a sustainable

construction industry, they engage the local community with nature by conducting family nature walks in the local area.

Câr-Y-Môr is a pioneering project that exemplifies the potential of the CBS model. It was established in 2019 as a community benefit society operating a Regenerative Ocean Farm, growing seaweed and shellfish and is based at Clegyr Uchaf, St Davids, Pembrokeshire. Two trial farms are located just off the coast near St Davids, at Porthlysgi and Carnarwig. It is the first commercial seaweed and shellfish farm in Wales. They have two main aims:

- To improve the coastal environment through regenerative ocean farming, and;
- To improve the wellbeing of the local community through job creation, supply of fresh local seafood, and environmental restoration.

They are already making a huge impact. Câr-y-Môr was named as the Social Enterprise of the Year at the Social Business Wales Awards 2023, after the judges were impressed with their commitment to making a positive impact on the Welsh coastline and the local community, and their innovative approach to running a business that puts people and community at its core.

Here are our recommendations for the Welsh Government to ensure this sector develops even further in Wales:

- Make social enterprise and community ownership the business model of choice in Wales as a central part of the mission to secure a just transition to a sustainable and nature-friendly economy.
- Promote the community ownership of land and spaces for nature and facilitate this through legislation, learning from experiences in England and Scotland, as well as providing and expanding accessible finance for the whole start-up process and providing specialist support from ideation to ownership and management
- Expand specialist support to social enterprises to grow and maximise their impact across different sectors, whether to expand into providing services related to the renewal of nature or embedding sustainable practises across economic sectors
- Embed a well-being economy approach across economic development policy, ensuring that the well-being of people and planet is at the heart of the economic agenda.

Responsibility for halting the nature emergency and creating an environmentally-sustainable economy lies with all government departments, and the Welsh Government and public bodies should be mandated to pro-actively explore how it can play a key role as anchor institutions in the mission of transforming our local and national economies.

7. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

– Is the Welsh Government’s approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

We are seeing many established social entrepreneurs with proven systemic models struggle to scale or even maintain their services to the challenging economic climate, lack of investment and

commissioning/procurement practices that exclude them or make continuation extremely challenging. We would like to draw attention to the example Community Wellness, at Cefn Mawr, Wrexham.

“Every week at Community Wellness, at Cefn Mawr, we have been supporting a community of people to improve their mental wellbeing. Many of the people we see are, or have recently been, in crisis. People referred to us by their local GP surgery, who tell us that, without Community Wellness, they would be on a waiting list, waiting for vital mental health support.

Despite this urgent need, we find ourselves once more without the funding to carry on. We have been extremely grateful to Wrexham Council for supporting Community Wellness and our team to come to the George Edwards Hall over the last few months, through the UKSPF – Levelling Up fund. Unfortunately, that funding stream is now coming to an end, which means that our sessions at Cefn Mawr will also cease at the end of November 2024.”

More information here: [Urgent Appeal: Help Keep Community Wellness Alive for Those in Crisis – Community Wellness](#)

Investing in community-based social enterprises is preventative investment that improves wellbeing and takes pressure off public services in the long-run. Creating a strong ecosystem of these organisations is the type of investment that is needed to create a wellbeing economy that facilitates effective, sustainable communities and services. At the moment, organisations with proven impact are unable to interact with funders and public bodies effectively to access commissioning and grant funding – with stories from across Wales of organisations completely disengaging with these processes, not gaining investment from intensive processes, and ultimately not being able to operate as efficiently, or at all. Ensuring effective preventative spending in these sectors is essential.

– Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?

Through Social Business Wales we provide high-quality specialist support to many organisations operating in the third sector and individuals looking to start new social enterprises. The team is made up of specialist business support providers who have supported the launch and development of hundreds of social businesses in Wales over many decades.

As the Social Enterprise Stakeholder Group delivering this service as a consortium, we are seeing extremely high levels of demand for the service. Predominantly this is coming from people coming to us with new ideas to support the development of social enterprise solutions to challenges we are seeing in our communities, such as the cost-of-living crisis and the impact of long-term austerity on public services. It is clear that communities are developing new, innovative solutions to these challenges, as well as high levels of innovation and development of new goods and services by existing social businesses, as identified in the most recent Social Business Wales mapping exercise published in 2023.

We would welcome the opportunity for further investment in capacity to ensure that it can continue to meet the demand we are seeing, as well as investment in a market development function to identify new opportunities for social enterprise models. We are working together strategically to achieve the ambition of the Transforming Wales through Social Enterprise Vision and Action Plan, published in 2020, which aims to make social enterprise the business model of choice in Wales by

2030. We recently published a progress report, highlighting the growth of the sector since 2020 and the next steps to kick-start its growth.

One key way to support the sustainability of smaller organisations in the third sector would be making it easier for organisations to engage with procurement, commissioning, and applications for grant funding. Many social enterprises and third sector organisations are small, which creates specific benefits for communities. Small community-based organisations are often extremely locally-embedded, with personal relationships, networks and knowledge of their local areas, and are trusted deliverers of services in communities. Their smaller size means they have the ability to react quickly and agilely to new contexts and situations and can deliver high-quality, tailored support for the most vulnerable individuals.

However, they are often unable to engage with or are even excluded from commissioning or financial support because of the complexity of the application processes. This challenges both the short-term and long-term sustainability of this type of organisation. Supporting these impactful, small-scale organisations through the commissioning process should be a priority for the support available for the third sector.

– What are the key opportunities for the Welsh Government to invest in supporting an economy and public services that better deliver against the well-being goals in the Wellbeing of Future Generations (Wales) Act 2015?

The social enterprise sector represents a critical opportunity for the Welsh Government to deliver against the well-being goals in the Well-being of Future Generations (Wales) Act 2015. Social enterprises—businesses with a triple-bottom line model of people, profit and planet —are uniquely positioned to align with the Act’s objectives of promoting sustainable development.

Economic Resilience and Fair Work

The Act’s goal of fostering a **prosperous Wales** emphasizes the need for an innovative, productive economy generating employment opportunities. Social enterprises contribute to this by prioritizing community wealth-building and local economic resilience. By reinvesting profits into their missions, they support inclusive job creation – Social Enterprise UK recently published, in partnership with the Living Wage Foundation, a report that delves into the quality of employment created by social enterprises compared to the wider business community. 84% of social enterprises report paying the real Living Wage – that’s 8 in 10 social enterprises compared to an estimated 1 in 9 employers across the wider economy.

Our research has found that 22% of employers who had taken on new employees in the last 12 months reported that these included individuals who were unemployed immediately before taking up the post. This reinforces the sector’s role in providing employment opportunities for individuals who are further away from the labour market. Furthermore, the data suggests that social businesses are good local employers, with 78 percent of businesses’ workforce living within 10 miles of their workplace.

Social enterprises come in all shapes and sizes, from large multi-million pound organisations to smaller organisations creating key opportunities in communities.

Equality and Community Cohesion

A **more equal Wales** is central to the Act, and social enterprises are instrumental in tackling systemic inequality. Social enterprises are well-represented in disadvantaged areas, providing essential

services like childcare, healthcare, and financial inclusion as well as creating employment opportunities and bringing in and keeping money in local communities. Their grassroots nature enables them to address local needs effectively, reducing inequalities in access to opportunities and resources. Initiatives that support vulnerable people are tangible examples of how social enterprises enhance inclusivity while fostering cohesive communities.

Environmental Sustainability

The Act's vision of a globally responsible Wales and a resilient Wales calls for urgent action to tackle climate change and protect ecosystems. Social enterprises lead the way in environmental innovation. For instance, enterprises focusing on renewable energy, sustainable agriculture, and waste reduction help mitigate environmental challenges while creating green jobs. These initiatives demonstrate how the sector contributes directly to reducing Wales' carbon footprint and enhancing biodiversity, ensuring long-term environmental resilience.

Cultural Vibrancy

Social enterprises also align with the goal of a Wales of vibrant culture and thriving Welsh language. Many promote Welsh culture, heritage, and language through community arts projects, tourism, and educational programs, with 41% identifying promoting culture, heritage and the Welsh language in the most recent mapping of the sector. By fostering cultural awareness and pride, they contribute to a vibrant, inclusive national identity.

Innovating for Systems Change

What sets social enterprises apart is their ability to pioneer systems change. They operate at the intersection of business, public services, and civil society, bridging gaps that traditional sectors cannot address alone. By embracing participatory governance, co-production, and collaborative approaches, social enterprises embody the principles of long-term thinking and prevention central to the Act. Their success stories provide blueprints for transforming public services and fostering greater civic engagement, filling the implementation gap between policy and impact.

Strategic Policy Alignment

By supporting the growth of social enterprises through targeted funding, capacity-building, and integration into public procurement strategies, the Welsh Government can harness the sector's transformative potential to achieve its well-being goals. Social should not be an add-on to mainstream government policy but indispensable partners in building a sustainable, fairer Wales for future generations.