



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Menter a Busnes **The Enterprise and Business Committee**

Dydd Iau, 2 Chwefror 2012
Thursday, 2 February 2012

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Procedural Motion

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal,
cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, an English translation of Welsh speeches is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Byron Davies	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
Julie James	Llafur Labour
Alun Ffred Jones	Plaid Cymru (Cadeirydd dros dro y Pwyllgor) The Party of Wales (Acting Committee Chair)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
David Rees	Llafur Labour
Joyce Watson	Llafur Labour
Leanne Wood	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Lis Burnett	Cynghorydd Arbenigol i'r cyn-Bwyllgor Menter a Dysgu a Phennaeth Canolfan Entrepreneuriaeth Gymdeithasol Prifysgol Morgannwg Expert advisor to the former Enterprise and Learning Committee and Head of the University of Glamorgan's Social Entrepreneurship Hub
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Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Sarah Bartlett	Dirprwy Glerc Deputy Clerk
Gwyn Griffiths	Uwch-gynghorydd Cyfreithiol Senior Legal Adviser
Siân Phipps	Clerc Clerk
Ben Stokes	Y Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 1.32 p.m.
The meeting began at 1.32 p.m.

Ethol Cadeirydd Dros Dro
Election of a Temporary Chair

[1] **Ms Phipps:** Prynawn da. As clerk of the Enterprise and Business Committee, and under Standing Order No.17.22, I call for nominations for a temporary Chair for this afternoon's meeting.

[2] **Keith Davies:** Enwebaf Alun Ffred **Keith Davies:** I nominate Alun Ffred Jones.
Jones.

[3] **Ms Phipps:** Diolch. I see that there are no more nominations. I therefore declare that Alun Ffred Jones has been duly appointed temporary chair, and invite him to open the meeting.

[4] **Alun Ffred Jones:** Diolch yn fawr i chi am y fraint. **Alun Ffred Jones:** Thank you very much for the honour.

*Penodwyd Alun Ffred Jones yn Gadeirydd dros dro.
Alun Ffred Jones was appointed temporary Chair.*

1.33 p.m.

Cyflwyniad, Ymddiheuriadau a Dirprwyon Introduction, Apologies and Substitutions

[5] **Alun Ffred Jones:** Croeso i'r Aelodau, y tystion a'r cyhoedd i'r cyfarfod. Bydd y cyfarfod hwn yn ddwyieithog ac mae clustffonau ar gael i glywed y gwasanaeth cyfieithu ar y pryd o'r Gymraeg i'r Saesneg ar sianel 1, a gellir chwyddo'r sain drwy wrando ar sianel 0. Bydd cofnod ysgrifenedig o'r cyfan a ddywedir yn gyhoeddus. Atgoffaf bawb i ddiffodd eu ffonau symudol ac unrhyw ddyfais electronig arall. Nid oes angen cyffwrdd â'r meicroffonau, ac nid ydym yn disgwyl ymarfer tân, felly os bydd argyfwng, dilynwch gyfarwyddyd y tywysywr. O ran ymddiheuriadau, nid yw Nick Ramsay yma—dyna pam rwyf i'n cymryd ei le—ac mae Ken Skates yn mynd i fod yn hwyr. Nid oes dirprwyon, felly symudwn ymlaen i'r ail eitem.

Alun Ffred Jones: Welcome to Members, witnesses and members of the public to the meeting. This meeting will be bilingual and headphones are available to listen to the simultaneous translation from Welsh to English on channel 1, and channel 0 provides amplification. A transcript of everything that is said publicly will be produced. I remind everyone to switch off their mobile phones and any other electronic devices. There is no need to touch the microphones, and we are not expecting a fire drill, so if there is an emergency, follow the instructions of the ushers. As far as apologies are concerned, Nick Ramsay is not here—which is why I am standing in—and Ken Skates is going to be late. There are no substitutions, so we will move on to the second item.

Sesiwn Ddilynol ar Rôl Mentrau Cymdeithasol yn Economi Cymru Follow-up Session on the Role of Social Enterprises in the Welsh Economy

[6] **Alun Ffred Jones:** Yr ydym yn falch iawn o groesawu Lis Burnett, cynghorydd arbenigol i'r Pwyllgor Menter a Dysgu blaenorol, a phennaeth canolfan entrepreneuriaeth cymdeithasol Prifysgol Morgannwg. Croeso mawr i chi, Lis. Mae Lis yn mynd i roi cyflwyniad i ni ar y maes. Mae gennych nodiadau sy'n amlinellu argymhellion y cyn-bwyllgor, ac wedyn bydd cyfle i chi wneud sylwadau a phenderfynu beth fydd y pwyllgor yn ei wneud, os unrhyw beth o gwbl, ynglŷn â'r adroddiad hwn, yn wyneb y sylwadau. Croeso mawr, Lis.

Alun Ffred Jones: We are very pleased to welcome Lis Burnett, an expert adviser to the former Enterprise and Learning Committee, and head of the University of Glamorgan's social entrepreneurship hub. A very warm welcome to you, Lis. Lis is going to give us a presentation on the field. You have notes that outline the former committee's proposals, and you will then have an opportunity to make comments and decide what, if anything, the committee wants to do about this report, in view of the comments. A warm welcome to you, Lis.

[7] **Ms Burnett:** Good afternoon, and thank you for inviting me back to revisit the outcomes and recommendations from the Enterprise and Learning Committee report. I am passionate about this topic, and I hope that you will share my enthusiasm. I have prepared a

brief background paper on the recommendations as they were, the response of the Welsh Government, and what has happened since—as well as areas committee might want to look at and review.

[8] In effect, the report, which is still available, looked at four main areas. It was quite a comprehensive review, which first of all looked at what a social enterprise is, and what they mean from a Welsh perspective. It looked at how we identify and support social enterprise, and what its potential is. We explored the existing Welsh Government strategy and the potential of the sector in a range of areas, whether or not the committee felt that it was a truly viable alternative to the purely economic business models that most people are used to. If it was seen as a completely viable alternative, then what were the challenges facing social enterprise in Wales in terms of achieving the potential?

[9] To go back through some of those areas, there is a lack of understanding in Wales about exactly what a social enterprise is, and where we find them. Even the previous committee talked quite a lot about social enterprises existing in places where the market had failed, as if they were voluntary organisations that do a bit of trading. There was a feeling that we had to move away from that perspective, and see them as just as much a business as any mainstream business.

[10] There was not really a feel for how people come into social enterprise, how they move through, and how they grow social enterprises in the same way that we understand that of mainstream business. There was talk of the ministerial advisory group looking into it, and it would be interesting to know if that happened, and whether that evidence is now available. In terms of Welsh Government strategy, I mention in the background paper that there was a whole range of activities proposed in its response, but we do not have the outcomes of those. If the committee was interested in more evidence on social enterprise, it might be worth looking back and seeing exactly what happened, and where we are to date.

[11] We are about a year on from the publication of the report. The main body of the report looked at the potential of the sector and what it is capable of doing, and felt strongly that the sector was not just something to mop up bits and pieces of public services, but something that actually presented an opportunity for innovative, quality delivery of public services in Wales, as a true, viable alternative to mainstream business. We know that, in Wales, we have thriving social enterprises in particular areas. I am thinking, for example of co-operatives and the success of the Wales Co-operative Centre. Perhaps some of you were at the thirtieth anniversary celebrations held here a couple of weeks ago. Some excellent stuff is being done in supporting co-operatives. We have very strong social firms in Wales, as well as development trusts—places like Galeri in north Wales, and Blaengarw development trust, which is doing some really good stuff on time banking in the Valleys near Bridgend. We have some pockets of excellent practice as things stand, but we need to understand whether that covers all sectors at the moment. There are quite huge gaps in the diversity of social enterprises in Wales and they tend to be focused on particular areas. The committee may be interested in looking at how the sector reaches its potential.

[12] There has been mention—and this is current—of a co-operatives Bill from a UK Government perspective in order to consolidate and simplify legislation. There are about 17 pieces of legislation going back to the 1600s, so it is quite complicated for people to establish co-operatives and mutuals. From a Welsh perspective, things are probably easier because of the support of the Wales Co-operative Centre. It would be interesting to see whether co-operatives in Wales have a different experience of becoming established to those elsewhere in the UK. If that is an example of best practice, that could perhaps be developed into other areas of social enterprise.

[13] One huge area that was discussed by the committee was that of public service

delivery. I mentioned earlier the fact that social enterprises are viewed as an innovative quality option for public service delivery. There is a great deal of discussion at the moment about what public services will look like in five or 10 years' time. One big question is whether we have the capacity within our social enterprise sector to step up to the mark, and therefore there may be a question of what needs to be done if we do not have that. Again, that comes back to diversity, whether we have covered all sectors and whether we have the organisations that can deliver those public services.

[14] It was interesting to see the Welsh Government's response with regard to support through our education system for social enterprise and the fact that universities, further education colleges and schools are all involved in enterprise activities, which includes social enterprise. However, in digging into that a bit further, it was interesting to see that most careers advice and work experience was purely reactive. Therefore, if young people did not know about social enterprise, it was not presented to them as an option. It might be interesting to see what the view of young people is with regard to enterprise education and whether they understand social enterprise. If you do not know about it, how can you take it up?

[15] We looked at what a social enterprise is, the current Welsh Government strategy and the potential of the sector. The final area we looked at was the challenges facing the sector in Wales. One big challenge is evidence. What evidence base do we have for policy and decision making? It was interesting to see the Welsh Government's response that it goes to third sector research centres, both of which are in England. There is research ongoing in Wales, but perhaps there is a question there. The social enterprise sector in Wales looks very different to that in England. There were some reports about to be published. Perhaps it is worth while looking at the evidence base to see whether there needs to be a Welsh evidence base for social enterprise.

[16] One of the recommendations the committee made, which the Welsh Government disagreed with, was to move social enterprise from the social justice and local government portfolio, as was, into the business and enterprise portfolio. The subsequent election and new term provided an opportunity for that to happen, and it has. It might be of interest to the committee to explore the difference that has made. Has it made a big difference? Anecdotally, we have seen that many initiatives—what would have been termed 'mainstream' initiatives—now include social enterprise. So, the economic growth fund is now an economic growth fund that mainstream and social enterprises can apply to. It is early to start looking at that, but there might be some view from within the sector as to whether or not it feels different, whether procurement is starting to look more effective and skill development is starting to be more open and whether they feel more included in the mainstream enterprise sector.

1.45 p.m.

[17] That inclusion in the sector always raises the old argument that social enterprise is different. It is different in as much as it is a hybrid business model and people are as keen to deliver their social mission as they are to deliver their business goals. That creates a balancing act that they have to achieve. So, when you are going for growth, it might be that you do not go for as much growth as you might normally with a mainstream business—you are not going to go for the financial jugular of your customers; you will try to balance that with your social mission. If people are trying to achieve this hybrid business model, does that mean that some of the mainstream provision is not quite as relevant to them—for example, if they have ex-bank-manager business advisers who cannot understand their need to achieve this balance? Is that a problem for them? It might be simpler to ask, 'Has the move started to make a difference to you and is it meeting your need? Is the access to skill development that you are getting right for you? Is access to procurement opportunities and training right for you?' We are talking about those sorts of issues. That might be relevant to you.

[18] The big issue is whether this is about the economic outputs of the sector. How do they grow? How do we help social enterprises to grow in the way that is right for them? You cannot normally identify them at the start-up stage, because that is when they tend to be mostly concerned with their social mission; they do not tend to think about growth at that level. So, are we identifying them and helping them to move through that pathway most effectively to deliver against their potential? In effect, that is to ask, ‘What is a social enterprise? What is our strategy and what is the potential?’ I believe that the potential is huge. We must also ask what challenges we need to help them to overcome.

[19] **Alun Ffred Jones:** Diolch am y sylwadau hynny. Yn gyntaf, hoffwn ofyn i aelodau'r pwyllgor ofyn cwestiynau neu wneud sylwadau ar yr hyn y maent wedi ei glywed. Yna symudwn ymlaen i ofyn a ydych am ddilyn hyn ymhellach ac, os felly, sut ydych yn dymuno gwneud hynny—er enghraifft, a ydych eisiau mynd ar ôl unrhyw agweddau arbennig ar yr adroddiad? Fodd bynnag, dechreuwn gyda chwestiynau neu sylwadau ar y cyflwyniad.

Alun Ffred Jones: Thank you for those comments. First, I would like to ask committee members to ask questions or make comments on what they have heard. We will then move on to whether you want to pursue this further and, if so, how you wish to do so—for example, do you want to cover any particular aspects of the report? However, we will begin with questions or comments on the presentation.

[20] **Leanne Wood:** Thank you for that information. I was not a member of the previous committee that looked at this, so I am not familiar with the detail of the work. Could you address the issue of low rates of business start-ups in Wales? Do you think that social enterprise could be offered as an alternative? I am not sure why we have such low business start-up rates in Wales—I probably have some ideas, but I will not go into those now. However, if it relates to not wanting to take risks or not wanting to be a boss, it strikes me that social enterprises and co-operatives could be an alternative. Would that necessarily mean worker ownership and control, or can you have a variety of different ownership and control models within a social enterprise?

[21] **Ms Burnett:** I might have to come back to you for a reminder of those questions. There are a range of factors that relate to why people go into business in Wales and why they might not. The Global Entrepreneurship Monitor has explored an awful lot of that. There was an interesting report called ‘The Collective Entrepreneur’ by Kevin Morgan and Adam Price. It talked about the cultural aspect that we may not be used to being entrepreneurs. There are also aspects to do with role models and that sort of thing.

[22] The evidence suggests that, quite often, when people do not have role models and they are coming at it from a low base, they look at opportunities within their own communities. People tend to look around. They are people who have that get up and go, who might start up their own organisation, charity or community group—that sort of thing. They are being entrepreneurial in their own way. Personally, I do not think that there is any problem with people wanting to do things and be active and get out there. It is about knowing what they can do and in what setting. My personal view is that social enterprise offers an opportunity. It is a flexible model and a mixed resource. You can bring in bits of time banking and volunteering as well as trading, and work up to a fully trading model. Yes, I think that it is a way forward, but I would think that.

[23] **Leanne Wood:** The key thing is making it commercially viable. I am aware of a lot of social enterprises that could not be commercially viable. I am familiar with the Blaengarw Creation Development Trust. It is trying to become commercially viable, but it is not quite there yet. Could something be done from an education perspective, in schools, around teaching co-operative skills in order to make them commercially viable—almost as a business skills course but from a co-operative’s perspective?

[24] **Ms Burnett:** I have not read it in depth recently, but the youth entrepreneurship strategy covers a lot of those factors. A lot of the social skills that we talk about in the education strategy—the 14-19 learning pathways and all those sorts of things—cover the types of skills that people need. Communication skills, interpersonal skills and problem-solving skills are very relevant to being enterprising. It is a bit like so much of education—it is to provide the full options. Some people will decide to go down the mainstream enterprise route, while some would prefer to be an employee. It is about helping people if they are being entrepreneurial.

[25] For example, if you are a social entrepreneur, you might start up a community group or a social enterprise, or you might work in a mainstream enterprise and be a little bird on its shoulder telling it to do things a bit more responsibly. It is about developing those skills. At the moment, many educational establishments, through an enterprise skills course, help young people to raise money, which is then donated to charity. They do not quite get the social enterprise aspect, but they raise money for charity through education. There is an option there.

[26] **Leanne Wood:** I was going to use a concrete example of, say, a group of young people in a sixth form. They know that they are unlikely to get a job, and are perhaps finding it difficult to get a place in university. Is there an opportunity for a teacher to come along and put them together in a social enterprise as part of the end of their education, which could end up providing them with jobs? Does our education system provide and allow for that?

[27] **Ms Burnett:** There are some very good examples of forward-thinking teachers doing that sort of thing. It could be a community organisation—it does not necessarily have to be in school. Yes, it is there. At a university level, you have things like students in free enterprise clubs as well, which are doing similar sorts of stuff. So, yes, they can be proactive.

[28] **Alun Ffred Jones:** Everyone wants to come in, so let us have short, sharp questions and answers.

[29] **David Rees:** Before I ask my question, I want to follow up on that a little. Many modules in universities—I used to validate some of them—focus on entrepreneurship more than anything else. Do you therefore think—this is what Leanne was trying to get at—that getting a social enterprise element into those programmes is important? I do not think that they teach social enterprise concepts, in that sense; they are more about entrepreneurship, of which social enterprise is a special form. Have you seen evidence of people moving to include social enterprise in those programmes, or is there still simply an entrepreneurship approach?

[30] **Ms Burnett:** It is moving, and there is growing interest. I work at the University of Glamorgan, and we are looking to contextualise every enterprise programme that we have, as well as specialist provision. However, I am also aware of, and have contact with, colleagues in other institutions around Wales, and we are looking to develop collaboration between universities and FE colleges, to develop those skills and the academics who will then include them in all of their courses.

[31] **David Rees:** I suppose that it depends on whether the academics have the skills to do that.

[32] **Ms Burnett:** Yes; we must develop the skills of the academics as well. So, it is moving forward and it has certainly developed quite markedly in the past three years.

[33] **David Rees:** My question goes back to your report. You mentioned that the report was from November 2010—14 months ago. You talk about the Government working with the

Welsh Social Enterprise Coalition to identify areas and sectors in which social enterprise could play a more important role. How far have we gone down that road? Has the Welsh Social Enterprise Coalition identified areas, has it been successful and has it been supporting those types of activities in those 14 months?

[34] **Ms Burnett:** I have to put my hand up and say that, about a week ago, I became chair of the Welsh Social Enterprise Coalition; I have not quite got my feet under the table as yet. There has been work ongoing, but you will probably have to ask a more in-depth question on exactly what the coalition has been doing. However, with regard to work to scope the sector, I am not aware of it happening.

[35] **David Rees:** One of my concerns about everything that we do, and I hear this from speaking to Business Connect and others, is that a lot of social enterprises need support at the beginning so apply for grants and funding. I have a bee in my bonnet, because there tend to be huge consultancy fees for people who are able to fill in grant forms. Are we in a situation to be able to help social enterprises without them incurring the cost of the consultants, who effectively take a big chunk of that grant? Are we seeing a move in that direction?

[36] **Ms Burnett:** I am aware of discussions ongoing with the Welsh Government, but I do not know how far they have gone. So, I cannot hazard a guess on that. However, the wealth of skills within the sector has certainly been used to help support people coming into the sector. There was discussion in the Government's response about the business mentoring scheme that was being developed. I do not know how that is developing into a mentoring scheme to support social enterprises, but that would be a huge step forward. It is interesting. You talk about consultants going in and working with the social enterprise, taking, in effect, the intellectual property from that social enterprise by understanding how it works, and going elsewhere and selling it or their skills, while the social enterprise concerned is still scraping around trying to become sustainable. In some ways, if that social enterprise could develop its consultancy skills and go out to spread the word, we might get a more sustainable sector.

2.00 p.m.

[37] **Eluned Parrott:** You mentioned standardised business services and question their relevance to social enterprises. The same is presumably true of the training provided by professional boards in your experience. I started my career in a social enterprise and received marketing training while there, and that relevance was not necessarily always there. There was a very different cut and thrust to it. The first part of my question is: what can we do to address that and ensure that social enterprises have access to highly recognised and professional skills training? What can we do to address a perception that people sometimes have that social enterprises will somehow be less professionally skilled than other kinds of enterprises?

[38] **Ms Burnett:** I have a personal view on a lot of this. I wanted to say that if you want to look into it further, there are people who could be brought in who could give you a more in-depth view from their perspective. On upskilling, when you are in a social enterprise, you need the same hard and high-level business skills as in any business. We have to keep revisiting this and saying, 'This is a business, at the end of the day'. So, marketing skills, finance skills and all those sorts of skills are very relevant. What you need is for them to be contextualised for a social enterprise setting. We need people who understand social enterprises and we need knowledge to be exchanged between the people who are doing the training and the education and the sector, so that they understand some of the challenges of the sector.

[39] The other day, I was talking to the chief executive of a large, successful social enterprise in England, and he said, 'You don't know where I can get some funding from, do

you? I want to grow; we can expand.’ His is a multimillion pound social enterprise. I said, ‘Well, sometimes you’ve got to take a bit of a hit on your social mission in order to grow, because then you will have more and you will be able to deliver against your social mission even more’. He said, ‘Hmm’. It was about him getting his head around the fact that, sometimes, you will go more for the money and, at other times, you will go a bit more for the social mission and how to balance that. He had a real problem with not being able to donate as much money to support schemes in developing nations if he used a bit to grow his company. It is that balancing act that, if you have advisers going into a company, they need to understand and they need to support the social enterprise in achieving growth in that way. So, we must have people who understand the specific challenges and barriers that social enterprises face.

[40] **Keith Davies:** Rwyf am fynd yn ôl at yr hyn roedd Leanne yn sôn amdano yn gynharach. Nid wyf yn gwybod faint a wyddoch am fagloriaeth Cymru, ond mae’r rhan fwyaf o blant Cymru rhwng 14 a 19 oed yn dilyn y rhaglen honno. Fel rhan ohoni, mae’n rhaid iddynt fod ynghlwm â menter a hefyd mae’n rhaid iddynt wneud cyfraniad cymunedol. Mae nifer o blant ysgol 16 i 18 oed, sef y plant roedd Leanne yn sôn amdanynt, yn creu busnesau eu hunain. Fodd bynnag, nid wyf yn gwybod beth sy’n digwydd ar ôl iddynt adael yr ysgol. Efallai byddai’n beth da pe baem yn cael enghreifftiau o’r hyn mae’r bobl ifainc hynny yn ei wneud cyn eu bod yn gadael addysg llawn amser. Gallai fod syniadau i gymunedau yno, achos efallai nad yw’r cymunedau’n gwybod beth y maent yn ei wneud. O’r rhai rwyf wedi gweld, maent yn werthfawr iawn.

Keith Davies: I wish to return to what Leanne was talking about earlier. I do not know how much you know about the Welsh baccalaureate, but most children in Wales between the ages of 14 and 19 follow that programme. As part of it, they have to be involved with an enterprise and they must also make a contribution to the community. Many pupils aged 16 to 18, namely the children that Leanne was talking about, create their own businesses. However, I do not know what happens after they leave school. Perhaps it would be good for us to get examples of what those young people are doing before they leave full-time education. There could be ideas for communities there, because the communities might not know what they are doing. From those that I have seen, they are extremely valuable.

[41] Yn ogystal, fel rhan o’r rhaglen, mae’n rhaid iddynt wneud sgiliau allweddol, sef yr hyn roeddech yn sôn amdano yn gynharach, hynny yw, gweithio gydag eraill a datrys problemau. Felly, mae’r pecyn yn ei gyfanrwydd yn beth da i bobl ifainc. Fodd bynnag, nid wyf yn gwybod beth sy’n digwydd wedyn.

In addition, as part of the programme, they have to learn key skills, which you were talking about earlier, such as working with others and problem solving. Therefore, the whole package is a good one for young people. However, I do not know what happens after that.

[42] **Ms Burnett:** I am aware of the Welsh baccalaureate. Interestingly, at the Welsh social enterprise conference that was held in Swansea in November last year, there were young people from Coleg Morgannwg in Pontypridd who had come along because they were establishing social enterprises as part of their Welsh baccalaureate. So, that was encouraging and it would be really good if more could do that.

[43] It would be interesting to know what young people’s experiences are of it. I was involved in the global entrepreneurship challenge last year as a judge. The young people came up with really good ideas, which actually were social enterprises, but they did not know that. They kept wanting to put volunteering in and I asked, ‘Well, why can’t you make this into a business? Why can’t the young people be paid for their input, rather than just volunteer?’. This young girl looked at me in a horrified manner and said, ‘But that would be a business’,

and I said, 'Yes, it would'. They had all the thought processes in place, and they had really good projects, but they just missed the last link. So, our young people are probably further ahead than we are at the moment.

[44] **Keith Davies:** Rydych chi'n dweud **Keith Davies:** You are saying that there are bod y syniadau allan yno, ond nad oes digon ideas out there, but there is not enough o gyhoeddusrwydd i rannu'r syniadau hynny publicity to share those ideas in order for er mwyn eu bod yn gallu creu rhyw fath o them to be able to create some kind of a fenter gymdeithasol. social enterprise.

[45] **Ms Burnett:** I was in conversation the other day with an organisation called Unlimited, which does some amazing work with would-be social entrepreneurs. Its representatives referred to a figure in the Global Entrepreneurship Monitor on the number of people who want to set up a socially orientated business, that if it were extrapolated down to a Welsh level would equate to 12,000 people. What are we doing with them? It is all those people who shout at their television screens. They are there. We just need to know how to reach them.

[46] **Alun Ffred Jones:** There are more than 12,000 of those. [*Laughter.*]

[47] **Byron Davies:** I will come back to what Leanne mentioned at the outset about people's reluctance to take a risk and what we can do about it. You talked about risk sharing, for example. I would be interested to know what you think we could do to make young people, in particular, want to take a risk. Where do you think the Government can help with that?

[48] **Ms Burnett:** That is an interesting one. People often tell me that there is no lack of funding for good ideas, and for ideas that have been thought through well. A lot of people have a passion and then expect people to give them money to do it. We talk to a lot of grant-funding bodies and they are sifting through ideas that people have not thought through. So, it is about having the skills to be able to put together what would, in effect, be a business case for an idea. That comes back to problem-solving skills and working things out in a progressive manner, which are the types of skills that we are trying to help young people to develop through our education system. It is all there; all of the aims and objectives are contained within our education strategies. So, I do not think that there is a problem there; it is about having the support of people to say, 'Yes, you can do it'.

[49] **Byron Davies:** That is the point. That is where it stops, so to speak. How can we instil confidence at that point?

[50] **Ms Burnett:** My personal view is that more experiential development for the advisers and educators is needed. It is about helping them to experience what they are going to teach. Quite often, people in education and public services are more careful about getting everything right and, in some cases, you have to say, 'We're 80% there, let's go for it'. There are many support organisations. The WCVA does some excellent work with grass-roots organisations. Those opportunities are often spotted at the grass-roots level, so it is a matter of saying to people, 'You have an idea; let us help you'.

[51] The committee in the last Assembly heard evidence from a man called Jerr Boschee, who is an inspirational person. He said that, to get an idea to fly, all you need is some space and the help of some useful people. That is what we need. Give them space, let them go with what they feel, and surround them with helpful and useful people to help them to develop their social and human capital and move ideas forward.

[52] **Joyce Watson:** You mentioned asset transfer as one way forward. I have been quite

involved in the Harlech swimming pool, where an asset was taken over and transformed into what can only be described as a social enterprise. You have said that asset transfers are seen as being negative, which is certainly the case, whether in the eyes of those who are passing over the asset, as it means that they do not want it anymore, or the people who have to pick up the pieces and try to make a go of it. How can we change that thinking? I hold Harlech up as a good example of the community coming together, wanting to keep an asset open and expanding it as a social enterprise project. How are we going to learn to see that as the positive move that it can be? How should the Government support that—whether the Welsh Government or local government—in the very early stages?

[53] **Ms Burnett:** When we looked at asset transfer, a couple of interesting things came out of the last inquiry. First, if you have assets, it gives you a solid base upon which to access finance, and that is one of the big challenges for many social enterprises. So, if you are interested in that area, it would be worth talking to, for example, Galeri in Caernarfon or Valleys Kids, which has been very successful, and there are a few other organisations that have also gone down that route and have made it a very successful option.

[54] There is a problem with trying to do asset transfers on the cheap. Once again, this comes down to business skills; it comes down to having a completely viable business case when you take it over and knowing why you are taking it over, rather than just having an emotive argument, such as, ‘This is a building, it must not be allowed to fail’. If it has been a money pit for a local authority, it will probably be a money pit for someone else. So, it comes down to objective decision-making processes and working out a solid business plan. However, it would be good to get the input of people who have made it happen to see what the lessons would be for future asset transfers.

[55] **Eluned Parrott:** You mentioned in your presentation the fact that the Welsh experience of social enterprise is very different to that of England. I think that you said—or perhaps I understood you to say—that some of the English social enterprises were very big by comparison to those in Wales. Is that position static or has that gap grown since the original report was written? Should we do anything to help Wales’s social enterprises and, if we should, what should we do?

[56] **Ms Burnett:** The difference between social enterprises in England and Wales was discussed during the inquiry and Adele Blakebrough made some very good comments in the report. Adele works for the Social Business Trust and is involved in helping social enterprises to grow, and has a very successful career. We are very good at getting social enterprises up to a turnover of around £1 million, but they do not seem to grow beyond that. At the same time, we have some: there is one in Cardiff called Vision 21 and if you have not been to visit, you should go to have a look.

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[57] That has grown through diversification, and it does some amazing work. Its chief executive told me that, because it is successful and has a track record, people are telephoning every week to give it opportunities to go further and expand, and it is a capacity issue for it. So, it is a superb social enterprise. We have good examples, but they tend to reach what would be classified in mainstream terms as ‘medium-sized’ if we are lucky, with about as many as 50 employees. However, you do not always have to grow just through the size of the organisation; there can be diversification by going into different areas.

[58] We need to look at the sectors in which we have social enterprises. I looked at this issue more recently for another piece of work, considering the Southern Cross Healthcare issues that have happened, and it became apparent that we do not have social enterprises in Wales at a scale that could step into that sector to fill gaps in health and social care. England

does—it has some huge ones. There is a massive social care social enterprise in Sandwell, and there are various others. So, there are questions about how we can help our social enterprises to scale up—do we need to franchise some in to provide role models, do we need to look at particular growth strategies, or will this new economic growth fund provide a catalyst? We heard from Green Valleys, which is a brilliant community interest company in the Brecon Beacons, only established about three years ago, and I was involved in that a while back. We looked at how it has grown, which will provide very good lessons for the future.

[59] **Alun Ffred Jones:** Leanne, I want to move on to ask whether you want to pursue this further. Do you wish to do so, if that is the wish of the committee?

[60] **Leanne Wood:** Yes. I have a question on consortia, following on from the care example that you gave. If you had a number of small care social enterprises, could they potentially come together to apply for big contracts?

[61] **Ms Burnett:** They could. At the moment, the Wales Co-operative Centre has a succession and consortia scheme, which would be interesting to hear about. My impression at the moment is that we are not being as successful as we might be in helping people to develop consortia bids.

[62] **Leanne Wood:** Are you familiar with Mondragón in the Basque Country? How do we get a Welsh Mondragón?

[63] **Ms Burnett:** That would be a very good question to ask the Wales Co-operative Centre in terms of how it sees that working. It is the expert in this regard.

[64] **Leanne Wood:** That could form the basis of an inquiry, Chair.

[65] **Alun Ffred Jones:** We have kicked around a number of potential areas. The question to the committee is whether we want to pursue this further, that is, do you want to look at the report and what has happened to its recommendations in more detail? If so, there is apparently time in the summer term that could be devoted to that. Can I have a feel for this from the committee?

[66] **Byron Davies:** I think that it is a fascinating area that it would be well worthwhile looking at.

[67] **Keith Davies:** Mae Lis yn sôn ym mharagraff 8 o'i hadroddiad am edrych ar yr hyn sydd wedi digwydd ers cyhoeddi'r adroddiad. Mae hynny'n bwysig. **Keith Davies:** Lis refers in paragraph 8 of her report to looking at what has happened since the publication of the report. That is important.

[68] **Alun Ffred Jones:** Rwyf yn cymryd o'r hyn yr ydych yn ei ddweud mai nid ymchwiliad arall i'r maes rydych ei eisiau ond edrych ar yr hyn sydd wedi digwydd ers cyhoeddi'r adroddiad, ac ar adrannau neu feysydd arbennig. **Alun Ffred Jones:** I take it from what you are saying that you do not want another inquiry into the area but rather to look at what has happened since the publication of the report, and at specific departments or fields.

[69] **Leanne Wood:** I agree with that; I think that we should look at what happened before and how we can follow that up, but I would also like us to look at the example of Mondragón further, because so many jobs have been created in the Basque Country through that consortia of co-operatives. If we could replicate that in Wales, we could solve our economic problems.

[70] **Keith Davies:** It might be worth a visit in the summer. [*Laughter.*]

[71] **David Rees:** On that point, it is important for us to look at previous reports to see what progress is being made—it is part of our job to do that. So, it is important that we look at this and see where we are going. Leanne’s point is then possibly a follow-on as a consequence of whatever we may come up with. There are two separate issues: what has been happening and where we are going with this, and what do we want to try to aspire to.

[72] **Alun Ffred Jones:** Right. So, we will ask the officials to draw up a work schedule or whatever, and then you can have a look at it and decide whether you want to amend it.

[73] **Diolch yn fawr iawn i Lis Burnett am ddod i mewn a mynd dros y maes. Yn amlwg, mae diddordeb mawr ymhlith aelodau’r pwyllgor ac mae’n faes diddrol a phwyisg iawn, yr wyf yn siŵr y byddwn i gyd yn cytuno. Byddwn yn edrych ar hwn yn nes ymlaen eleni. Diolch yn fawr unwaith eto i Lis am ddod i mewn.** Thank you to Lis Burnett for her attendance and for going over this field. Clearly, there is huge interest among committee members and it is a very interesting and important area, as I am sure that we would all agree. We will look at this later this year. Thank you to Lis once again.

[74] No doubt we will see you again.

[75] 2.20 p.m.

Cynnig Gweithdrefnol Procedural Motion

[76] **Alun Ffred Jones:** Mae angen, o dan Reol Sefydlog, Rhif. 17.42(vi), i wahardd y cyhoedd o’r cyfarfod ar gyfer y busnes a ganlyn, sef eitem 4. Gofynnaf i Aelod gynnig. **Alun Ffred Jones:** We need, under Standing Order No. 17.42(vi), to exclude the public from the remainder of the meeting for the business that follows, which is item 4. I ask a Member to move the appropriate motion.

[77] **Keith Davies:** Cynigiaf fod *y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog Rhif 17.42(vi).* **Keith Davies:** I move that *the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order No. 17.42(vi).*

[78] **Alun Ffred Jones:** Gwelaf fod y pwyllgor yn gytûn. **Alun Ffred Jones:** I see that the committee is in agreement.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 2.21 p.m.
The public part of the meeting ended at 2.21p.m.*