

Committee: **Governance and Audit Committee**

Date of meeting: **8<sup>th</sup> March 2023**

Report Subject: **Audit Wales: 'A missed opportunity' – Social Enterprises**

Portfolio Holder: **Cllr John C Morgan, Cabinet Member Place and Regeneration**

Report Submitted by: **Ellie Fry, Director Regeneration and Community Services**  
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Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance and Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
	23.02.23		08.03.23					

1. **Purpose of the Report**
  - 1.1 The purpose of the report is to provide the Governance and Audit Committee with the Audit Wales Report, '*A missed opportunity*' – *Social Enterprises* (Appendix 1).
2. **Scope and Background**
  - 2.1 Audit Wales published their report, '*A missed opportunity*' – *Social Enterprises* in December 2022. The report is a national report covering the 2021-22 period.
  - 2.2 Social Enterprises are becoming increasingly common vehicles for delivery services that are often not statutory but are considered essential by local communities. With public bodies in Wales experiencing the repercussions of over a decade of austerity and the challenge of recovering from COVID-19, it will be vital to maximise the possibilities of Social Enterprises.
  - 2.3 Overall Audit Wales concluded that local authorities are not effectively working with Social Enterprises to maximise their impact, make better use of resources and improve services for people and communities:
    - Social Enterprises can provide important services, but most local authorities lack a coherent strategy and are not working collaboratively to help support their growth and development
    - Local authorities do not have the right mechanisms in place to maximise value for money from their work with Social Enterprises
    - Local authorities are not delivering their responsibilities under the Social Services and Well-Being (Wales) Act and weaknesses in data and evaluation limits their ability to promote Social Enterprises
  - 2.4 Audit Wales identified 3 recommendations which are detailed below:

R1 - To get the best from their work with and funding of Social Enterprises, local authorities need to ensure they have the right arrangements and systems in place. We recommend that local authority officers use the checklist in Appendix 2 to:

- self-evaluate current Social Enterprise engagement, management, performance and practice;
- identify opportunities to improve joint working; and
- jointly draft and implement an action plan with timeframes and responsibilities clearly set out to address the gaps and weaknesses identified through the self-evaluation.

R2 - To drive improvement we recommend that the local authority:

- formally approve the completed Action Plan;
- regularly report, monitor and evaluate performance at relevant scrutiny committees; and
- revise actions and targets in light of the authority's evaluation and assessment of its performance.

R3 - To ensure the local authority delivers its S.16 responsibilities to promote Social Enterprises we recommend that it reports on current activity and future priorities following the evaluation of its Action Plan including the Annual Report of the Director of Social Services.

2.5 Full details of the report can be found in Appendix 1.

### 3. **Next Steps**

3.1 The recommendations will be included within the relevant business plan for monitoring and reporting, this will be the Tier 3 Director Regeneration and Community Services.

3.2 To respond to recommendation 3 the Annual Report of the Director of Social Services will ensure reference is made regarding delivery of its S.16 responsibilities to promote Social Enterprises and that reports on current activity and future priorities following an evaluation of the Action Plan.

### 4. **Options for Recommendation**

4.1 Prior to the final report being provided to the Council, CLT and relevant Officers provided comment back to Audit Wales on their findings.

#### 4.2 **Option 1**

Governance and Audit Committee is assured that the Next Steps, identified in paragraph 2.4, will appropriately respond to the Audit Wales recommendations.

#### **Option 2**

Provide comment on the Audit Wales review and Next Steps, identified in paragraph 2.4, to address the recommendation for Officers to implement in order to provide continuous improvement.

**5. Monitoring Arrangements**

- 5.1 The recommendations from Audit Wales will be included within the business plan and updated on a quarterly basis.
- 5.2 The information will be reported within the Joint Finance and Performance Report to Corporate Overview and Performance Scrutiny Committee and Cabinet.
- 5.3 Recommendation 3 will be reflected in the reporting of the Annual Report of Director of Social Services to the People Scrutiny Committee and Council.
- 5.4 Regular meetings are held with Audit Wales to assess progress of reports.

**Background Documents /Electronic Links**

Appendix 1 – Audit Wales Report ‘ A missed opportunity’ – Social Enterprises.