I have included comments on your draft response by using Word 'insert comments'. (see attached)

–

Gerry McKeever

Manager

Ballyfermot Family Resource Centre

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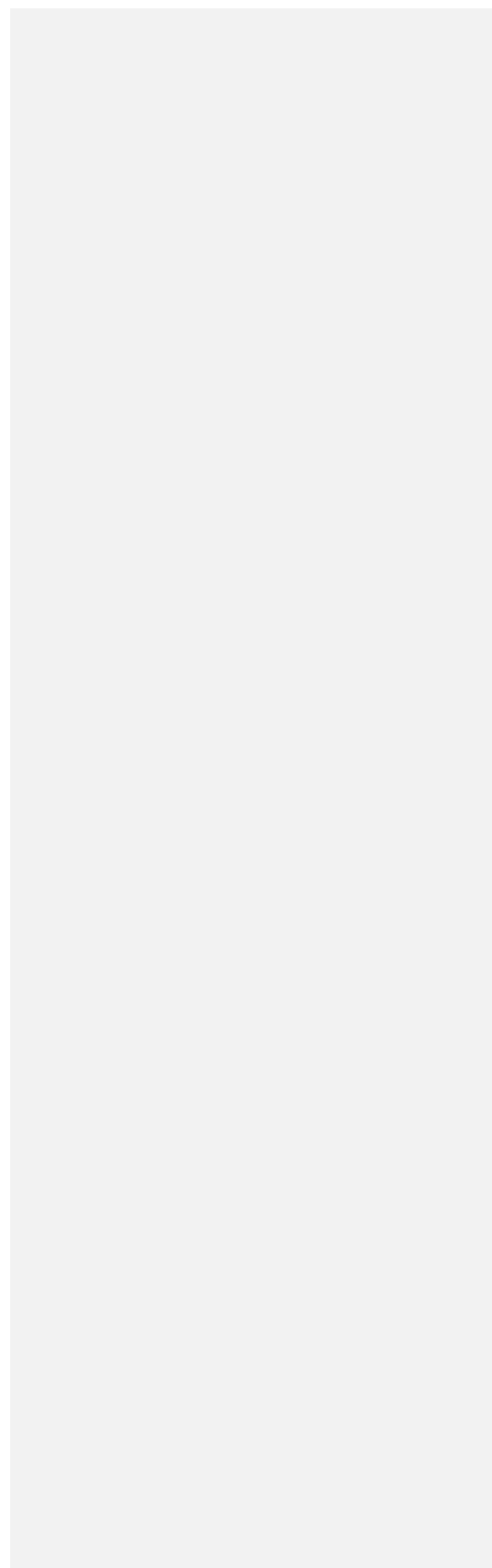
Irish Social Enterprise Network
response to National Social Enterprise
Policy for Ireland 2019-2022

Contents

Abbreviations Used

CIC	Community Interest Company
CRNI	Community Reuse Network of Ireland
CLG	Company Limited by Guarantee
CLS	Company Limited by Shares
CSP	Community Services Programme
C&V	Community and Voluntary
DAC	Designated Activity Company
DCU	Dublin City University
DEASP	Department of Employment Affairs and Social Protection
DRCD	Department of Rural and Community Development
ENSIE	European Network of Socially Integrated Enterprises
EU	European Union
ILDN	Irish Local Development Network
ISEC	Irish Social Enterprise Conference
ISEN	Irish Social Enterprise Network
OECD	Organisation for Economic Cooperation and Development
LDC	Local Development Company
LEO	Local Enterprise Offices
SEEN	Social Economy Europe Network
SEI	Social Entrepreneurs Ireland
SENI	Social Enterprise Northern Ireland
SEUK	Social Enterprise UK
SICAP	Social Inclusion and Community Activation Programme
SIFI	Social Innovation Fund Ireland
SME	Small and Medium Enterprises
WISE	Work Integrated Social Enterprise

Introduction

This document is the response from the Irish Social Enterprise Network to the 'Draft for Public Consultation' 'National Social Enterprise Policy for Ireland 2019-2022' issued on Tuesday 23rd April 2019. Outlined in these pages are the amendments suggested for an effective policy from government on social enterprise development in Ireland.

Context

As the representative network for social enterprises in Ireland, the Irish Social Enterprise Network broadly supports a social enterprise policy and aims to use this document to influence positively the work of the social enterprise sector.

We believe as a policy, there are many issues that are raised in this document that are positive, that are in need of some changes and other parts that require more urgent review.

We believe that the implementation component of this policy document must also be open for public consultation and review and must not be closed off to social enterprises who have most to gain and lose from a policy affecting them.

The social enterprise sector has required a positive policy for many years and has developed despite many supports not being made available to them. We, in the Irish Social Enterprise Network, aim to be proactive and constructive in our approach to assisting social enterprises and look forward to continuing and close engagement.

What is the Irish Social Enterprise Network?

The Irish Social Enterprise Network (ISEN) (trading name of Socent Ltd) represents the interests of social enterprises, social entrepreneurs and social innovators in Ireland. The model is based on the U.K., E.U. model of social enterprise representation and is currently non-funded in achieving this work. The organisation has been in operation since 2013 and formerly operated socialenterprise.ie and is based in DCU Campus, Glasnevin. The main areas of focus for the organisation are Advocacy, Network and Education.

- ISEN has run Ireland's largest conference on social enterprise
- ISEN is the Ireland representative organisation of ENSIE and SEEN
- Runs regular events and meetups across the country for social enterprises
- Maintains an independent resource of social enterprise specific information including website, email distribution lists and social media
- ISEN works with UK based network including SENI, SEUK, SENSCOT
- Advocate for social enterprises across Ireland

Summary Conclusions from the report

- We are disappointed in the language of not-for-profit and the definition used
- No recognition of representation networks of social enterprises through the policy
- This policy is written in a way that makes social enterprise a subsidiary of the community and voluntary sector and not a distinct sector in itself - the countries with most developed social enterprises treat it as a separate "sector"
- Language is used about social enterprise "model" but not "sector"
- Clarity needed on social enterprise 'stakeholders' mentioned through the report
- We recommend that the language also reflects alignment with businesses, i.e. not only similarities with business
- This document does not include advocacy for a social enterprise legal type e.g. Community Interest Companies (UK)
- Clarity needed on tendering references and how the Implementation group will be formed

Overview

This section outlines our overall concerns with language used and the theories and practices underpinning the Policy.

Model vs Sector

On several occasions through the report it states that social enterprise is a way of doing business. The policy document acknowledges that social enterprise is a model. There is also a repeated use of the phrase "community and voluntary tradition". However, it falls short of identifying social enterprises as a sector, that is a distinct sector with a sense of identity and distinct from the operations of the charity or strictly business organisations. If they are a model, surely they should be rightly labelled in this policy as a distinct sector.

Social Enterprise Sector

Social enterprise label is an identity. There is a want to be identified as a distinct social enterprise. This marks you as different from your legal formation. This report frames social enterprise as a subset of the charity andcommunity & voluntary sectors.

The Social Enterprise Spectrum

Charities & Voluntary Organisations — Charities with a trading arm — Social Enterprise — Commercial businesses having a social imperative — Private Sector

The table below (adapted from [Dees, J.G. and Anderson, B.B., 2006. Framing a theory of social entrepreneurship: Building on two schools of practice and thought. Research on social entrepreneurship: Understanding and contributing to an emerging field, 1(3), pp.39-66]) illustrates further the different characteristics of organisations that sit on the spectrum between charities and the private sector businesses.

		Purely Philanthropic	←——————→	Purely Commercial
Motives, methods, and goals		Appeal to goodwill Mission driven Social value	Mixed motives Mission and market driven Social and economic value	Appeal to self-interest Market driven Economic value
Key stake-holders	Beneficiaries	Pay nothing	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate prices
	Capital	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
	Workforces	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	Suppliers	Make in-kind donations	Special discounts, or mix of in-kind and full-price donations	Market-rate prices

There are many charities that are social enterprises in their legal form. However, this **does not** mean that social enterprises are a sub-sector of the community and voluntary sector.

> **Commented [GM3]:** Point here is that maybe a social enterprise sector doesn't exist but has to be developed and thats where we are at now..Neither is it a sub-sector of C&V

In the UK, the Community Interest Company (CIC) legislation allows companies to transition from Charitable status to CIC status as an indicator of the transition that is available but is not considered here in this report.

Social Enterprise Definition

Page 6 of the draft policy sets out the definition of social enterprise: This definition is followed by an assertion that it is "consistent with" OECD and EU definitions (see links below). However there are critical differences. The EU requires transparent governance but does not specify a volunteer board. They refer to using "profits primarily to achieve social objectives" but do not require reinvestment of all surpluses. There is no requirement in either definition to apply an asset lock. **Critically, both international definitions make it clear that both social and economic objectives are central to the operation of social enterprises while the proposed Irish definition identifies a singular social objective.** We therefore propose the following definition to build more accurately on the OECD and EU definitions:

> **Commented [GM4]:** I think there is an over sensitivity in your draft response to the exclusion of profit motive in definition of social enterprise.Personally, I think there is benefit in using the term 'surplus' rather than 'profit'.Profit to me implies shareholders and distribution of surplus.The strength of social enterprise (as distinct from a social business) is that it is rooted in social outcomes

> A social enterprise trades in goods or services and applies commercial strategies in order to achieve a social impact. Profits and assets are primarily used to further the social objectives of the enterprise. Open, transparent and responsible governance is required to assure the independence of the enterprise and the pursuit of economic and social goals.

The Organisation for Economic Co-operation and Development (OECD) defines social enterprises - https://www.oecd.org/cfe/leed/Social%20entrepreneurship%20policy%20brief%20EN_FINAL.pdf

The European Commission has defined a social enterprise -
http://ec.europa.eu/growth/sectors/social-economy/enterprises_en

The Forfas 'Social Enterprise in Ireland, Sectoral Opportunities and Policy Issues' defines social enterprise as an enterprise that trades for a social/societal purpose, where at least part of its income is earned from its trading activity, is separate from government and where the surplus is primarily re- invested in the social objective"

Stakeholders

There are many references to stakeholders in the policy. There needs to be a clear definition of who the stakeholders are. Clearly the most important stakeholders are the social enterprises themselves. Any implementation group must have a minimum number (we recommend 75%) of social enterprises, representing the various forms of social enterprise identified in the policy. Funders and other interested parties should only make up the balance.

Representation

While there are funders mentioned in the policy, there are few if any references to representation networks.

The policy gives examples of funding organisations (SEI, SIFI, LDC's/ILDN) are recognised, rather than support/membership organisations, e.g. ISEN, the Wheel, Carmichael Centre, CRNI, etc.

Legal Company Type

Social enterprises have repeatedly searched for a company structure type that suits the business nature of the entity but protects the social aspect of the operations. While there are some references in the policy, there are few cases where the report recognises that social enterprises do everything that a business does (and so requires all of that support) in addition to providing work for those social excluded or redistributing profits back to their mission and cause.

There is also a lack of recognition of social enterprise structures outlined in the report including a Company Limited by Shares (CLS) owned by a Company Limited by Guarantee (CLG) with Charitable status. These include Rehab Enterprises, Green Kitchen etc. Some social enterprises are using the Designated Activity Company (DAC) company type to show that they are a social enterprise.

> **Commented [GM5]:** Most social enterprises operate this model of CLG I think but the introduction of CIC would be a good step forward

There are many credit union forms that are fundamentally excluded from this document also including Industrial and Provident Societies. The policy can also better reflect the roles of Credit Unions and their model of finance and membership who own the entity.

At a minimum the policy should commit to instigating the research and consultation on a new legal form. The research paper identified the need for further work in this area and should be included in the policy.

Voluntary Boards

The report states that all social enterprises *must* have a volunteer board. The report research will have identified that a Company Limited by Guarantee can be a social enterprise. Directors of CLG organisations *do not* need to be voluntary and often times are not. For example, Third Space is a social enterprise but the directors are also employees of the organisation. The organisation has written an 'asset lock' into their constitution. If they are not a social enterprise, what is this entity?

Community Interest Companies trade in the UK as the primary legal type of social enterprises. While they have an asset lock, the directors can get paid for their work. This allows social entrepreneurs to be a director in their own organisation even if that organisation has their assets locked and there may not be shares or shareholding.

The policy should commit to researching how a social entrepreneur might become a paid director of their own organisation and we would request that the policy reflects this.

Other Company Types

Social enterprises can also be credit unions and cooperatives. While there is an acknowledgement in Ireland that the laws need updating, there is no mention of these types in this report. Nor is there any roadmap or progression routes for these organisation types. In many cases, social enterprises can start as a 'Registered Business Name' and trade until they reach a point that they can progress to a company structure. This method of setting up a company can limit the exposure to risks and affords the social entrepreneur time to get their organisation started. It is important to recognise how social enterprises get started.

Aspiration vs Status Quo

This document is a policy however, our feedback from our network has been that the document is not aspirational. The policy should be progressive and much of our feedback was that it was not reflective of learning from our European or international partners. The document seems to solidify older versions of social enterprise and does not recognise the new social enterprise structures and models that are starting to appear including the global rise of social businesses.

> **Commented [GM6]:** The legal requirements of charities and remuneration for directors shape this at present

Implementation Map

This policy refers to an implementation roadmap will be developed, however, it is crucial that this process is also laid out for social enterprises to be involved in and not blindly created from this policy with little or no engagement with social enterprises.

What does success look like?

In addition to our request for an open and transparent process for an implementation roadmap, it is not clear from this policy document that things will be different for social enterprises. More is to be done to implement clear key performance indicators (KPIs) with timelines and a structured approach to change.

Pre-startup, startup, established phases of a social enterprise

Social enterprises at different stages require different supports. It will be necessary to stipulate how each phase of social enterprise will receive such supports.

It is important that any training is tailored to social enterprises. For example, the Irish Social Enterprise Network has found that marketing relating to charities can be fundamentally different to marketing advice/support for a social enterprise.

Tendering

There is mention in the final pages of the policy that there will be tendering and in such cases it will be open and transparent. However, it is not clear what this tendering is for? If there is an intention for tendering to be achieved, for what purpose?

Mapping

Social enterprise mapping is mentioned in the report. This is laudable but insufficient and if done repeatedly, a waste of time and money if not correctly supported.

An engaged social enterprise sector with representation can maintain up to date registers in a meaningful way. This allows for two way communication and dialogue. There's a need to monitor best international practice and note where mapping exercises have been useful and where they have run out of steam. For example. in Australia, the "Finding Australia's Social Enterprise Sector" did a blistering first census, only to find that it was hard to motivate social

enterprises to participate in repeat surveys. Whereas in Nova Scotia, repeat censuses endeavoured to widen the scope of their search for social enterprises.

Social Enterprise Forum

There is mention that the Department will engage with the sector annually in a "Social Enterprise Forum". Is this to be the same event as organised in 2018 by the Irish Local Development Network (ILDN) and Local Development Companies (LDCs)?

The Irish Social Enterprise Network has previously run the "Irish Social Enterprise Conference" and will continue to do so. This conference is run by social enterprises on behalf of social enterprises.

Therefore, on what basis has the ILDN's "Forum" been selected, without any "transparent and open" procurement process, as the format for the annual conference to showcase social enterprises and share best practice?

ISEN Response to Report

Page	Report in question	ISEN response
2	'Not-for-profit sector'	This language is not helpful. Social enterprises consider themselves to be 'profit seeking'. Social enterprises need to generate revenue and profit from those causes to divert that profit to a social mission.
2	'to support not-for-profit organisations'	The language places social enterprise as a sub-sector of the community & voluntary sector as opposed to its own distinct sector. We strongly believe that Social Enterprises should be viewed as a distinct sector! There is more helpful language that is used in other countries e.g. **Canada -** https://canadabusiness.ca/starting/start-and-grow-a-social-enterprise/ **Scotland -** https://www2.gov.scot/socialenterprise **Wales** - https://gweddill.gov.wales/topics/people-and-communities/communities/socialenterprise/?lang=en **Victoria, Australia** https://djpr.vic.gov.au/__data/assets/pdf_file/0007/1435867/10484_DEDJTR_EDEI_Employment_Programs_Social_Enterprise_Factsheet_WEB_FINAL.pdf
2	'Social Enterprises are enterprises whose objectives are to achieve a social impact rather than making a profit for their owners or shareholders'	We support this phrase with some exceptions. In some cases the "shareholders" are a parent charity which could benefit from the profits of their subsidiary social enterprises. Cooperatives also generate profits for their shareholders.
2	'reinvesting surpluses made'	We recommend using 'profits'
2	'They are governed in an accountable and transparent way by voluntary Boards.'	Social enterprises are most likely to be a Company Limited by Guarantee (CLG) and their board *may* be voluntary but they can be remunerated for work that they undertake in the

		organisation and can work for the organisation. The policy needs to allow for this.
2	'These characteristics make social enterprises different from mainstream for-profit enterprises'	Social enterprises perform all of the tasks and functions of a 'for-profit' enterprise, however, in addition, they often also perform reinvestment of profits for a social objective. The policy is in danger of making social enterprises more like charities.
5	'Social Enterprise stakeholders	See our earlier note on Stakeholders – any implementation group should comprise a minimum of 75% social enterprises
5	'Social Enterprise Forum'	This was a specific event run by the ILDN in 2018. The Irish Social Enterprise Network runs the Social Enterprise Conference and this is not named in this report. Please see our recommendation on this earlier in this document.
6	'by a volunteer Board'	Please see changes that are needed earlier in this response. This phrase is not true in all cases and needs amended.
6	'It must transfer its assets to another organisation with a similar mission'	This is an asset lock and primarily applicable to charities. This can also apply to CLGs where the constitution is changed.
6	'Social enterprises are distinguished from for-profit enterprises and other organisations by displaying all of the characteristics outlined above'	Social Enterprises do not consider this true as those characteristics are in dispute.
6	The definition used is consistent with definitions of social enterprises at EU and OECD level.	This is not true as the definitions used in the OECD are: https://www.oecd.org/cfe/leed/Social%20entrepreneurship%20policy%20brief%20EN_FINAL.pdf EU Commission Definition: http://ec.europa.eu/growth/sectors/social-economy/enterprises_en
7	'social enterprise model'	When using the term model, the DRCD recognises the distinct differences of social enterprises from the community and voluntary sector, but has not called the social enterprise sector a sector in itself. Please see our notes on this earlier in this response.
9	Social Entrepreneurship and Social Innovation	There is no mention of advocacy, network, mentoring, training and opportunities including news and information and gatherings and

		competitions for social enterprise. This work is already carried out by the ISEN.
9	Local Level Support	As above. ISEN and representative networks are excluded.
12	Responding to the needs of social enterprise	Pobal is excluded from this report. Most social enterprises gain support from Pobal and they are not mentioned.
12	Consolidation of responsibility for social enterprise	What metrics will be employed to quantify and qualify success?
14	'Similarly, the fact that social enterprises are comparable in ways to other trading enterprises is not always appreciated'	We strongly agree with this statement
14	'Notwithstanding the fact that they have voluntary boards and any surpluses they generate are reinvested to achieve their social objectives'	'The fact that they have voluntary boards' is not a true statement as outlined above 'surpluses' should be profits 'Surpluses they generate *are* reinvested to achieve their social objectives' - in the use of 'are', is this 100% of profits are always reinvested?
15	'Building on the good work done to date by existing national and local networks, there is also an opportunity for social enterprises to benefit from improved networking'	We agree with this statement however, there is no core funding allocated despite repeated requests to support such a network.
23	'one in a suite of initiatives to support not-for-profit organisations'	Please see our references to this in the response above.
29	Implementation Group	The membership of this group must include a MAJORITY of Social Enterprise representatives and the appointment of members must a transparent process and predominantly lead with social enterprises chosen from the sector and not self appointed by "stakeholders"

Policy Recommendations & ISEN Response

Policy Measure	Policy recommendations	ISEN Response
1 (Page 15)	Working closely with social enterprise stakeholders to develop an Awareness Strategy to raise the profile of social enterprise in Ireland	Yes and ISEN are already doing this constantly and would welcome and be glad to partner in further initiatives on awareness.
2 (Page 15)	Identifying, with social enterprise stakeholders, best practice examples of social enterprises to improve public understanding of such enterprises and to highlight their contribution to society and the economy	Social enterprises should, and would be glad to, submit these examples.
3 (Page 15)	Holding an annual Social Enterprise Forum for all stakeholders to participate in shaping policy, building understanding of social enterprise, disseminating information, and sharing best practice.	We agree there should be a national event run for social enterprises by social enterprises. Why is it called a 'Social Enterprise Forum' (see our concern earlier in this response.) It is important that the event is clear in who it is for? Is it for social enterprises or for all stakeholders? Does this refer to an existing event format? Why not a conference like ISEC etc.
	● Are these suggested policy measures sufficient to achieve the objective of raising greater awareness of social enterprise?	Support actions listed in ISEN response
	● Are there other actions the Government could consider to raise awareness of social enterprise, and if so, what are those actions?	Yes, Support a national network and awareness will occur (This is what most other social enterprise sectors globally do.)
4 (Page 17)	Supporting social innovation and social enterprise start-ups through	There are many stages of social enterprise development that need support. These include pre-startup, startup and

	targeted programmes and initiatives	established/ scalable/ growth social enterprises. There are many who can play a role including LEOs and LDCs as well as educational and private sector partners.
5 (Page 17)	Exploring scope for further inclusion of social enterprise and social entrepreneurship modules in the education and training system	There is a need to explore the role of education providers in the social enterprise space and to include many other partners that are not mentioned. E.g. working with professional bodies like Chartered Accountants, Institute of Bankers, Institute of Taxation, CPD courses and more.
6 (Page 17)	Working with education and research bodies to further support the development of social innovation	Social enterprise and social entrepreneurship should to be included There are already some research bodies that are working on social enterprises.
Page 17	Are these suggested policy measures sufficient to achieve the objective of increasing social enterprise initiation	No. There is a need to create a legal form that works for social enterprise as referred to earlier in this document.. Commit to the process of doing the research of alternative legal structures. They need to put in place an alternative structure.
Page 17	Are there other actions the Government could consider to achieve this objective, and if so, what are those actions?	A large concern for social enterprise is the term displacement. This is the issue that social enterprises are winning private sector business. We believe that all procurement should be open to enterprises and if social enterprises are best placed to win, they should be encouraged to apply.
7 (Page 9)	Compiling and making available information on the various business supports available to social enterprises, along with details of the providers of those supports	ISEN has worked on making available information and supports to social enterprises through our website, events, social media, mailing list and toolkits. More work needs to be done on this but there is a concern as to what information will go out and from who?
8	Identifying any gaps which may exist in business supports	There is a legal form required for social enterprises. More information should be made on the journey social enterprises

	available to social enterprises and working to address those gaps	take.
9	Providing access to advice and supports to assist social enterprises and social entrepreneurs to develop their business proposals.	All supports available to businesses need to be made available to social enterprises including export potential, international scaling, marketing and other such services.
10	Providing tailored training for social enterprises to help them to improve their business potential as well as leadership and governance skills.	Yes. There are many social enterprise training priorities including procurement, pricing, marketing and social impact measurement.
	Questions	
	Questions	
11	Cataloguing and disseminating information on financing/ funding schemes available to social enterprises at national and EU levels.	There is a need for an open market approach to social enterprise finance. Banks and all mainstream credit institutions need to have an open door to social enterprises. This includes having social enterprise funds available to the general public. The Government could encourage this. It should be as easy to get funds and financing as normal trading enterprises. Other funding and finance sources not included in the policy are credit unions, crowd funding, European social impact banks and other mechanisms of financing and funding. Other sources of income that many social enterprises rely on including CSP information etc.
12	Identifying gaps in financing/ funding schemes and working to address those gaps	Should be an open funding information stream for social enterprises.
13	Exploring the potential for new innovative funding schemes for social enterprise	

14	Seeking to improve alignment of funding schemes to support the objectives of social enterprises, whilst avoiding any displacement of existing supports for Community and Voluntary organisations	Social Enterprises ideally want funding from normal sources not from the C & V pool.
15	Supporting capacity building for social enterprises in relation to procurement processes through workshops and training	There are many barriers facing social enterprises when tendering for public contracts. Social enterprises struggle to find appropriately sized contracts and to meet onerous selection and award criteria set by public procurers. Training should be offered to public procurers on the benefits of incorporating social enterprise friendly criteria into their procurement practices. At a minimum this should include; setting proportionate selection and qualification criteria which does not preclude social enterprises; setting Best Price: Value award criteria which takes into account social value; the use of community benefit clauses; and the promotion of social enterprises in the supply chain. Training supports for social enterprises should focus on; assisting social enterprises in finding public contract opportunities both in Ireland and other EU Member States; preparing tender submissions; and forming partnerships with other social enterprises, SMEs, and large private organisations.
16	Working with stakeholders to identify how to improve opportunities for social enterprises in the business to business supply chain.	Government policy should align with EU guidance on the promotion of strategic public procurement, such as the "Buying social: a Guide to taking account of social considerations in public procurement" and with the Office of Government Procurement "Information Note on Incorporating Social Considerations into Public Procurement

| 17 | Helping policy makers to better understand how procurement can be used to facilitate the advancement of social policy objectives within appropriate and structured public procurement guidelines | Be innovative! Eg. look up City Mart. Barcelona introduced a challenge-based procurement process, by which tenderers submitted bids on how to meet a particular social issue, rather than the normal way of bidding on a predetermined solution. www.citymart.com

SMART Dublin have the same approach. |
|---|---|---|
| 18 | Developing a better understanding of the interaction between social enterprises and relevant policy areas across Government to ensure closer alignment with social enterprise policy and enabling social enterprises to increase their contribution to delivering on policy objectives. | The following Departments and entities should be included:
● Justice & Equality
● DEASP (Employment Affairs and Social Protection)
● Department of Health (in moving to commissioning and individualised funding models)
● Pobal,
● Department of Public Expenditure and Reform (policy/understanding of displacement and deadweight) |
| 19 | Ensuring that Ireland engages closely on social enterprise policy development at international level so that Ireland can influence international social enterprise policy development and, where relevant, social enterprises can benefit from international supports | ISEN has been working with ENSIE and SEEN at European level for many years on the representation of social enterprise at international level. Many of these goals and priorities need shared and should be a formal part of this recommendation.

It is crucial to ensure social enterprise practitioners are part of the policy making. |
| 20 | Improving data collection relating to the extent of social enterprise and the areas in which social enterprises operate | There is a need for not just mapping, but an ongoing supported collaborative network of social enterprises so that all social enterprise information can be kept up to date.

We must not fall into the trap of failed mapping exercises that are obsolete by the time the reporting is completed and the process must start all over again in a few years. For the same cost, an established social enterprise representative organisation can keep track of social enterprises and their developments |
| 21 | Developing mechanisms to measure the social and economic | Mapping has a problem in that it is unrecognised in single source bias in the |

	impact of social enterprises across the full spectrum of social enterprise	basic list that you use. Who did they write to to map? Writing to members of the Wheel on mapping social enterprise. How do you decide you have the right questions?