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Carmichael feedback on the draft National Social Enterprise Policy for Ireland 2019-2022

We are aware through our involvement with other forums that you will receive significant feedback on the policy document and therefore, we have kept our feedback very brief and specific to our understanding of social enterprises in Ireland through our extensive involvement in providing support and advice to social enterprises, community enterprises, social economy organisations and nonprofits.

Defining Social Enterprise

This we know has been an extremely difficult, contentious and complex task for the Department in getting a definition that is widely recognised and accepted. The difficulty in putting forward an acceptable definition in our view goes to the heart of the problem. What is and what is not a social enterprise. We see social enterprise as being part of a spectrum, that will have a range of characteristics and features and which all do not need to be present or can be present in varying degrees to be described as a social enterprise.

If you look at some of the characteristics of social enterprise, the problems of developing an appropriate and inclusive definition emerge.

Social purpose/impact: Yes a social enterprises should have a social purpose or aim to have a social impact but not all organisations with a social purpose or delivering a social impact are social enterprises.

Commercial Activity: Yes a social enterprise must have a commercial activity or trading dimension to its operation, but the question is how much of its operations must have a commercial dimension. For many nonprofits, they have a commercial dimension to what they do but it is not their primary activity. Often it is a way of generating income for their primary activity. Take the example of a Community Resource Centre that has a café on its premises. Is it a social enterprise because it has a commercial activity run as a commercial venture?

Addresses a market failure: It provides goods or services that the market does not adequately provide to a certain cohort of people or geographical area as it is uneconomic or unattractive for the private market to provide. For example, a childcare facility in an economically and socially deprived community. It is run as a business operation and it charges a fee for its services but not at an economic rate due to the limited financial capacity of its clients. As a result, even though it is providing a vital and needed service, it will never be commercially sustainable without some subsidy either directly to the venture or to the service users or to both. Is it a social or community enterprise?

Reinvests surplus/profits back into the enterprise: This is another problematic characteristic when trying to define a social enterprise. Should all surpluses/profits be reinvested back or only a certain proportion? Should investors/backers get a return on their investment in excess of their investment? Is a commercial home care services provider that reinvests 25% of its profits in social purpose/impact activities a social enterprise or is it a private organisation with a strong corporate social responsibility focus?

Ownership: Can the enterprise have an element of private ownership or to qualify as a social enterprise must it be community owned or have no shareholders? Should social enterprises have an asset lock? The Carmichael view is that social enterprises should have no private owners and have an asset lock. We appreciate that there are others who see this requirement as being overly restrictive and a disincentive for entrepreneurs establishing social enterprises if they have to cede control and ownership to a board. We believe there are other mechanisms

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and supports (e.g. tax treatment) that can be used to encourage social entrepreneurs who wish to tackle certain social issues but wishes to retain a certain amount of control, ownership and profits for themselves but these support mechanisms should be separate and not as part of the supports and incentives for social enterprises.

The above is an illustration of the difficulties encountered when trying to develop a comprehensive and clear definition of what is a social enterprise and then determining how it should be supported and strengthened. We encounter these issues and questions on a regular basis. We often ask ourselves what is Carmichael? Is it a social enterprise? We do trade and supply a range of services from which we generate around 45% of our income. Are we a charity? Yes are a registered charity with a clear charitable purpose. Are we a community and voluntary organisation? Yes we would clearly see ourselves in that space. So in other words, like so many others in the nonprofit sector, we are all of the above and do not see ourselves as being uniquely being one or the other. Also given the work we do and those we serve, we will always require an element of State financial support to be sustainable.

We see social enterprise being just one component or approach to tackle social issues and having a positive social impact. It is part of a continuum of approaches and organisational models that should be encouraged, supported and strengthened. This should not be done as a standalone policy but as part of a wider and coherent policy to support and strengthen the community and voluntary sector.

There is a legitimate concern that supports specifically aimed at promoting and supporting social enterprise will be at the expense of and not in addition to the much needed supports for the community and voluntary sector which need to be expanded and strengthened. There is a feeling that social enterprise is seen by some as a new shiny toy and the older toys are no longer of value or relevance. This is creating an atmosphere of divisiveness and concern which is counterproductive and potentially damaging for the sector.

The Carmichael view is that it should not be a case of either/or, when it comes the State's policy and supports for helping those organisations who address social needs and deliver social impact. There is no one solution or approach to tackling the type of issues that these organisations are engaged in and as a result, the State's policy and its supports, needs to be comprehensive and flexible. The synergy with the community and voluntary sector is recognised in the draft policy document (Page 9) and we would totally endorse the points made in this section. We also welcome the consolidation of policy responsibility and funding supports for social enterprise and community & voluntary organisations under the one Department (DRCD) which should lead to a deeper understanding of the sector and a greater coherence in the State's policy and funding response to the needs of the sector.

There are other issues regarding additional legal models, procurement, displacement and supports that have been addressed in other feedback submissions that we have contributed to and therefore, do not address in this document.

Who are Carmichael?

The Carmichael Centre for Voluntary Groups is a shared services and support centre to 45 nonprofits who are based in the Centre.

We provide a range of services and supports to nonprofit organisations in Ireland including; office accommodation; meeting rooms; shared facilities; accounting & payroll; IT; training, eLearning, capacity development and governance support services.

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We are actively involved in promoting good corporate governance and best practice standards in the nonprofit sector. We work constantly with boards and management on a range of governance issues including helping them to implement the Governance Code.

Having 45 small nonprofits based in the Carmichael Centre in addition to our training and support work to 100s of nonprofits each year throughout the country provides Carmichael with a deep insight and understanding of the needs, challenges and opportunities of nonprofits in Ireland. For more information, see www.carmichaelireland.ie

Summary overview of Carmichael's training and supports to Social Enterprises 2015-2019

2015:

- Ballyhoura: Limerick, South Tipperary, North Cork
- Duhallow Region: North-West Cork, East Kerry
- Pobal Community Services Programmes: Nationwide (included a pilot mentoring programme for 10 participants)

Social Enterprise examples that we have worked with:

- Local Tourism/Heritage initiatives
- Community Care Service
- Community Theatres
- Community Enterprise Centre
- Community based IT training service
- Community Development Associations

Sample topics covered:

- Growing your Social Enterprise
- Governance
- Finance
- HR
- Strategy

2016:

On behalf of Pobal, Carmichael delivered "Growing Your Social Enterprise Training", consisting of a two-day course delivered in each of the following locations: Sligo, Cork, Dublin and Kilkenny. The aim of the programme was to support Community Services Programme (CSP) organisations to grow and develop their social enterprise. The content focused on helping organisations with their service/product offer, increasing their traded income and helping with market research, strategy development and financial planning/management. 61 people attended from 42 different organisations. Organisations included community centres, heritage groups, community theatre, community tourism, health care, sport and recreation, community training, sustainable living, social inclusion and local radio.

2017:

Carmichael commenced a business coaching programme for Community Services Programmes (CSP) funded services in Limerick, Clare and Galway.

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We worked with the boards and managers of Community Services Programmes to develop financial sustainability and income generation. The services include: community, leisure and sports centres, local radio, disability services and services for older people.

Topics covered were: marketing, sales, business planning, HR, finance, income generation and business sustainability. The work involved meetings with boards and managers, follow up analysis, action planning, training on customer service and the creation of publicity materials.

2018:

We delivered a Business Coaching programme consisted of direct business coaching to 43 Community Services Programmes designed to improve financial sustainability. These programmes are spread right across the country, including offshore islands. Services are wide-ranging, including local tourism, community radio and care for the elderly. A sustainability action plan was drawn up for each programme. This included potential trading income, service development and marketing strategy. A significant amount of work revolved around improving communications. E.g. improving roadside signage for a heritage centre to attract more visitors, a new logo for a health and leisure centre, direct marketing to promote tourism on an offshore island. Plans to increase trading income included reconfiguring office and meeting room space in a community centre, development of fitness classes in a community gym and developing outdoor activities such as kayaking and coastal walking for a community based holiday cottage initiative. Plans were also developed to enhance online presence, produce flyers and improve governance and HR management.

2019:

Currently we are developing an eLearning programme which will provide a total of 26 hours of online content as follows:

- Human Resources
- Marketing and Sales
- Business and Organisation Development
- Financial Management
- Corporate Governance

This programme will be accessible online from autumn 2019.

We are also currently delivery coaching to over 50 CSP funded social enterprise organisations. Each organisation receives one-to-one/group coaching/training in relation to financial sustainability and identifying strategies for enhancing financial sustainability.