

[REDACTED]

From: Dcu President [REDACTED]
Sent: 14 May 2019 11:55
To: DRCD SEConsultation
Cc: Deiric O'Broin
Subject: Submission from DCU
Attachments: DCU Social Enterprise Policy Submission (Draft 2).pdf

Please find attached, on behalf of DCU.

Best regards

—
Professor Brian MacCraith
President
DCU
Glasnevin
Dublin 9

[REDACTED]

Séanadh Ríomhphoist/Email Disclalmer

Tá an ríomhphost seo agus aon chomhad a sheoltar leis faoi rún agus is lena úsáid ag an seolaí agus sin amháin é. [Is féidir tuilleadh a ísámh anseo.](#)

This e-mail and any files transmitted with it are confidential and are intended solely for use by the addressee. [Read more here.](#)



DCU response to National Social Enterprise Policy for Ireland

1. INTRODUCTION

1.1. New policy

DCU welcomes the publication of the draft National Social Enterprise Policy for Ireland 2019/2022. DCU believes that the proposed policy will assist communities of interest to develop and sustain social enterprises in a range of sectors of the Irish economy. In this document the draft National Social Enterprise Policy for Ireland will be referred to as the report

1.2. Background to DCU

DCU is one of the leading providers of social enterprise education and support in Ireland. In addition to providing social enterprise educational programmes up to postgraduate level and carrying out research, the university delivers support and mentoring to student-led social enterprises through designated members of staff, provides support for a number of social enterprises on the university's Glasnevin campus, delivers social enterprise-specific support through the DCU Ryan Academy for Entrepreneurs and engages directly with a variety of public agencies and other organisations supporting social enterprise, including Dublin City Council, Pobal, the Social Innovation Fund of Ireland, the Irish Social Enterprise Network, the North-South Social Innovation Network, Clann Credo and Social Entrepreneurs Ireland. DCU students are nationally and internationally active in the Enactus social entrepreneurship initiative. Furthermore the university has recently appointed a Head of Social Enterprise to co-ordinate its social enterprise-related activities.

2. RESPONSE TO DRAFT POLICY

DCU's comments are categorised under a number of themes.

2.1. Introduction

Although, the report outlines a number of impacts of social enterprise activity, it does not mention the role social enterprise has performed in strengthening local economies - both urban and rural, addressing economic marginalisation and the transition to a more sustainable economy.

The report outlines how the lack of awareness of social enterprise has stunted the development of social enterprise in Ireland. However, the report does not mention a number of other barriers social enterprises encounter in Ireland such as: the lack of institutional support compared to investor-owned businesses, access to appropriate finance to scale up operations, procuring state contracts and the dominant cultural values.

2.2. Definition

Throughout the EU, there is no universally accepted definition of what constitutes a social enterprise (GHK, 2006). However, the number of definitions of what constitutes a social enterprise reflects the diverse understanding of what a social enterprise actually is. The definition employed should acknowledge that social enterprises have both social and economic objectives. Indeed, both the Forfás and the OECD definitions are more inclusive definitions than the definition outlined in the report.

The European research network, EMES, has formulated a definition of social enterprise. The strategy could utilise this definition which is based on four economic and five social criteria (Nyssens, 2006). The economic criteria are:

- Continuous activity in the form of production and/or sale of goods and services. Unlike traditional not-for-profit organisations, social enterprises do not normally undertake advocacy work; instead, they produce goods and services.
- A high level of autonomy: social enterprises are created voluntarily by groups of citizens and are governed by them. Public authorities or private companies have no direct or indirect control over them, even though grant funding may be provided by these organisations.
- A significant economic risk: the financial viability of social enterprises depends on the efforts of their members, who have the responsibility of ensuring financial resources are either secured or generated from trading activity, unlike the majority of public institutions.
- A minimum number of paid workers are required, although, like traditional non-profit organisations, social enterprises may combine financial and non-financial resources, voluntary and paid work.

The social criteria are:

- An explicit aim of community benefit: one of the principal aims of social enterprises is to serve the community or a specific group of people.
- Citizen initiative: social enterprises are the result of collective interaction involving people belonging to a community or to a group that shares a certain need or aim.
- Decision-making not based on capital ownership: this generally means the principle of 'one member, one vote', or at least a voting power not based on capital shares. Although capital owners in social enterprises can play an important role, there are other stakeholders that influence decision-making.
- Participatory character, involving those affected by the activity: the users of social enterprises' services are represented and participate in their structures. In many cases one of the objectives is to strengthen democracy at local level through economic activity.
- Limited distribution of profit: social enterprises include organisations that totally prohibit profit distribution as well as organisations such as co-operatives, which may distribute their profit only to a limited degree, thus avoiding profit-maximising behaviour.

Credit unions and community co-operatives are covered by the above criteria. A concern with the definition employed in the draft policy is that it may be too narrow and exclude a large number of existing social enterprises. In particular the draft policy appears to

expect social enterprises to be registered charities and it remains unclear why the definition devised by Forfás has been superseded.

2.3. Context

The policy does not explicitly acknowledge the contribution social enterprise has performed in local development, the sustainable regeneration of marginalised neighbourhoods¹, the deployment of renewable energy², the transition to a circular economy³, and provision of a range of services such as elder-care. Furthermore, the draft policy could be strengthened if it provided an overview of the key EU policies for supporting social enterprise across member states and how Ireland's approach related to these.

The report omitted policies which have or are in the process of being implemented by Department of Communications, Climate Action, and Environment, which support the development of social enterprises in a number of sectors of the economy, and the Department of Justice and Equality Social Enterprise Strategy 2017-2019.

Regarding current supports to social enterprises, the report does not appear to consider the contribution of the Department of Rural and Community Development's Community Services Programme (CSP) or the Dormant Accounts Fund (DAF) in providing operational funding to approximately 400 social enterprises or the continuing role of the Job Initiative Scheme.

2.4. Social and Solidarity Economy

The report mentions the link of social enterprise to social entrepreneurship and social innovation, however it fails to acknowledge the much broader debate about among international governmental organisations, including the UN, about the importance of the social and solidarity economy and its role in sustainable development⁴ and how this relates to Ireland. For example, Ireland's credit union movement, since the 1960s, has enabled a large proportion of the population to have access to affordable loans⁵. Furthermore, there is no acknowledgement of the effectiveness of co-operatives at contributing to more equal societies (Erdal, 2000; Forfás, 2007; and Wilkinson and Pickett, 2009).

2.5. Vision

Unlike a number of other state's social enterprise strategies, there is no vision for social enterprise in Ireland outlined in the report. For example, the Scottish Government has worked with the Scotland's social enterprise sector to agree a vision and from that a number of strategic objectives for the future direction of social enterprise in Scotland

¹ Fatima Groups United have developed a number of social enterprises in Rialto area, Dublin 8.

² Camphill communities have established a number of renewable energy social enterprises

³ There are a number of social enterprises pioneering the promotion of the circular economy in Ireland. See www.crni.ie for details.

⁴ The UN Inter-Agency Task Force on Social and Solidarity Economy (TFSSE) aims to raise the visibility of debates about Social and Solidarity Economy (SSE) within the UN system and beyond. See https://unsse.org/?page_id=5 for details.

⁵ According to the Irish League of Credit Unions (ILCU), credit unions affiliated to the ILCU have 3.6 million members throughout the island of Ireland

were framed (Scottish Government, 2016). In so doing, this reduces the likelihood of the Scottish strategy being purely aspirational.

Failure to include a vision and targets in relation to development of social enterprise in Ireland will increase the likelihood of social enterprise in Ireland continuing to perform a residual role.

2.6. Strategic objectives

POLICY OBJECTIVE ONE – CREATING AWARENESS OF SOCIAL ENTERPRISE

The report does not mention who should be the target of awareness campaigns and how they should be conducted.

DCU recommends that the following actions be undertaken in relation to awareness raising of social enterprises:

- The DRCD should work with third level institutions to undertake research in relation to the potential impact of social enterprise in various sectors of the economy, the challenges social enterprise encounter and the impact of social enterprises. The knowledge created could be then used by representative bodies of social enterprises and the DRCD to increase awareness of aforementioned aspects of social enterprise development.
- A series of case studies should be developed which would demonstrate to state agencies, including local authorities, the potential of social enterprises. In addition, they should highlight how local authorities can support the establishment and scaling up of social enterprises.
- Social enterprise educational resources should be developed for primary and secondary teachers so that they are facilitated to deliver modules on social enterprise to their respective pupils and students.
- There is an opportunity to create awareness for social enterprise as a career option amongst third level students⁶.
- DRCD should approach the Law Society of Ireland, and the various accountancy bodies to incorporate modules on social enterprise into their respective educational courses.

Regarding the initiation of social enterprise, DRCD should allocate funding and/or work with the relevant government departments for the development of a number of educational tools. They should be developed to provide various target groups with the expertise and skills to develop social enterprises. They should include:

- A Skillnet social enterprise initiative which should target staff of community and voluntary organisations that are interested in establishing social enterprises.

⁶ The 2016 GUESS study notes that between 3.5 and 3.7% of Irish students would consider a career in a nonprofit organisation. There is a crucial need to profile social enterprise as a possible and attractive career option to students, through multiple avenues and collaboration with 2nd and 3rd level institutions as well as potential apprenticeship opportunities.

See http://www.guesssurvey.org/resources/nat_2016/GUESSS_Report_2016_Ireland.pdf for details.

- Inputs should be designed and delivered for students of teacher training degree courses.
- CPD modules for primary, secondary and third level educators.

Although, the Local Enterprise Office (LEO) should be responsible for the delivery of social enterprise supports. Research has shown that community organisations, particularly those based in marginalised geographical communities or communities of interest are more inclined to access supports that are delivered on an intensive basis, and over a sustained period of time (Doyle, 2011). It is on this basis, local development companies should be allocated funding to undertake social enterprise animation work. However, DRCD should demand that local development companies display a commitment to engaging with marginalised communities. One indicator of their commitment is that they would have a social enterprise strategy in place.

Training programmes could be delivered to community and voluntary organisations working with Travellers, ex-prisoners and drug users in recovery. Many local development companies do not have the commitment or experience of working directly with the above groups. Hence, a tailored social enterprise programme could be delivered to Traveller Community Development Projects, on a regional basis. The training programme would include a case study of Galway Traveller Movement's work at developing a number of social enterprises.

Over time, the social enterprises would be encouraged to gain supports from the LEOs.

POLICY OBJECTIVE 2 - GROWING AND STRENGTHENING SOCIAL ENTERPRISE

As Local Enterprise Offices are responsible for supporting micro-enterprise in local authority areas, they are best placed to provide social enterprises with the supports for them to scaleup in size and to gain contracts from the State. However, only a small number of local enterprise offices are proactively supporting social enterprise development in their respective catchment area. The experience of Dublin City Council's Social Enterprise Initiative is instructive in this regard.

Consequently, a training programme, conducted on a regional basis, should be delivered to local enterprise office staff. It should include: an overview of the differences between social and investor owned businesses, the challenges facing social enterprise in Ireland; the supports required by social enterprises and case studies of social enterprises in Ireland and abroad.

DCU recommends that Local Enterprises Offices should be required to provide all of its supports (currently provided to investor-owned businesses) to groups and community organisations interested in developing social enterprises or existing social enterprises committed to scaling-up.

DCU is recommending the implementation of the following actions:

- A voucher scheme – similar to the Enterprise Ireland Innovation Voucher scheme- should be offered to community organisations and social enterprises, once they meet certain criteria. The vouchers would enable the above organisations to access expert support in areas of business planning, governance, marketing, and product/service diversification.

- To address the difficulty social enterprises can experience in securing appropriate facilities, the State should develop a community asset transfer policy⁷. This would enable community organisations and social enterprises to make a request for land and buildings from local authorities and other public bodies. In Scotland, the public authorities must transparently assess requests against a specified list of criteria, laid out in the relevant piece of legislation, and agree the request unless there are reasonable grounds for refusal⁸.
- Research from the UK demonstrates that area-based approaches to social enterprise development lead to the most sustainable outcomes and impacts (Amin, 2002; Amin, 2009). Consequently, DRCD should encourage key stakeholders to collaborate in the development of area-based strategies. The key stakeholders could be local development companies, local authorities, and community organisations.
- A number of EU states have implemented legislation to award enterprises that generate social benefits. In doing so, social enterprises have a greater likelihood of securing public contracts. DRCD should, in collaboration with other relevant government departments, examine how social value can be maximised from public procurement^{9 10}.

POLICY OBJECTIVE 3- ACHIEVING BETTER POLICY ALIGNMENT

We suggest it is helpful to view this objective as a hierarchy of policy alignments. At international level we recommend that the draft policy needs to better align with the policy framework development by the EU Commission's Social Business Initiative and the work of the OECD.

At national level we recommend that the report should detail the various policy documents which can inform and impact on social enterprise development:

- The Action Plan for Jobs 2018.
- The Comprehensive Employment Strategy for People with Disabilities.
- The National Traveller Roma Inclusion Strategy 2017-2021.
- The Renewable Energy Support Scheme (RESS).
- Policies on meeting Ireland's targets in relation to the UN's Sustainable Development Goals.
- Asylum, migration and integration funds.
- National Strategy for Women and Girls 2017-2020: creating a better society for all.

In this regard DCU recommends that the DCRD should collaborate with the key personnel in the relevant departments, in relation to the above policies, to ensure that the above policies have a social enterprise focus. Furthermore, it should aim to lever funding from

⁷ Community Asset Transfer is a change in management and / or ownership of land or buildings, from public bodies to communities.

⁸ See <https://www.gov.scot/policies/community-empowerment/asset-transfer/> for details.

⁹ <https://www.thirdsector.co.uk/minister-promises-extend-scope-social-value-act/policy-and-politics/article/1485898> ¹⁰ The French law n. 2014-856 on the Social and Solidarity Economy entered into force on 31 July 2014 and is widely regarded as the most effective legal framework for supporting social enterprises among EU member states.

the lead departments responsible for the implementation of the above policies for social enterprise development.

At regional level we recommend that the Regional Spatial and Economic Strategies should include a specific social enterprise regional objective and the DRCD should engage with the three Regional Assemblies to devise an appropriate framework at regional level.

At local level the Local Economic and Community Plan provides the appropriate framework for supporting social enterprise. It is one of two statutory plans that have to be adopted by local authorities and the lead department is the DRCD. We recommend that in the proposed review of the Local Economic and Community Plan process social enterprise support should be explicitly included as an objective.

The DRCD should allocate €100,000 per annum, over the duration of the strategy, to the Irish Research Council (IRC). In turn, the IRC should invite applications from PhD candidates and post-doctoral researchers to undertake research on various aspects of social enterprise development.

A portion of funding should be allocated for an innovation voucher scheme. Community organisations and social enterprises should be invited to apply for these vouchers. Under this scheme, successful applicants would be resourced to purchase expertise to develop innovative social enterprises which contributes to one or more of the above national policies being implemented.

References

Amin, A. (ed.), (2009) *The Social Economy*. Zed Books

Amin, A., Cameron, A. and Hudson, R., (2002) *Placing the Social Economy*. Routledge

Doyle, G. (2011) 'What difference does it make? The current role and potential impact social enterprise can play in the regeneration of disadvantaged communities', *Administration*, 59, 2.

Erdal, D. (2000) *The Psychology of Sharing: An Evolutionary Approach*. St. Andrew's University, unpublished PhD thesis.

Forfás (2007) *Ireland's Co-operative Sector*. Dublin: Department of Business, Enterprise and Innovation.

Forfás (2013) *Social Enterprise in Ireland – Sectoral Opportunities and Policy Issues*. Dublin: Department of Business, Enterprise and Innovation.

GHK (2006) *Social Enterprise – an international literature review*. London: Small Business Service.

Nyssens, M. (Ed.) (2006) *Social Enterprise at the Crossroads of market, public policies and civil society*. London and New York: Routledge

O'Broin, D; and Jacobson, D. (2018) *Local Governance Development and Innovation: Rebuilding Sustainable Local Economies in Ireland*. Dublin: Glasnevin Press.

Scottish Government (2016) Scotland's Social Enterprise Strategy 2016-2026. Edinburgh: Scottish Government.

Wilkinson, R., and Pickett, K., (2009) *The Spirit Level: Why More Equal Societies Almost Do Better*. London: Allen Lane.