



**Dublin Food Co-operative Society Limited**

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*Reg No. 4638R*

**National Social Enterprise Policy for Ireland 2019-2022**

**Submission to Public Consultation**

**14<sup>th</sup> May 2019**

As one of Ireland's longest continuously operating social co-operative enterprises, the Dublin Food Co-operative Society Limited<sup>1</sup> welcomes the publication of a draft National Social Enterprise Policy seeking to establish a policy basis for the development of the broader social enterprise sector.

We have set out our submission as follows:-

- 1. Opening Comments*
  - 2. Summary of Recommendations*
  - 3. Concluding Comments*
- Appendix A. DFC Response to Report*
- Appendix B. Policy Recommendations & DFC Response*

Any follow-up may be made with our Co-operative Secretary, Sam Toland - secretary@dublinfood.coop.

*Opening Comments*

The draft policy has a number of important elements of which we would encourage further development, particularly in the area of the supports provided to social enterprise in Ireland.

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<sup>1</sup> The Dublin Food Co-operative Society was founded in the 1980s and was incorporated as an industrial and provident society in 1991. Our website is [www.dublinfood.coop](http://www.dublinfood.coop).

However, the policy itself is built upon an inaccurate definition of social enterprise which is out of step with European policy norms.

The common definition of social enterprise emphasises that the primary purpose of social enterprise is social impact and recognises the role that private benefit plays in the success of any social enterprise.

A definition of social enterprise rooted in a charitable/voluntary ethos (maintaining a voluntary board and exclusion of private benefit) materially disincentivises social entrepreneurship through excluding founders and other stakeholders from a role in the governance and surplus of the social enterprise.

*The co-operative model is a clear example of how linking social impact with limited private benefit can generate sustainable social impact alongside sustainable economic growth.*

The impact of the policy in its current state is to redefine portions of the community / voluntary sector as ‘social enterprises’ rather than bring together the existing social and co-operative enterprise sector in Ireland under a common definition in line with European policy norms.

This has the effect of ensuring the policy is likely to:-

- (i) not have a material impact on growing the scale of the social economy given that the community / voluntary sector is already provided for in policy and funding supports<sup>2</sup>
- (ii) to reduce the growth of new social enterprises, and stunt the growth of existing social enterprises by excluding them from policy and funding supports

We believe that while a lot of the support, funding and awareness aspects of the policy are much needed, unless the more fundamental issues are dealt with, this policy will have a net negative impact on the development of social enterprise in Ireland.

### *Summary of Recommendations*

The following represent our high-level recommendations on the policy: -

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<sup>2</sup> Some existing community / voluntary bodies may reorient themselves as ‘social enterprises’, and new fledging organisations who would otherwise have defined themselves as community or voluntary bodies may found as social enterprises. But this policy is unlikely to catalyse activity which would not have otherwise been undertaken.

A. THAT the definition of social enterprise in Irish policy making be brought into line with European norms:-

*“A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.<sup>3</sup>”*

B. THAT the definition of social enterprise remains neutral in terms of legal form and ethos – encompassing community benefit, co-operative and charitable aims through industrial and provident societies and/or companies limited by guarantee or share capital.

C. THAT social enterprises be required to have their social objects in their governing document along with an asset lock require assets to be distributed to another co-operative, social enterprise or community organisation as appropriate.

D. THAT social enterprises not be required to apply 100% of their surplus to their social objects if they have an open membership and are democratically controlled by these same members.

E. THAT the role of social entrepreneurship, stakeholder ownership and limited private benefit in the success of a social enterprise be clearly recognised and in particular that there no requirement for a social enterprise to (i) have a voluntary board, (ii) have charitable status or (iii) proscribe stakeholder participation in the surplus of the social enterprise.

*Some community / voluntary organisations may qualify as social enterprises, but it is crucial that the whole policy framework is not rooted in this particular sub-set of the sector.*

F. THAT this policy reaffirm existing European social enterprise policy in ensuring that social enterprises have a level playing field in relation to accessing state and local authority enterprise supports (such as those services provided by Enterprise Ireland and Local Enterprise Offices)

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<sup>3</sup> [https://ec.europa.eu/growth/sectors/social-economy/enterprises\\_nl](https://ec.europa.eu/growth/sectors/social-economy/enterprises_nl)

- G. THAT existing social enterprises and their representative networks be explicitly included in any pre-public consultation on this policy including consumer, worker, and community co-operatives.
- H. THAT the department consider whether this policy area would be better considered by or alongside the Department of Business, Enterprise and Innovation.

### *Concluding Comments*

Ireland has an opportunity to lead the way in the development of a vibrant and robust social economy within the European Union. But in order to do so, we must have ambitious policy-making in this area.

As the social economy continues to scale over the next 10 years in response to policy and economic trends within the European Union, social enterprises wishing to operate at scale will need a robust legal and policy framework in which to do so.

Those member states with such frameworks are more likely to see their social enterprises begin to operate at scale and/or attract social enterprise from other EU members states looking for a more attractive jurisdiction from which to service stakeholders across Europe.

As a member state with limited existing policy in this area, Ireland is somewhat uniquely placed to set down an ambitious policy for growing the broader social economy.

In the face of international and European policy trends in the area of taxation and sustainable development, social enterprises have the potential to be at the heart of the revitalised indigenous economy we will need to respond to overreliance in FDI and the evolution of EU economic policy.

We wish to thank the Department for their work on this policy to date, and look forward to further engagement as outlined.

We wish to thank Irish Social Enterprise Network for sharing and open sourcing its draft submission – which greatly eased the preparation of our own submission.

The Co-ordinating Body (Committee of Management)  
Dublin Food Co-operative Society Limited

## APPENDIX A.

Page	Report in question	Dublin Food Co-op response
2	‘Not-for-profit sector’	<p>The use of ‘Not-for-profit sector’ is unnecessarily restrictive.</p> <p>Many co-operative and social enterprise (including the Dublin Food Co-op) are ‘not-for-profit’ but are distinct from many other ‘not-for-profit’ organisations which could not be defined as social enterprises.</p> <p>This policy should focus on social enterprise specifically – with this definition clearly defined so as not to conflate with other ‘not-for-profit’ activities.</p>
2	‘to support not-for-profit organisations’	See above.
2	‘Social Enterprises are enterprises whose objectives are to achieve a social impact rather than making a profit for their owners or shareholders’	<p>This is not in line with European policy norms, or current practice within the social enterprise sector in Ireland.</p> <p>Social Enterprises’ <b>primary</b> objective is social impact.</p> <p>However, many (if not most) have some sort of explicit private benefit.</p> <p>Whether with founders/employees or social investors retaining some share of the surplus.</p> <p>Or through co-operative and/or mutual status (with members sharing in the surplus).</p> <p>In the case of co-operatives, the sharing of the surplus with the membership on a co-operative basis is an integral part of</p>

		their social impact.
2	‘They are governed in an accountable and transparent way by voluntary Boards.’	<p>Many directors of social enterprises serve in a voluntary capacity, but it is critical to the model that this is a choice of the social enterprise.</p> <p>Many social enterprises provide small (much lower than market rate) remuneration to directors in cash or in kind.</p> <p>Some social enterprises have founder-CEOs on the board, with others having other stakeholders (employees, consumers etc.)</p> <p>In the case of co-operative enterprise specifically, while many co-operative social enterprises have voluntary boards (the directors of the Dublin Food Co-op serve in a voluntary capacity) it remains important to our ethos to retain the right in future to remunerate our directors for the contribution they make to our co-operative.</p>
2	‘These characteristics make social enterprises different from mainstream for-profit enterprises’	The policy is making an unclear distinction, with a danger of conflating social enterprise with the charity.
5	‘Social Enterprise stakeholders	<p>Social Enterprise Stakeholders should include existing social enterprises of all different ethos and legal forms.</p> <p>They should also include national representative bodies, think-tanks and networks including Irish Social Enterprise Network, SedCo, ICOS, Co-operative Alternatives, An Áit Eile, SCSi, ILCU, UCC Centre for Co-operative Studies and</p>

		<p>others as they emerge.</p> <p>It is also critical that policy is framed in a European context, and that stakeholders like Social Enterprise International<sup>4</sup>, Co-operatives Europe</p>
6	‘by a volunteer Board’	This should be revised in light of existing feedback.
6	‘It must transfer its assets to another organisation with a similar mission’	<p>We support this requirement as it is the most straightforward way of articulating through an organisations constitution that primary benefit is social without the need for prescriptive requirements around application of surplus.</p> <p>The Dublin Food Co-op has such an asset lock (in our case to a co-operative with a similar ethos), and this is common in the co-operative sector.</p>
6	‘Social enterprises are distinguished from for-profit enterprises and other organisations by displaying all of the characteristics outlined above’	<p>As present, we do not agree with the definition(s) of social enterprise included in this policy.</p> <p>We know that at present a significant number of existing social enterprises in the State would not qualify under this definition.</p> <p>We believe that this policy needs a fundamental change to the definition of social enterprises upon which it is based.</p>
6	The definition used is consistent with definitions of social enterprises at EU and OECD level.	We are afraid that the Department is incorrect in this assertion, and that particularly in the requirement for a social enterprise to have <b>exclusively</b> social aims, it falls outside of European policy norms.

<sup>4</sup> Formerly Social Enterprise Europe

		<a href="http://ec.europa.eu/growth/sectors/social-economy/enterprises_en">http://ec.europa.eu/growth/sectors/social-economy/enterprises_en</a>
9	Social Entrepreneurship and Social Innovation	<p>The policy does not currently acknowledge the networks that exist at present, many of which are not state funded.</p> <p>Please see Irish Social Enterprise Network, SedCo, ICOS and Co-operative Alternatives. There are others.</p>
14	‘Similarly, the fact that social enterprises are comparable in ways to other trading enterprises is not always appreciated’	This is not adequately emphasised in the policy.
14	‘Notwithstanding the fact that they have voluntary boards and any surpluses they generate are reinvested to achieve their social objectives’	We do not agree with this statement – as previously articulated social enterprises do not require a voluntary board (though many do) and social enterprises have more flexibility around the application of the surplus than is stated here.
23	‘one in a suite of initiatives to support not-for-profit organisations’	<p>We don’t think it is helpful to conflate supports for social enterprise with support for not-for-profit.</p> <p>There is clearly overlap in practice, but the link in principle is not helpful to expanding the sector.</p>
29	Implementation Group	<p>The membership of this group must be publicly advertised, with the explicit aim of its membership being drawn from actual existing social enterprises from a diversity of sectors.</p> <p>We would also recommend a limited minority of members being drawn from networks, think-tanks and representative bodies through an open process.</p>



## APPENDIX B.

<b>Policy Measure</b>	<b>Policy recommendations</b>	<b>DFC Response</b>
1 (Page 15)	Working closely with social enterprise stakeholders to develop an Awareness Strategy to raise the profile of social enterprise in Ireland	We agree with this recommendation, but believe that an awareness strategy must be rooted in existing social enterprises from a diversity of sectors including co-operative enterprise. We would be happy to provide a number of diverse examples.
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	We would be happy to participate in this exercise including national and European examples of best practice.
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 with this in principle, however it is critical that it includes the full spectrum of social enterprise in Ireland including co-operative social enterprises.
	<ul style="list-style-type: none"> <li>● Are these suggested policy measures sufficient to achieve the objective of raising greater awareness of social enterprise?</li> </ul>	Appropriately amended as recommended in our feedback, they go a long way to generating more awareness.

	<ul style="list-style-type: none"> <li>• Are there other actions the Government could consider raising awareness of social enterprise, and if so, what are those actions?</li> </ul>	<p>Provide appropriate funding to a number of national apex organisations for the purpose of generating awareness campaigns.</p> <p>The State does not need to directly engage in this activity.</p>
4 (Page 17)	Supporting social innovation and social enterprise start-ups through targeted programmes and initiatives	<p>The main hurdle for developing social and co-operative enterprise is the more intensive development process compared to privately held small business.</p> <p>Most social and co-operative enterprise in the State is supported on a non-remunerated basis with organisations / consultants in the sector providing their services for free.</p> <p>Until the early 2000s the State provided significant support for co-operative development through FÁS and Enterprise Ireland. This has been completely discontinued.</p> <p>We recommend that the government consider re-starting the co-operative development function of Enterprise Ireland with an appropriate level of funding.</p> <p>We recommend that Enterprise Ireland engage with existing organisations and consultants in offering these supports.</p>
5 (Page 17)	Exploring scope for further inclusion of social enterprise and social entrepreneurship modules in the education and training system	<p>There is a significant disconnect between the legal and financial professional services that social and co-operative enterprise require, and those that can be provided by</p>

		<p>professionals.</p> <p>We recommend that ICOSA, Chartered Accountants Ireland, Law Society and others are incentivised to educate their members on the needs of the sector.</p> <p>UCC Centre for Co-operative Studies are internationally recognised leaders in the provision of education and research on social and co-operative enterprise.</p> <p>We recommend that appropriate state support is provided to retain UCC as a leader in the field, and support the development of resources to other educational institutions in Ireland.</p> <p>The Society for Co-operative Studies in Ireland have provided a number of educational programs on co-operative enterprise, particularly in rural communities.</p> <p>We recommend that the department engage with the Society on developing a further education and awareness campaigns.</p>
6 (Page 17)	Working with education and research bodies to further support the development of social innovation	Please see out feedback on engaging with UCC Centre for Co-operative Studies and the role they play in developing education and research in the area of co-operative development and social innovation.
Page 17	Are these suggested policy measures sufficient to achieve the objective of	We are afraid at present they are not – policy in this area needs to be more ambitious on the role that social and co-operative enterprise

	<p>increasing social enterprise initiation</p>	<p>can play within the economy.</p> <p>The definition of social enterprise needs to be appropriately amended, or this policy would have significant detrimental effect on the existing social enterprise sector.</p> <p>Aside from this policy, we need the promised consolidation of the Industrial and Provident Societies Act to better support social and co-operative enterprise through a simpler registration process and a cheaper overall administrative burden.</p>
Page 17	<p>Are there other actions the Government could consider achieving this objective, and if so, what are those actions?</p>	<p>At present in Ireland, there is not a level playing field between social enterprise and more traditional enterprise.</p> <p>Social Enterprise are excluded from most enterprise supports, and will not be considered for many state tenders.</p> <p>There should be a level playing field established, and reinforced in policy.</p>
7 (Page 9)	<p>Compiling and making available information on the various business supports available to social enterprises, along with details of the providers of those supports</p>	<p>We commend the work of ISEN on compiling and making available information on the various business supports available.</p> <p>We would recommend that provide appropriate funding for this function, and tender for this service on a regular basis.</p>

8	Identifying any gaps which may exist in business supports available to social enterprises and working to address those gaps	See our feedback re: providing a level playing field.
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.	<p>Policy has a huge role to play in normalising social and co-operative enterprise within mainstream credit institutions.</p> <p>Otherwise viable social and co-operative enterprise are currently having issues getting finance on the same basis as private enterprises.</p> <p>This is due to a lack of understanding within financial institutions.</p> <p>A clear policy framework would ameliorate this issue.</p> <p>The role of financial co-operatives</p>

		<p>and mutual – i.e. credit unions should be emphasised. With the appropriate shift in policy, credit unions could be the ‘business bankers’ to the social and co-operative sector.</p> <p>The role of community shares as seen in the United Kingdom should be emphasised.</p> <p>The co-operative society is ideally for raising equity finance for social impact, allow the application of capital to social enterprise with a limited return on capital.</p> <p>This provides an untapped avenue for social impact investment in Ireland.</p>
12	Identifying gaps in financing/funding schemes and working to address those gaps	Please see feedback on the potential for credit union lending and community share offers as a means of funding social enterprise.
13	Exploring the potential for new innovative funding schemes for social enterprise	Please see feedback on the potential for credit union lending and community share offers as a means of funding 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	<p>This clearly articulates the current issue with this policy – the definition of social enterprise, which merely refines a certain proportion of existing C&amp;V organisations as social enterprises.</p> <p>In order to avoid any displacement, the definition of social enterprise</p>

		<p>should be defined according to European policy norms.</p> <p>And supports for social enterprise should exist alongside supports for other kinds of organisations.</p>
15	Supporting capacity building for social enterprises in relation to procurement processes through workshops and training	<p>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.</p> <p>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.</p> <p>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.</p>
16	Working with stakeholders to identify how to improve	Government policy should align with EU guidance on the promotion

	opportunities for social enterprises in the business to business supply chain.	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	Policy makers at a national and local level should visit innovative local authorities such as Preston, UK and Barcelona, Spain to see how public procurement can support social impact.
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.	As an enterprise policy, it is critical that any social enterprise policy is aligned with policy emanating from the Department of Enterprise.
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	It is critical that all the appropriate stakeholders are included in policy formation in this area including social enterprise and co-operative enterprise practitioners – of which there are many.  It is also critical that Ireland directly engage with European social



	enterprises can benefit from international supports	<p>enterprise policy, and use this policy as a baseline.</p> <p>In particular by adopting a common definition of social enterprise.</p>
20	Improving data collection relating to the extent of social enterprise and the areas in which social enterprises operate	<p>Mapping organisations can be useful, but are best left to academic institutions.</p> <p>Beyond the provision of a limited amount of funding to such an institution, a mapping exercise would be a distraction.</p>
21	Developing mechanisms to measure the social and economic impact of social enterprises across the full spectrum of social enterprise	<p>Community Finance Ireland are working with a Social Impact Scorecard for use with their client enterprises.</p> <p>We recommend that the department engage with organisations like Community Finance Ireland to assist with the development of a national standard.</p>