

ILDN Submission on the National Social Enterprise Policy for Ireland 2019-2022.

Draft for Public Consultation

1 Introduction

1.1 ILDN is the representative body for the country's 49 Local Development Companies (LDCs) who deliver LEADER, Social Inclusion Community Activation Programme, Rural Social Scheme, Tús, Local Employment Service, Jobs Clubs, Back to Work Enterprise Allowance and social enterprise programmes across rural and urban Ireland. There are also a range of other initiatives at national and European level that LDCs leverage funding from in order to enhance the development of their communities through enterprise, training, activation, educational and community supports.

Local Development Companies have a presence in every city, town and village in Ireland supporting 173,000 individuals and almost 15,000 community groups annually through the delivery of €330 million worth of programmes.

1.2 Through its members, ILDN has a long and proud tradition of initiating and supporting social enterprises around the country that bring a multi layered set of benefits to disadvantaged communities in rural and urban Ireland.

Currently, approximately 40 LDCs employ a dedicated staff member to work with and support social enterprises in every part of Ireland. These supports include:

- Local Development Companies exclusively operate the SICAP and LEADER Programmes which have social enterprise as component activities under EU Partnership Agreements.
- Developing and directly managing social enterprises.
- Strong experience in upskilling others to develop and manage social enterprises.
- Provision of Governance supports to companies.
- Using on-the-ground knowledge to ensure that services are relevant to local needs and making connections with local communities.

- Pre-Enterprise Training Supports including ‘Start your Social Enterprise’ programme which is complemented by mentoring and advice.
- Grant Assistance for Social Enterprise Start-up/Expansion: Grant assistance to social enterprises is allocated through a variety of programmes e.g. LEADER and SICAP.
- Provision of Placements: The opportunity to employ individuals through activation and other schemes bridges an important resource gap for the social enterprises at the start-up and scaling stages. Schemes such as Community Employment Schemes, Tús, RSS and Job Initiative are the most frequently used programmes.
- Meaningful training and employment opportunities for marginalised individuals who are in many instances excluded from mainstream employment opportunities (individuals with disabilities, ex-prisoners, ex-offenders, early school leavers etc).
- Local Development Companies have developed training materials, template documents and information guides which are being used on multiple occasions and have potential for transferability and use by other companies.

These supports are embedded in broad sectors (e.g. childcare, heritage, horticulture, laundries, tourism, recycling, green projects etc) and across regions where there is market failure, both urban and rural. Many of our supports have been developed or refined based on research commissioned by ILDN from the Kemmy Business School in the University of Limerick, ‘Creating an Enabling Supportive Environment for the Social Enterprise Sector in Ireland.’ (2016)

1.3 This submission results from consultation on the Draft Policy with the ILDN Social Economy Working Group and ongoing consultation with members throughout the National Policy formulation process.

ILDN welcome the recent initiatives by Government and by the Department of Rural and Community Development including

- 1) the allocation of responsibility for this sector to a senior Government Minister,
- 2) the establishment of a Unit with senior staff within the Department of Rural and Community Development and
- 3) the publication of the National Social Enterprise Policy for Ireland.

These are welcome signs of commitment to the support and development of the sector and will assist it to achieve its full potential in terms of services to disadvantaged communities, providing employment opportunities for those furthest from economic activity and providing

economic and value for money to funders seeking to ensure that disadvantaged communities receive quality services.

The ILDN Social Economy Working Group welcomes the invitation to submit observations and suggestions as part of the national public consultation process and we outline our views in the following paragraphs. Our submission will follow the format of the objectives and recommendations as outline in the published document.

2 Creating Awareness of Social Enterprise.

2.1 ILDN believes that future policy on Social Enterprise should include a commitment to establish and recognise the sector as separate from other business sectors, as having certain attributes particular to the sector, and as a sector that operates for the benefit of communities, the environment and individuals who are experiencing disadvantage of one sort or another. The policy should clearly expound the advantages of the not for profit attribute which results in surpluses being reinvested in the Social Enterprise to meet its social objectives and where there is no distribution of any funds to any individuals/ shareholders/ directors. The policy should also celebrate the value of volunteerism combined with a local approach to delivering services.

2.2 The branding of the sector would help the sector and individual social enterprises attract corporate support, including expertise and finance. This branding will also create awareness amongst agencies involved with public procurement.

2.3 ILDN also recommends that the policy should outline an intent to establish a national celebration of the work that is undertaken on behalf the state and on behalf of communities across the country. This celebration should include a national awards process as a means of creating awareness in general and in particular recognising best practice in the operation of Social Economy projects and in the delivery of services that benefit society. ILDN is willing to play a central role in such awards using the model currently in place for the ILDN National Enterprise Awards that celebrate the Back to Work Enterprise Allowance.

2.4 ILDN suggests that in addition to the annual forum as described in the draft policy document there should be a policy that will ensure dissemination of international best practice as reported and verified by bodies such as the OECD LEED division and by the various EU organisations.

2.5 ILDN believes that the national policy should clearly outline the need for the sector to come together in a single entity for the purposes of ensuring that the voice of the sector is cohesive and comprehensive. With over 40 designated social enterprise staff members in the LDCs across the country, ILDN represents the largest single body of work being done on the ground to support, expand and initiate social enterprises. ILDN is of the view that the Department Policy should establish a new independent support entity for sectoral stakeholders. However, if it is considered that any existing organisation should be responsible for this important task, ILDN is best placed to represent the Social Enterprise sector as its member Local Development Companies have active members and staff in every part of rural and urban Ireland.

These community-led Local Development Companies, based on partnership structures, have full country coverage and understand the challenges and opportunities for Social Enterprise from directly supporting the establishment, development and growth of social enterprises. In addition, many LDCs provide leadership and governance supports to new and developing Social Economy Enterprises.

3. Initiating Social Enterprises

3.1 Many Social Enterprises begin life as micro organisations with few resources to attend to structure or governance issues. While the core aims of such fledging enterprises are clear from the outset, the journey needed in order to deliver these objectives is often very challenging. New Social Enterprises are very quickly swamped by regulations such as GDPR, Legal and Competition rules, quality standards, governance and insurance issues. As an example, consider the case of a number of rural volunteers who want to take care of elderly people living on their own by taking them a meal each day- meals on wheels. Legal and regulatory requirements soon take precedence over the core activity and the volunteers are often quickly faced with the choice of giving up or seeking another organisation to provide governance.

ILDN is of the view that the exploration/ investigation of new models of working such as umbrella structures, should be a clearly stated policy objective. There is a need to create an ecosystem that supports new initiatives that will allow volunteers to work at their stated core objectives while the governance and regulatory requirements are managed centrally. We believe that the new policy should implicitly encourage and support new structures to allow new and innovative ideas to flourish.

3.2 While Governance is widely recognised as a key attribute in the success of many Social Enterprises, mentoring and advice is key to creating a pipeline of viable projects. We feel the policy should provide for recognised experts to mentor start up social economy projects. Qualified and experienced mentors could advise community groups on marketing, finance and general sustainability.

3.3 The policy should differentiate between start-up enterprise and those already established and ready for scaling up and expanding.

4 Access to Finance and Funding.

4.1 The policy implementation should examine the possibility of providing funding for Social Enterprises at start-up stage. It is essential that some seed finance be made available to the sector to cover items such as insurance and indemnity for volunteers.

4.2 There is a trend to provide funding for community initiatives by way of a competitive process. This approach is not appropriate as it skews the assessment process away from the central issues of business viability and social impacts. It also belittles those not funded and militates against new start-up projects.

4.3 ILDN believes that the policy should support education and training particularly in the area of finances and the role of debt in the development of new enterprises.

4.4 The rate of interest charged to Social Enterprises is high by international standards. While recognising that the market for financing Social Enterprises in Ireland is comparatively small, the policy should have a target of reducing the rates for charities in the sector. This could involve either rates subsidies, underwriting risk or the provision of supports for new players.

5 Enabling Market Opportunities

5.1 ILDN believe that the policy should support the adoption of the new EU directives that provide for beneficial procurement criteria to charities or not for profits when competing with the private sector.

5.2 Ireland's national procurement policy should mirror the best international practice on the procurement of social services including services that the private sector deems as not viable.

5.3 Finally, the policy document should provide for the procurement of certain Social Inclusion Services to be confined to the not for profit sector as is done in many EU countries.

6 Achieving Policy Alignment

6.1 The policy should be expanded to express the desire that policy alignment should include matching and benchmarking against the best in Europe and align with OECD LEED recommendations.

ILDN are happy to meet with the Department to further discuss the above suggestions.