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INOUE Submission on the Draft National Social Enterprise Policy for Ireland

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INTRODUCTION

The Irish National Organisation of the Unemployed (INOU) welcomes this opportunity to make a submission through the public consultation on the *draft National Social Enterprise Policy for Ireland 2019-2022*. Over the years, through the *Action Plan for Jobs* process, the INOU has called on the Government *“To support local communities to address their local socio-economic needs deliver the necessary resources to support the development of social enterprises”*¹ and recommended *“that local communities are supported to develop social enterprises”*².

“The INOU is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions. The INOU represents and defends the rights and interests of those who want decent employment and cannot obtain it. We promote and campaign for policies to achieve full employment for all. We also campaign for an acceptable standard of living for unemployed people and their dependents. The INOU is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society.” (INOU Mission Statement)

The organisation has 200 affiliated organisations and individual members. We work at local and national levels on issues affecting unemployed people through the provision of training and welfare rights information services; analysis of Government policies and related advocacy work; and working with a wide range of other organisations on issues of common concern.

DEFINITION

The INOU notes that the EU defines *“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.”*³

The term ‘in the social economy’ has been underlined by the INOU as Ireland previously had a Social Economy Programme (SEP), which ran from 2000 to 2005, and effectively became the Community Services Programme in 2006. The stated aim of the SEP was *“To support the development and operation of enterprises that engage in economic activity between the private and public sectors in order to meet social objectives and in so doing create sustainable employment. The Programme will seek to develop the entrepreneurial and*

¹ Ref: https://www.inou.ie/download/pdf/inou_apj_2016_submission.pdf

² Ref: https://www.inou.ie/download/pdf/inou_apj_2018_submission.pdf

³ Ref: http://ec.europa.eu/growth/sectors/social-economy/enterprises_en

business potential of such enterprises and will be particularly targeted at disadvantaged communities, communities of interest and long-term unemployed persons.”⁴

Three categories of enterprises were envisaged under the Social Economy Programme (SEP):

- 1. Community Businesses: ultimately financed from trading income alone and which would be expected to move into self-sustaining viability in the medium term.*
- 2. Deficient Demand Social Economy Enterprises: where the demand for particular goods and services within a community is not matched by resources to pay for these, due to disadvantage or low density of population.*
- 3. Enterprises Based on Public Sector Contracts: which deals with the potential for subcontracting public sector expenditure in disadvantaged areas and communities to local Social Economy Enterprises.*

Under the SEP most enterprises categorised themselves or were categorised as community businesses, which implied a capacity, or a potential capacity to generate additional income. However, the reality was that more of them were deficient demand enterprises, meeting an essential need in a local community that otherwise would not have been met by either the state or the private-for-profit sector.

On page six of the draft National Social Enterprise Policy for Ireland 2019-2022 (NSEPI)⁵ the following definition / understand is used:

“A Social Enterprise is an enterprise whose objective is to achieve a social impact rather than making a profit for its owners or shareholders.

It pursues its social objectives by trading - or having an ambition to trade - on an ongoing basis through the provision of goods and/or services, and by reinvesting any surpluses made into achieving its social objectives.

It is governed in an accountable and transparent way by a voluntary Board and is independent of the public sector. If dissolved, it must transfer its assets to another organisation with a similar mission.”

On page eight of the draft document it notes *“The spectrum of social enterprise activity in Ireland is wide, and social enterprises take a variety of different forms, including, amongst others:”*

“‘Deficient Demand’ social enterprises which seek to meet a demand for goods and services within a community where there is insufficient demand for the operation of a

⁴ Ref: WRC Social and Economic Consultants review of the Social Economy Programme
https://www.ihrec.ie/download/pdf/measure_19_social_economy_programme_wider_equality_study_pdf.pdf

⁵ Ref: <https://drctd.gov.ie/wp-content/uploads/social-enterprise-policy-draft-for-public-consultation.pdf>

regular market due to inherent economic and social disadvantage or low density of population,”

The reality is that in many communities addressing challenges of marginalisation, disadvantage and / or isolation, sufficient income to generate a surplus is not feasible as the communities / families / people using these services cannot afford the market rate. If they could the private-for-profit sector would already be meeting their needs. It is essential that this long awaited social enterprise policy does not lose sight of the important work undertaken by these locally based ‘deficit demand social economy enterprises’; and that it does not exclude more vulnerable providers, often operating on limited resources and seeking to address market and social failures within their communities.

The INOU welcomes the statement on page 10 of the document that *“The Government’s objective is to ensure that a full range of appropriate supports are available to all organisations seeking to deliver on social and societal objectives that will support a better Ireland, regardless of the model they use for service delivery.”*

POLICY OBJECTIVE 1: BUILDING AWARENESS OF SOCIAL ENTERPRISE

On page eight the draft policy notes that *“Social enterprise is receiving increased interest in Ireland due to the emphasis being placed on the wider social economy at EU level, the desire of a new cohort of young people to contribute to societal objectives, and a better understanding of the positive socio-economic impacts social enterprises can have for individuals and society as a whole.”* It will be important that in creating awareness of social enterprise, that its role in creating employment opportunities for people who are so often excluded from the labour market is not lost sight of; and that a strong focus on equality and social inclusion is required to ensure that these individuals and communities fully experience *“the positive socio-economic impacts”*.

On page fourteen of the draft document it says that *“Many social enterprises work with government, delivering services in areas such as community development, rural development, healthcare, and addressing economic and social disadvantage and equality issues.”* Later on it notes that *“A particular focus will be to better quantify and explain the positive socio-economic impacts achieved by social enterprises.”*

In response to the questions raised under this section of the document, it will be critical that work under this objective involves as broad a range of stakeholders as possible. The INOU remains concerned that the consultation undertaken to date has not been as inclusive as it should have been and that the first time many people / organisations will be aware of this policy development, and its implications for their work, will be with this public consultation. To that end the three week time frame for this consultation may be insufficient for groups that may not yet fully appreciate what this policy development could mean for their work. Therefore it will be important for the proposed annual Social Enterprise Forum to present

participants with an opportunity to feed into developments and the practical roll-out of the policy.

On page sixteen it notes that *“There are several notable developments in our education and training system which contribute to promoting the concept of social enterprise, as well as responding to a demand from students for careers in the field of social enterprise and social innovation.”* It would be useful to include examples from the Further Education and Training sector on this page: given the role of second chance, adult and community based education and training can play in supporting adult learners in addressing the challenges facing them at a personal and communal level.

Also it should be noted that the work outlined in the last paragraph on this page, describing the work undertaken through the Local Development Companies, are not necessarily supports for social enterprises, and they are also supports for people seeking to address their own unemployment through self-employment. It will be essential that any roll-out of enhanced social enterprise supports does not undermine this important route into employment for many unemployed people.

POLICY OBJECTIVE 2: GROWING AND STRENGTHENING SOCIAL ENTERPRISE

In seeking to grow and strengthen the role and development of social enterprises it will be important to identify and then communicate who can actually do what for whom; including the role the Local Enterprise Offices (LEOs) should play in supporting social enterprises to access more mainstream enterprise funding. On page eleven of the draft document it notes the LEOs *“can only offer direct financial support to microenterprises (10 employees or fewer) in the manufacturing and internationally traded services sectors which, over time, have the potential to develop into strong export entities.”* Such a focus may have been all well and good at the height of the economic crisis, but if LEOs are indeed to be local enterprise offices and the Local Authorities are to play their part in supporting the development of social enterprises, then the LEOs remit must be broadened. This will be important if the measures outlined on page nineteen are to be fruitful and truly address the needs of existing and emerging social enterprises.

On page twenty of the draft document it notes that *“Financial supports for social enterprises in Ireland are often provided through labour market activation programmes which provide work placements or training in social enterprises for people to improve their employment options”.* This is an area where a broader focus on the social economy and the work of community and voluntary sector organisations in addressing inequalities and social exclusion will be required. Active labour market programmes, like Community Employment, provide an essential resource to communities to address particular issues, including access to employment, while providing badly needed supports and services. New funding lines, including access to broader enterprise supports, will be required to further the development of the social economy and social enterprises.

It will be important that in seeking to improve market opportunities for social enterprises other elements of the broader community and voluntary sector are not displaced. There is a real danger that in seeking to provide services through procurement processes, which invariably requires considerable initial capital, that the State will exclude community organisations that work in their own local communities and / or strive to address structural inequalities and social exclusion. In ‘*A Programme for a Partnership Government*’⁶ it states “*The New Partnership Government is committed to a “Social Economy” model to deliver a strong economy and a fair society. This “Social Economy” will be built on four foundations:*

- (1) Sound Public Finances and a Stable and Broad Tax Base*
- (2) A Supportive Environment for Enterprise and Employment*
- (3) More Investment in Economic, Regional and Social Infrastructure*
- (4) A Just and Fair Society and a More Inclusive Prosperity” (p4)*

In local communities a critical access point to the provision of accessible information and supportive services are community based and led organisations. In many cases they are the only access point to the labour market, in particular for people experiencing exclusion because of their age, gender, family status, ethnic or social background, and / or disability. Yet many of these organisations are struggling with the cumulative impact of the crisis and the austerity policies that followed in response, with some having to close their doors. In the INOU’s submission to the *National Action Plan for Social Inclusion* we noted the importance of the active inclusion of people experiencing socio-economic exclusion in the cycle of policy and practice design, implementation, monitoring, evaluation and re-design where appropriate. Such engagement is not possible unless there are well resourced community based organisations able to facilitate such engagement and participate themselves. So, it will be absolutely critical that there is no “*displacement of existing supports for Community and Voluntary organisations*” as raised under measure 14 on page twenty of the draft *National Social Enterprise Policy for Ireland 2019-2022*.

On page twenty-one of the draft document “*Social enterprises may often be best placed to deliver certain types of contracts, for example, services to disadvantaged sections of the community.*” It is even more important that the provision of such services provide opportunities for the people living in these communities to participate in the development of the social enterprise and secure decent employment through such engagement. To that end the focus on concepts like procurement and business-to-business supply chains is concerning as it has the potential to exclude community based and lead responses. Any training and capacity building envisaged must take on board these issues; and policy makers must explore alternative funding mechanisms to procurement that would enhance socio-economic inclusion.

⁶ Ref: https://www.merrionstreet.ie/MerrionStreet/en/ImageLibrary/Programme_for_Partnership_Government.pdf

POLICY OBJECTIVE 3: ACHIEVING BETTER POLICY ALIGNMENT

In 'A Programme for Partnership Government' it states *"We want to affirm the contribution of the community and voluntary sector to building a more just and prosperous society, and its strong focus on urban and rural regeneration. Community and voluntary organisations provide the human, social and community services in all key areas of our national life. In this work they contribute to the economy as well as create value for Irish society."* (p131) Policies and their implementation have real impacts on people's lives and the circumstances must be created where people feel they are supported to play a real role in determining what needs to change to ensure a positive and constructive impact on their lives and their communities. To that end the referencing of the UN' Sustainable Development Goals on page twenty four of the *draft National Social Enterprise Policy for Ireland* is to be welcomed, and in particular it states that *"These Goals aim to deliver a more sustainable, prosperous and peaceful future by 2030, by ending poverty, protecting the natural environment, addressing inequality, and strengthening human rights in Ireland and around the world."* A critical message within these Goals is to leave no-one behind, and it is imperative that Ireland's new national social enterprise policy does not do so, and that it strives to also realise Goal 8, which seeks to *"Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all"*. It will be absolutely critical that measures are taken to ensure that people working in and on the development of social enterprises fully appreciate the role these Goals should play in their work; and the policy and its implementation must demonstrate how it is learning from and contributing to the achievement of these Goals.

It will be very important to collect good data and fully assess the impact of the social economy and social enterprises, in particular in addressing inequality and social exclusion. As part of this work the Department must work with people / organisations engaged in this work to ensure that the matrices established collect the necessary data and that people working in social enterprises see the value of such collection i.e. that it is a working tool that fully captures their work and its' value is communicated well to a wider audience. Issues have arisen on other programmes when due care was not taken in this regard, including GDPR concerns about the collection of detailed data.

IMPLEMENTATION AND OVERSIGHT

The INOU welcomes the inclusion of equality in the core values and principles outlined on page twenty six of the draft policy and that the policy *"will ensure that the Government's commitments to equality, human rights and social cohesion, including efforts to achieve the UN Sustainable Development Goals, underpin the Policy."* To that end it will be critical that this new policy supports people and communities experiencing socio-economic exclusion to play an active part in the design and roll-out of social enterprises that meet their social and economic needs.