



Irish Rural Link
Nasc Tuaithe na hÉireann

Irish Rural Link Submission to National Social Enterprise Policy for Ireland 2019 - 2022

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Community Development**

*An Roinn Forbartha
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Introduction

Irish Rural Link represents the interests of locally based rural groups in disadvantaged and marginalised rural areas by highlighting problems, advocating appropriate policies, sharing experiences and examples of good practice. It has a membership of nearly 600 rural community groups dedicated to sustainable rural development and represents rural communities at a local, national and European level.

IRL welcome the opportunity to make a submission to the National Social Enterprise Policy for Ireland 2019 – 2022. As a member organisation, the majority of our members are involved in the Community and Voluntary sector, many of whom have become social enterprises to generate income as a result of reduced Government funding following the financial crisis and also to make use of the space they have when it is not being used outside its normal working hours. However, most of the income generated from this extra activity is making up a shortfall in Government funding and rarely generates enough income to break even, let alone make a profit to put back into the business.

Many of these organisations are providing essential services to people living in some of the most remote areas of the country, and will never make a profit. They are *'Deficit Demand Social Enterprises'*. Such organisations must be protected in this Policy and should not be forced to prove their ability to become profit making or become self-sufficient. A clear definition of such organisations must be outlined.

IRL are also concerned if organisations that do become innovative and begin making a profit to reinvest in the business that they will pull out of providing the goods or services in areas where there is a deficit demand.

Definition of Social Enterprise

The consultation document outlines the definition and the characteristics of what a Social Enterprise in an Irish context should be:

'A Social Enterprise is an enterprise whose objectives is to achieve a social impact rather than making a profit for its owners or shareholders'. (DRCD, 2019)¹

While the definition also outlines its trading ambition and by reinvesting any surpluses into achieving its social objective, there must be a distinction made between those community and voluntary organisations with a deficit demand and will never generate any surplus income and where these sit within the overall Policy.

¹ Government of Ireland (2019) *'National Social Enterprise Policy for Ireland 2019-2022: Draft for Public Consultation'* pp6.

Policy Objective One – Creating Awareness of Social Enterprise

The Public Consultation Document for the National Social Enterprise Policy for Ireland 2019 – 2022 states that

'In implementing this Policy, the Government will work with social enterprise stakeholders to help raise awareness of social enterprise, social entrepreneurship and social innovation in Ireland.....such initiatives could include;

- Working closely with social enterprise stakeholders to develop and Awareness Strategy to raise the profile of social enterprise in Ireland.
- 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.
- Holding an annual Social Enterprise Forum for all the stakeholders to participate in shaping policy, building understanding of social enterprise, disseminating information and sharing best practice.

The consultation document recognises that social enterprises work with government, delivering services in community development, rural development, healthcare and addressing economic and social disadvantage and equality issues and that many emerge from the community and voluntary sector. IRL are concerned that as many of these organisations are providing essential services to some of the most disadvantaged and marginalised groups, that there could be a risk if a Social Enterprise becomes profitable that they no longer receive public funding and the service will be privatised. A service that should ultimately be provided by the state is privatised and those most in need are excluded.

For example: Meals on Wheels is an essential service that is delivered to people living in the most remote areas of the country. Some of the bigger providers have become social enterprises over the years in using their kitchen space and centres to generate extra income. If this Policy suggests Government funding be reduced or withdrawn if substantial profit is made, IRL would be concerned that those living in remote areas who currently receive the service but delivering to such areas will never make a profit, that the service will cease.

It must be made clear in the Policy that no service being provided by a social enterprise will be privatised.

Community and Voluntary organisations and charity organisations who deliver essential services but will never be able to survive on their own – are 'Deficit Demand', must be protected and continue to be supported by Government. It can be argued if these should be included as social enterprises at all and instead continue as C&V organisations. It is important also that the Community and Voluntary Pillar continue to represent the C&V sector but also are represented on any social Enterprise Stakeholder Group that is established.

Awareness

Building awareness of Social Enterprise from a young age through the education system as outlined in the consultation document is positive and this must be built on. Using the Transition Year Programme to raise awareness and get students involved in local Social Enterprises either through work experience or coming up with innovative ideas to develop the Social Enterprise or develop a new Social Enterprise should be explored.

Policy Objective Two – Growing and Strengthening Social Enterprise

IRL welcome that the Policy will set out to improve the business and financial supports available to Social Enterprises, however these must be sustainable for enterprises.

Business supports

While some of the business supports needed for Social Enterprises are similar to those for general businesses, these would need to be tailored for social enterprises to ensure social impact is achieved. Local Enterprise Office business supports can at present be accessed in most cases by social enterprises. However, and this is alluded to in the consultation document, social enterprises are unaware that they can access these services and there may be a lack of understanding on the part of the staff in LEO's that a Social Enterprise have most of the same elements as a normal business model.

Another reason Social Enterprise may not access the support services is that there can be a cost involved, albeit this may be a small cost, but may still be unaffordable to the organisation.

Either staff in LEO's must be trained in the support needs of Social Enterprise beyond those of normal business needs and that key priority is the social impact or supports are provided by organisations that currently work with Social Enterprises or Community and Voluntary organisations that are involved in social enterprise as they already have the knowledge of the need on the ground.

The same can be true for the Leadership and Governance Support. As outlined in the consultation document, the extent of governance-related compliance has increased for all sectors, but Social Enterprises must also comply with Charities Act. They also have a voluntary board. We welcome the need and agree with the provision of tailored training for social enterprises for leadership and governance skills.

Access to Finance and Funding

Social Enterprises are more limited to accessing finance from mainstream financial institutions. They are dependent on Government programmes/schemes to provide funding especially in the outset.

IRL have been working with the SBFIC in Germany to explore how a Local Public Banking model could be introduced in Ireland to bring added value for regional development and be a more sustainable way of lending to microenterprises and SME's. It could also be an option for accessing finance for Social Enterprises as any profits made by the bank is retained in the local area.

We continue to engage with Government and other stakeholders on this and dialogue continues on this.

Government programmes and schemes must continue to be available to Social Enterprises. However, as most social enterprises stem from the community and voluntary sector, those 'Deficit Demand' organisations cannot lose out to funding in favour of those who are seen to be more innovative and have more potential to making a profit and be able to self-finance.

Enabling Market Opportunities

The issue of displacement of the services of other community and voluntary organisations or indeed small and micro enterprises as a result of Social Enterprises must be avoided and the steps to ensure that this does not happen outlined in the final Policy document.

IRL would be concerned around the procurement process and the capacity of Social Enterprises to tender for public projects/services. While it is outlined in the consultation document that there will be support for capacity building for Social Enterprises in relation to the procurement processes, there is a risk that bigger community and voluntary organisations would take over smaller groups, who may be providing a more personal service to its clients which could be lost if a bigger group takes over the provision of the service.

Policy Objective Three – Achieving Better Policy Alignment

While there will be a need to align the National Social Enterprise Policy for Ireland 2019-2022 with other Government policies and strategies and other Department of Rural and Community Development policies and strategies, IRL would be concerned if this alignment extended into funding streams – in that small community and voluntary groups and 'Deficit Demand' organisations are competing for funding with Social Enterprises who are generating a substantial income and by publishing and implementing this policy it will favour such Social Enterprises.

Policy Implementation and Oversight

While IRL support the new National Social Enterprise Policy for Ireland 2019-2022 and see the value and the contribution Social Enterprise can make to rural development and to communities in rural areas, we have concerns about the impact it may have for smaller community and voluntary groups that will never be self-sufficient but provide essential services to some of the most vulnerable and marginalised groups in our society. We are also concerned, as expressed earlier about the privatisation of enterprises, in turn the service they provide becoming private and those most in need of the service being excluded.

The community and voluntary sector must be represented on the Implementation Group to ensure that such organisations are protected and maintain their status if they are deemed 'Deficit Demand' organisations. Irish Rural Link would like to be considered as one of the C&V Sector represented on this.

Irish Rural Link the Organisation

Irish Rural Link (IRL), formed in 1991, is a national network of organisations and individuals campaigning for sustainable rural development in Ireland and Europe. IRL, a non-profit organisation, has grown significantly since its inception and now directly represents over 600 community groups with a combined membership of 25,000.

The network provides a structure through which rural groups and individuals, representing disadvantaged rural communities, can articulate their common needs and priorities, share their experiences and present their case to policy-makers at local, national and European Level.

Irish Rural Link is the only group represented at the national social partnership talks solely representing rural communities' interests.

'Our vision is of vibrant, inclusive and sustainable rural communities that contribute to an equitable and just society'

Irish Rural Link's aims are:

- To articulate and facilitate the voices of rural communities in local, regional, national and European policy arenas, especially those experiencing poverty, social exclusion and the challenge of change in the 21st century.
- To promote local and community development in rural communities in order to strengthen and build the capacity of rural community groups to act as primary movers through practical assistance and advice.
- To research, critique and disseminate policies relating to rural communities including issues such as sustainability, social exclusion, equality and poverty
- To facilitate cross-border networking between rural communities

'Our mission is to influence and inform local, regional, national and European development policies and programmes in favour of rural communities especially those who are marginalised as a result of poverty and social exclusion in rural areas.'

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