Response to draft National Social Enterprise Policy for Ireland

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METHOD Consultants was recently established by Tanya Lalor, Gerard Doyle and Eamon Connolly. Between us we have a combined experience of over 60 years in social enterprise development; as practitioners, board members of social enterprises, consultants and researchers.

In this submission, we provide feedback on the questions and topics outlined in the consultation paper. We also propose a mechanism and support structure for delivering a social enterprise development strategy at National and local levels. This mechanism is based on our experience of working in the sector.

SECTION 1 – INTRODUCTION

In addition to an implementation group outlined in the draft strategy, we propose that a dedicated 'Social Enterprise Unit' be established within the Department of Rural and Community Development, which is fully resourced and which would – with the proposed Implementation Group and with the involvement of a number of government departments in key areas – develop a series of actions at national level to support the development of the sector (discussed below).

UNDERSTANDING SOCIAL ENTERPRISE

Given the diversity of the sector, arriving at a comprehensive and clear definition of social enterprise is a challenge. We would recommend that in addition to a single definition outlined in the report, a set of criteria similar to that developed by EMES, the European research network is considered. This includes economic and social criteria as follows:

Economic criteria	Social criteria
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.	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

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.	shares. Although capital owners in social enterprises can play an important role, there are other stakeholders who influence

An important provision highlighted in the EMES criteria is that social enterprises should endeavour to promote the involvement of the users of the social enterprise at all levels of decision-making which contributes to accountability.

There is a plethora of terms used often interchangeably with social enterprise, such as social businesses, social firms, social innovation, social entrepreneurism, etc. While these activities have social value, it is important that their distinction with the principles of social enterprise is clear. In this respect, good practice indicators should be developed for social enterprises, and these could provide guidance as well as underpin funding criteria for programmes.[1]

Given that social enterprise has its roots in co-operative development, we would recommend that there is clarity in terms of whether co-operative models (membership-based models) are to be included within the policy and strategy framework.

Vision

One of the first tasks for the Implementation group should be to agree a vision and targets for the development of the social enterprise sector in Ireland. Otherwise it is likely that social enterprise will continue to perform a residual role and will not achieve its potential as a valuable contributor to the economic and social development of rural and urban communities as intended.

POLICY OBJECTIVE 1 - CREATING AN AWARENESS OF SOCIAL ENTERPRISES

Awareness raising actions should be practical, and based on case examples for developing social enterprises in key sectors. Actions should be practitioner-led, and could include networks (for example, Community Recycling Network of Ireland re: green economy) or best practice social enterprise activity delivered by organisations with a recognised track record. Practitioners and social enterprises are best placed to lead the discussion on how to develop social enterprise activities within communities.

In order to increase awareness within state sector and within educational institutions, consideration should be given to the following actions:

> A series of case studies should be developed which would demonstrate to state agencies, including local authorities, the potential of social enterprises. They should also 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.
> Dept of Rural and Community Development should approach the Institute of Public Administration (IPA), Law Society of Ireland, and the various accountancy bodies to incorporate modules on social enterprise into their respective educational courses.

POLICY OBJECTIVE 2 - GROWING AND STRENGTHENING SOCIAL ENTERPRISE

The support needs for social enterprises are different from other enterprises in the following respects:

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[1] For example, these could relate to participation and accountability to community/ community of interest; provisions for measuring social impact; traded income targets as a % of all income; evidence of targeting disadvantage; etc.

The origins of social enterprise (arising from a social need) are different to local owner-investor enterprises (often arising from experience in a given sector) with the result that promoters may not have technical or business expertise relevant to the sectors in which social enterprise opportunities arise.

Social enterprises often achieve viability through a combination of traded income, grants, contributions of expertise and resources (e.g. land, premises) rather than commercial viability, and so supports required to test and achieve viability are different to conventional enterprises.

Social enterprise promoters may require resources to develop enterprise ideas – as they are often employees of community organisations or board members of community groups. These promoters cannot commit to enterprise development in the same way as promoters of owner-investor firms (who commit time in anticipation of a return on their investment or potential of employment). Social enterprise development requires more hands-on developmental support at idea or pre-start up stages.

The above implies a different type of support structure to that offered to owner-investor firms. Addressing gaps in supports for social enterprises (as proposed in the consultation document) will require the following approaches:

Delivering supports for social enterprises based on a more intensive model of business support and over a longer-term than required by owner-investor firms. This has implications for capacity building, training and resources for enterprise support organisations.

Training and capacity building for organisations with a social enterprise support remit. For example, the expansion of the remit of all LEOs to include social enterprises as eligible for support would require training and capacity building as well as additional resources and staffing to ensure that the appropriate supports are provided.

The provision of training for social enterprises will need to be based on specific local needs for social enterprises. At a regional or national level, networks of social enterprises – who already are engaged with the sector – should contribute to the needs analysis and also to joint delivery of capacity building measures, given the relatively generic nature of training identified in research cited in the consultation document (e.g. recruitment, governance related training).

Enabling market opportunities – procurement and commissioning

Commissioning and public procurement offers opportunities for social enterprise development. The State should make full use of provisions for social procurement provisions in the EU Procurement Directives (e.g. reserved contracts and general inclusion of social considerations in assessment criteria), as part of an overall community gain policy.

This is a complex area of operation, and one in which procurement professionals need support. In addition, procurement policies are often made centrally within some public sector organisations. We would propose that a number of demonstration / pilot projects (e.g. as part of large-scale infrastructure projects) would be developed which would test social procurement initiatives (e.g., through sub-contracting opportunities for social enterprises). There are case examples from the UK which could be used to inform this approach. This would need to be preceded by a series of training and awareness-raising initiatives amongst those responsible for procurement.

Opportunities for social enterprises to contribute to public policy and equality objectives can be furthered through clear obligations amongst public sector bodies. For example, the *Public Sector Equality and Human Rights Duty* (introduced under the Irish Human Rights and Equality Commission Act, 2014) obliges public bodies to have regard, in the performance of their functions, of the need to eliminate discrimination and promote equality, and protect human rights, in their daily work. Promoting equality under this duty could include supporting the work of social enterprises, in particular those that target groups who are particularly disadvantaged in labour market terms and other communities of interest. In

the UK, this public sector duty was extended to include consideration of a social impacts of procurement processes (see below). The use of this public sector duty in this way should be endorsed by a national 'social enterprise unit' amongst government departments in partnership with the IHREC and the sector as a whole.

In the UK, the Public Services (Social Value) Act requires public authorities to have regard to economic, social and environmental well-being in connection with public services contracts.

The authority must consider, where relevant and with proportionality:

 - How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and

 - How, in conducting the process of procurement, it might act with a view to securing that improvement.

It has been used as a tool to engage with social enterprises, which are well placed to demonstrate improvement in the economic, social and environmental well being of the area.

Access to facilities

To address the difficulty social enterprises can experience in securing appropriate facilities, the State should develop a community asset transfer policy[2]. This would enable community organisations and social enterprises to make a request for land and buildings from local authorities and other public bodies.

Voucher system

A 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.

POLICY OBJECTIVE 3 – ACHIEVING BETTER POLICY ALIGNMENT

Wider government departments and agencies

The potential of social enterprise to contribute to wider government objectives in such areas as renewable energy is being explored at central government level, and needs to be part of a national strategy and any implementation structure for supports.[3] The policy should include clear objectives, matched with KPIs for a selection of large-scale demonstration-type projects, particularly in the green economy.

A wide range of government departments need to be engaged in the development of the sector at national level, in order to identify opportunities within their own policy remit. This will require capacity building at central government level, and will require directives from such departments as the Dept of Public Expenditure and Reform, around targets for inclusion of social enterprise in infrastructure and other projects.

The national social enterprise unit would coordinate these actions, with the involvement of central government departments, state agencies and social enterprises and community organisations.

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

[3] The Department of Communication, Climate Action and Environment is in the process of developing a framework to support communities to contribute to the renewable energy transition.

RECOMMENDATIONS FOR A SUPPORT STRUCTURE - RATIONALE

Social enterprises often develop as a result of a social need or a social objective, rather than an expertise in a particular sector. Leaders in a community who identify the need or potential for social enterprise may not have the experience in enterprise or project development. At the same time, achieving viability for social enterprises often involves a combination of trading, leverage of additional resources, voluntary labour and voluntary effort, acquiring support through alliances and state funding. The social enterprise approach to sustainability includes social, environmental as well as economic outcomes.

As a result, the support needs of social enterprises are varied and complex, and differ significantly from private sector enterprise supports. The support structure proposed is based on the need to develop tailored area-based or community of interest based strategies and priorities, as well as a specific type of developmental support for social enterprises (e.g. a model of close project support which starts at idea stage, through to – and beyond – trading). This needs to include ideas' generation, business planning, negotiation with funders, brokerage, training and support for enterprises to acquire expertise on governance structures in order to ensure sustainability. We recommend a support structure based on the following principles:

Social enterprise development to be based on local needs and issues

Local strategies and supports for social enterprise should be practitioner and grass-roots led

There is significant potential for replication of social enterprise concepts across different communities, which requires coordination at national level

Social enterprise can contribute to national policy objectives which requires policy change and coordination across government departments

Support structures should maximise additional programmes and other supports through engagement with local authorities, local development and other relevant structures

Implementation of the strategy should be undertaken at the following levels

Level	Rationale and roles
National level	Coordination is required at National level with the involvement of the sector, a range of government departments and agencies. This should take the form of a Social Enterprise Unit located in the Department of Rural and Community Development which would work in close co-operation or on a more formal basis with the proposed Implementation Group. Roles to include: Awareness-raising programmes, Capacity building and training initiatives (in partnership with a range of stakeholders, community organisations and education institutions), Development / research of best practices, Supporting research opportunities for scaling / replication of social enterprise concepts, Explore large-scale demonstration projects that would contribute to wider policy objectives, including regional green economy/ renewable energy initiatives, Social procurement and commissioning opportunities/ demonstration projects and other innovative measures, Cross-departmental engagement, Ensure alignment with other programmes within the department (SICAP, LEADER, urban and rural regeneration funds, etc) and ensure that these programmes have a social enterprise element ring-fenced within their budget.
Area level strategy	A dedicated '**social enterprise strategy group**' in local areas (delineated by local authority boundaries) which would include the participation of existing social enterprises / practitioners, community organisations, local authorities, LEOs, and which would be aligned to existing local development structures (e.g. LCDC).[4] A coherent area-based strategy for social enterprise development should be developed by the social enterprise strategy group to ensure that any supports offered are tailored and based on the specific needs of and opportunities for local communities. It would prepare budgets for submission to the Department, and would include leveraging SICAP and LEADER resources as well as an expnded Community Services Programme (CSP) and new programme funding. An area level strategy would ensure that supports are underpinned by the following Engagement with community sector and social enterprises ensuring a grass-roots and community led response Link to State structures, including local authority, HSE, LCDC, LEOs, PPN and other key stakeholders which would also contribute to alignment with government policy Track record / expertise. To date, county based structures (such as local development companies) have been supporting social enterprise development Oversight and reporting – LCDC and county infrastructure and reporting system already in place. Leverage – a support structure should be in a position to draw in other supports available, for example, LEADER and SICAP resources or commissioning and contracting opportunities

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[4] This approach ensures alignment with existing local development structures, which should also lever additional supports while enabling community and practitioner-led responses. Social enterprise activity is most effective at local level. This local area strategy approach was undertaken in some areas as part of the first social economy programme (FAS), in the late 1990s.

	Community development practice. To be most effective in areas with the greatest need, social enterprise is fundamentally a grass-roots response and community driven activity. Much community work has been integrated into local development companies, and this is where much of the support work for social enterprises has taken place.
	Supports would be offered as part of this strategy for the initiation and development of social enterprises, offering broad, close project support for groups from idea stage through to trading. Supports should be delivered by local organisations with capacity (e.g. local development companies) under the auspices of the LCDC bringing in outside expertise where appropriate.
	KPI's could include
	No. of feasibility studies/ development plans in key/ target areas
	No. of new enterprises supported
	No. of existing enterprises assisted to scale-up or diversify
	No. of enterprises developed with the support of local authority/ HSE and/or other agency engagement
	No. of new jobs for target groups
Community of Interest strategies	While area-based responses must include strategies to meet specific groups' needs, there should be specific measures for particular communities of interest, who have strong support structures at local and national level (e.g. Travellers, youth, ex-offenders).
	Community of Interest strategies would instigate and support social enterprise activity within these (and other) key communities of interest. Their delivery would be supported by community organisations working at local, county, and national level, and who are well placed to identify and respond to community of interest needs (for example, Traveller organisations already deliver programmes and supports on an outreach basis, for example, the Primary Healthcare for Travellers Programme). There are also strong demonstration social enterprises (Galway Traveller Movement, and Shuttleknit).
	The strategy could explore cross-county and regional projects to support communities of interest, and would enable swift replication of models of good practice. An emerging National programme should consider a distinct budget line for the delivery of strategies based on proposals from Communities of Interest for social enterprise delivery and associated supports.
	The Community of Interest strategy would have the same functions (and KPIs) as an area-based strategy.
	Specific structures would enable alignment with, and added-value from, such initiatives as - in the case of the Traveller and Roma community - the National Traveller and Roma Inclusion Strategy (NTRIS), and its actions under Traveller enterprise and employment.