



Joint submission on the draft National Social Enterprise Policy for Ireland 2019 – 2022 May, 2019

Submitted directly to the Department of Rural and Community Development via
email to: : SEConsultation@drcd.gov.ie.

Introduction

This is a joint submission completed on behalf of the Irish Prison Service and Probation Service. It reflects the objectives agreed as part of the Department of Justice & Equality Social Enterprise Strategy 2017 -2019 and the key lessons that have emerged throughout its implementation to date.

Firstly, we would like to commend the Department of Rural and Community Development and all the key players involved on the work completed to date in order to get a National Social Enterprise Policy for Ireland to this important stage. We also welcome the opportunity to share our observations on the draft policy as part of this public consultation process.

This submission contains a number of general comments as well as 15 specific observations (obs) on the overall content of the draft.

General comments

The Department's recognition that the not-for-profit sector 'pursues social objectives through many different forms' and that these 'various models require different types of supports and at different stages', signifies an important and positive shift in thinking in relation to social enterprises. Rather than being at odds with the community and voluntary sector, the social enterprise model exists in its own right.

Also, the recognition that the implementation of this policy will best be achieved through a collaborative approach involving Government, social enterprises and other relevant stakeholders is an important factor.

The establishment of an Implementation Group overseeing the delivery of this policy is also welcomed. A clear terms of reference outlining the parameters and responsibilities of this group should be made available as well as clarifying how social enterprise operators will be engaged, in a timely manner, to ensure the actions of the group are cemented in the sector. In addition, in order to ensure the specific needs of social enterprises operating in the criminal justice sector continue to influence policy development, we would ask that a representative from our sector is given a seat on the Implementation Group.

The model of introducing, implementing and progressing social enterprise policy and actions in the criminal justice sector, over the past two years, since the launch of the Department of Justice and Equality's social enterprise strategy is a model that works. It engages stakeholders at every level and directly addresses any of the gaps and blocks encountered along the way at the earliest stage possible. We would recommend that this model is strongly considered by the Department of Rural and Community Development in relation to the driving out of the national strategy

Section 2 – Understanding Social Enterprises (Page six)

Obs 1: While acknowledging that defining social enterprises has historically been challenging, the definition provided states that social enterprises, *'have an ambition to trade, on an ongoing basis by providing goods and/or services and by reinvesting any surpluses made into achieving its social objectives'*.

This has potential to be strengthened. As it is currently written, a charity providing a small amount of training (say 5% of turnover) could claim they are a social enterprise. This very broad definition serves to dilute the meaning of social enterprise and sets a very low bar for the model and approach.

The Voluntary Code of Practice for Social Enterprise (2012) in Scotland has addressed this challenge by setting a clear standard that social enterprises **aim** towards, i.e. at least 50% traded income. It is recommended that this is adapted and strengthened to preserve the integrity of the definition of social enterprise to reflect all forms including Work Integration Social Enterprises¹.

Obs 2: The final sentence of the current definition states that a social enterprise, *'is governed in an accountable and transparent way by a voluntary Board and is independent of the public sector.'*

Social enterprises in other jurisdictions are not solely run by community and voluntary organisations. If this point cannot be broadened, at this stage, to include other legal entities, then it is recommended that an action in the policy could read as follows:

Review the suitability of other governance structures, and to explore the need for a special purpose legal vehicle (i.e. Community Interest Company in the U.K), as well as to explore other appropriate legal entities and requirements that protect the social enterprise element within these e.g. co-ops and CLGs with relevant conditions and clauses in their articles of association such as asset locks.

Section 3 – Establishing Policy Objectives (Page 12 & 13)

Responding to the needs of social enterprises

Obs 3: Missing from the current list of issues is a mention of the need to drive demand from the supply side, particularly in relation to public procurement. An explicit reference should be made to the social procurement guidelines issued in 2018 by the OGP, and the establishment of a social considerations interdepartmental group in 2019 and the potential for certain forms of public procurement to be reserved for social enterprises under the 2014 EU Procurement Directive².

Obs 4: Also suggested for inclusion is a need to increase understanding of the subvention models or value proposition for state funders (there is currently little consensus on this across state agencies in Ireland and no clear guidelines on what outcomes should be expected for different levels of subvention). Without this understanding, the task of identifying good practice becomes challenging and may lack rigour and transparency.

Obs 5: A fact check is needed on the point regarding LEO support for SE (first paragraph on page 13) as many LEO funding grants in the regions are not available to charities which means that social enterprises, with charity status, cannot access financial supports. LEOs operate within a national policy framework, but do have local discretion such that the level of support and engagement with social enterprises may vary greatly across the state.

Obs 5(a): In addition to the €1.6m Social Enterprise Development Fund, reference should also be made to the €0.3m Kickstart Fund awarded in 2019 to 15 social enterprises operating in the criminal justice sector, supported by the Dormant Accounts Fund.

Section 4 – Policy Objective One – Creating Awareness of Social Enterprise (Page 14)

Obs 6: Stakeholders should be defined more clearly under this objective to include; social enterprises, employers that are working with staff coming from Work Integration Social Enterprises (WISEs), funders/state agencies, philanthropy and the business community.

¹ The development of a Code of Practice would address these discrepancies and would be a clear action to be achieved

² Article 20 of Directive 18/2014

Obs 7: It will be important under this objective to ensure clear Key Performance Indicators (KPIs) are agreed as the outcome of awareness raising is often unclear and difficult to measure.

Obs 8: The introduction of a 'Buy Social' initiative, similar to those successfully implemented across the UK and Northern Ireland, would greatly assist with raising public awareness of social enterprises in general as well as with public and private sector procurers.

Section 5 – Policy Objective Two – Growing and Strengthening Social Enterprise (Page 19)

Obs 9: Suggestion that point 7 (*'compiling and making available information on the various business supports available to social enterprises, along with details of the providers of those supports'*) is not substantial enough to be an action in and of itself and needs a broader, more ambitious reframing.

Obs 10: Clarity is required on who has responsibility for actioning Points 8 and 9 so that gaps and blocks experienced within the sector are not only identified, clearly recorded but also an explanation as to how these challenges were addressed, or not. As mentioned in the last paragraph of the General Comments section of this submission, a model for driving out social enterprise nationally, to meet identified needs and opportunities, similar to the model in operation in the criminal justice sector, would greatly assist with actioning points 8 and 9.

Access to Finance and Funding

Obs 11: An explanation outlining the distinction between finance and funding in relation to the social enterprise sector would be helpful i.e. finance being a loan and funding being state subvention. As many social enterprise models (particularly where they are responding to a market gap, i.e. meals on wheels, or are WISE) cannot be entirely self-sustaining.

Obs 12: It is suggested that there is an action in the final policy to explore and articulate a range of subvention models/standards, which seeks to outline the relationship between subvention and expected outcomes. This will support commissioning and assessment of good practice, as well as to identify gaps in funding availability (for instance CE and CSP programme funding is not necessarily available to new organisations). This requires clarification and potential streaming.

Suggested text - 'Through a research and consultation process, clarify the subvention model and expectations in relation to outcomes/service delivery to support funding strategies across state departments'.

Reference should be made to the ongoing review of CSP and the need to focus supports on organisations that are having the greatest impact and contribution to policy objectives, based on a consistent assessment of the sector.

One area that is causing difficulty for the sector is that only a very small number of emerging social enterprises qualify for CSP support.

Obs 13: A common issue for organisations wishing to develop social enterprise is that there is no cross-departmental clarity on reserve policies. Many funders currently request off-setting or absorption of reserves (in line with the conditions of Circular 13/2014) which means that charities have a challenge in retaining surpluses and developing new social enterprise models.

Enabling market opportunities

Obs 14: It is suggested that this title should be changed to ‘Enabling market opportunities and increasing demand for Social Enterprise’. The section needs a much stronger focus on the State’s role as a consumer of social enterprise services and products and the role of devices such as procurement incentives, social benefit clauses and targets at government department level supporting the inclusion of social enterprises in supply chains. The following specific actions are recommended for inclusion;

- Setting targets and incentives (such as procurement awards) for Government departments for the social benefit procurement and inclusion of SE in supply chains³.
- Establishing a liaison role for Government departments to support engagement between state procurement and social enterprises. This should include training for procurement officers to support engagement with social enterprises.

Section 6 – Policy Objective Three – Achieving Better Policy Alignment (Page 24)

Obs 15: The development of a Code of Practice for social enterprises, of all types, would greatly enhance any data collection and impact measurement actions that are to be introduced as it would ensure a ‘like for like’ analysis across the sector e.g. levels of subvention required for Meals on Wheels type social enterprises will differ dramatically from those that operate closer to the commercial market end of the spectrum. The outcomes and how their social impact is measured will also differ. A clear Code of Practice will provide much needed clarity on this across the sector.

Obs 16: It is rightly identified (initiative 19) that Ireland should seek to influence international social enterprise policy. It should also be an explicit policy initiative that Ireland should proactively seek to learn from and apply best practices from other jurisdictions.

³ Discussions have already taken place with the organisers of the National Procurement Awards and they are open to adding a new category of award, Social Procurement, to their event this year.