



Submission to the National Social Enterprise of Ireland 2019-2022

Introduction

Quality Matters is Ireland's largest charity and social enterprise consultancy company. We work with the state and other social enterprises and charities to improve service delivery to some of Ireland's most vulnerable populations. We also run We Make Good, which is a brand and product development support service for the manufacturing social enterprise sector in Ireland and works with 15 WISE across Ireland. Our team has a variety of expertise from legal to management to research and we teach on not for profit management and social enterprise, as well as providing consultancy in relation to SE growth.

We welcome this strategy, especially its recognition that the SE sector is an important aspect of Ireland's social service provision and economic landscape. The strategy has identified the need for the SE sector to have specific supports in order to develop, which is welcomed. The following points in this submission are intended to further this strengthen the strategy. Many of these points were raised at the consultation stages of the process, reflecting not only the view of our organisation and network, but of many of the organisations in attendance at that event. It would be appreciated that a rationale is provided to all involved when recommended actions, raised by a number of organisations, at this stage of the consultation and are not included in the strategy.

The need for a clearer definition of SE and an code to ensure integrity of terminology and model

There are numerous types of SE including those based on providing community services that will not be provided through the market, to WISE and their supporting structures, to environment and campaigning SEs. There is a need to further the understanding of good practice within these models by outlining a code, standard, or similar codified document that ensures the term SE remains credible and is that SEs are operating ethically and appropriately. Such a code is necessary to establish, for instance: guidelines for contribution of traded income, the amount of time an individual can work for a WISE without pay (i.e. through training), minimum pay arrangements to vulnerable groups, use of surplus. Any code or standards require need to acknowledge various types of SE, and be created with the sector.

Recommendation: In consultation with the SE sector clear minimum standards are to be developed for operation of different models of SE. This code will have the purpose of ensuring the future integrity of the SE brand/terminology within Ireland and ensure that SEs operate to high ethical standards.

The need for research into the trade/subsidisation relationship for WISE

Given the early stage development of the WISE sector in Ireland there is little common understanding as to what value for money represents for WISE in relation to the interaction between: 1) state subsidies, 2) traded income, and 3) social impact. In order for both funders and SEs to be able to understand what is acceptable and good social return there is a need for research an increased understanding on the interaction of these variables. This research should provide guidance on questions such as – what are the expected / acceptable rates of state subsidisation? At what levels should traded income grow over time? How many people should successfully move-on to employment for different levels of investment?

It is also an observation that there is significant focus in the report and in existing support programmes on ideation and seed supports for SE. These supports are necessary and important, however without

clearer pathways to access a degree of subsidised funding in the medium or long term, many high potential SEs will not be able to progress.

Recommendation: Research into national and international business models should be undertaken to generate a concrete understanding on the relationship between: 1) state subsidies, 2) traded income, 3) grant model income, and 4) social impact, in order to inform funding structures and ensure a common understanding of what value for money presents in the SE sector.

Recommendation: There is clarity for SEs and at departmental level on the means for SEs to access ongoing part subsidisation for WISE to support the development of a vibrant SE sector in Ireland and ensure the inclusion of vulnerable people in civic and economic life.

The need for development of an appropriate legal model

Recommendation: An appropriate legal vehicle is established that supports the establishment of SE in Ireland.

Clear acknowledgement that businesses can operate SEs

The report states every strongly that the community and voluntary sector is the home of SE. While this is largely true, this should not be at the exclusion of the ability of businesses to run SE, which is in-line with all international thinking and codes on social enterprise. While there is a strong argument to be made that business SEs (i.e. without CHY status) should not have access to statutory resources set out for SE development, the report should acknowledge the beneficial role that business SEs can play in the sector. Elite Gym (advanced disability based fitness programmes) and Rothar (bicycle recycling) are two examples of this.

Recommendation: There is an acknowledgment in the document that private business models can operate as SEs, once there are clear social benefit outcomes that cannot otherwise be provided by the commercial marketplace.

There is a need for more concrete measures in relation to state procurement

Increasing demand for SE goods particularly in state departments is an important step in growing the SE sector. We would like to see the following supports developed to encourage state procurement of SE products:

- Procurement awards for state departments
- Social benefit clauses and targets to be included as KPIs for state procurement bodies
- Advice for procurement specialists on engaging SE
- A list of approved SE providers. This is necessary as the SE brand can be hurt by a small number of new manufacturers not fulfilling contracts or doing so to substandard.
- Financial support for the emergence of an organisation that can manage contracts and engagement with procurement departments to support growth the sector to engage with procurement at this early stage in the sectors development

Recommendation: A number of concrete actions will be undertaken to increase procurement of SE products and services in State Departments and the business community. The impact of these actions will be monitored.

Need for democratic representation at the implementation group

We welcome the development of an implementation group and recommend that SE operators are democratically represented in at least 20% of the seats at this decision making group. There is a need for representation of at absolute minimum two SEs, one to be WISE, and one to be from a community services model. The sector should also have an independent democratic voice which is supported and funded as part of sectoral development. There needs to be some funded provision for the democratic / representative process to be supported, so that representatives are accountable and voices of the sector are bought forward in a transparent manner.

Recommendation: The SE sector should have a means of being represented by elected members at any implementation group, who are supported to effectively represent the sector

Recommendation: There is funding available for ISEN or another specialist SE body/network which can represent the voices of the SE sector.

Support for Buy Social Campaign

Buy Social have a been successful in the UK in the coming years, allowing for growth of this sector, this should be explored and supported in Ireland.

Recommendation: Establish the Buy Social Campaign in Ireland

Establish clarity on reserve's policies for grant funded services that does not inhibit SE growth

A barrier to the development of new SE from within the existing community and voluntary sector is a lack of clarity from key funders (HSE, DSP, Probation) on their reserves policy. This needs to be resolved in the short term, as currently reserves through trade cannot be built without negatively effecting grant funding for other services provided by the same organisation.

Recommendation: State departments are supported to develop reserves policies for grant funded community and voluntary agencies that support the growth of SE.

The need for a strong driver with proven experience in SE

In order to ensure that the SE sector develops in a co-ordinated way which maximises value and investment, it will be necessary to have a key driver with the specific focus on SE, who have appropriate supports and budget to deliver on an ambitious work plan. The staff engaged in leadership in this regard should have proven SE experience as well a track record in sector development.

Recommendation: A strong driver with proven experience in SE and sector is appropriately resourced to drive forward the strategy.