

**SUBMISSION TO**  
**Department of Rural and Community Development**  
**on the**  
***Draft Social Enterprise Policy for Ireland 2019-2022***  
**May 14<sup>th</sup> 2019**

**PASSIONATE ABOUT COMMUNITY AND VOLUNTARY ACTION**

The Wheel is Ireland's national association of community and voluntary organisations, charities and social enterprises.

We are the representative body for this vibrant and diverse sector, and together with our members, we shape and promote conditions in which people and their communities thrive.

We passionately believe that community and voluntary action improves and enriches communities and society. Our simple but ambitious mission is to make Ireland a fair and just place for all by strengthening the capacity and capability of community and voluntary organisations, charities and social enterprises to play their part.

We do this by:

- representing these organisations;
- supporting these organisations to do their work; and,
- promoting the importance of the voluntarism and community values that power these organisations.

The Wheel has over 1500 members and provides support services and representation on behalf of its members relating to matters that reflect their collective interests.

## INTRODUCTION

The Wheel very much welcomes the development of the National Social Enterprise Policy for Ireland 2019—2022 and the focus that it will bring to supporting social enterprise as an important model/approach applied within the community and voluntary sector in Ireland.

This is a most welcome policy for which the community and voluntary sector has been calling for years.

The Wheel has long advocated for a policy for social enterprise and was a founding member of the Social Enterprise Task Force (SETF) almost 10 years ago. We have been a member ever since, contributing resources to the work of the SETF over the years.

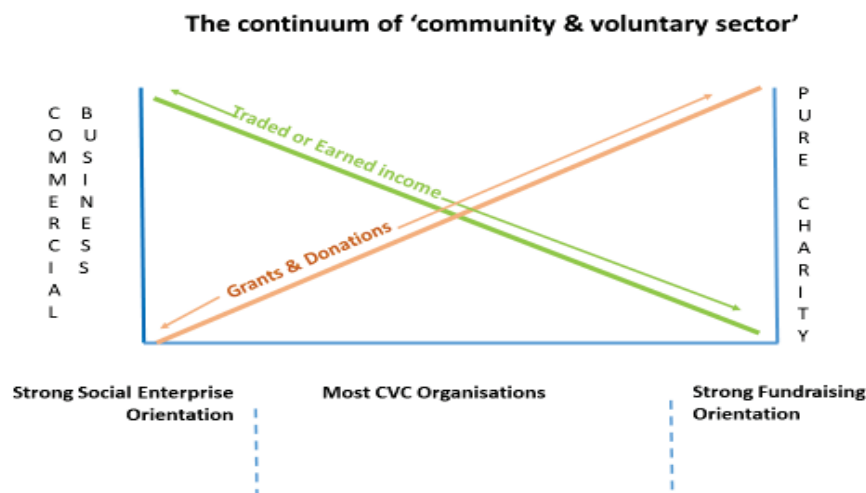
We are, therefore, pleased to see a policy nearing completion that, in broad terms, positively facilitates this focus, and comprises an important part of the suite of strategies currently in development by the Department of Rural and Community Development (DRCD). The policy is one of three policies being developed by the Department (the other two being Sustainable, Inclusive and Empowered Communities: A 10-Year Action Plan to Support the Community and Voluntary Sectors in Ireland and the National Strategy on Volunteering) which, taken together, will provide a strong grounding for the development of voluntarily-governed, mission-focussed, not-for-private-profit activity in the years ahead. Given that we will shortly have these three strategies, it will be very important that coherence is achieved in implementation of these inter-locking strategies and plans, and that they constitute good progress towards the Programme for Government commitment to deliver a “strategy to support the community and voluntary sector”.

We commend the Department on the care it has taken so far in the process of developing these policies and strategies, as well as in ensuring coherence between them, and we look forward to that coherence continuing during implementation.

The Wheel has consulted with our members at a special workshop to develop this submission, and there are a few important points that we would recommend to ensure that the policy has the best chance of achieving the widespread acceptance and success it deserves.

- Crucial to achieving successful implementation will be confirmation by the Department of **increased financial resources for social enterprise**, initially through the expansion of dormant accounts allocations. Equally crucial will be **confirmation that these increased and additional resources will not come at the expense of existing budgets/resources for supporting community and voluntary sector work.**

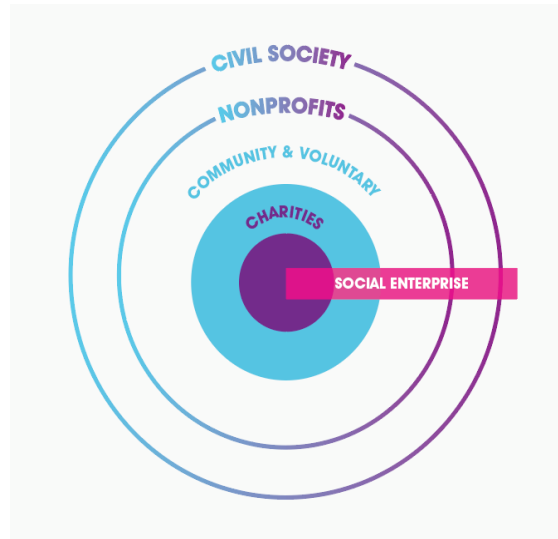
Many of our members engage in social enterprise as part of their work. These organisations understand social enterprise as a way to diversify their incomes that works alongside other more traditional models utilised by the sector. In this way, social enterprise activity is cross-cutting and most of it is located in (and has been traditionally understood to be a part of) the non-profit/community and voluntary sector in Ireland. At one end of the non-profit/community and voluntary spectrum are non-profit organisations that rely wholly on donations or grant support from the state; in the middle are the majority of organisations that receive a mixture of income sources (donations/grants/earned income etc.); and at the other end are highly commercial organisations that earn almost all of their income commercially. This is illustrated in the figure below, which visualises the continuum of community and voluntary sector and social enterprise activity.



The vast majority of organisations that apply the social enterprise approach are charities, so it will be very important that the policy is inclusive and that it supports the continuum of ALL community and voluntary organisations that apply social enterprise principles to a part of, or all of their work (see figure 1 above). In this regard it is also important to note that social enterprise is a **model** or an **approach** to doing mission-focused work, rather a discrete identity.

This is further reinforced by the European Commission's Expert Group on Social Economy and Social Enterprises (GECES), which states: "It should be noted that neither 'social economy' nor 'social enterprise' is a 'sector', as they represent a different way of doing business across sectors" (GECES Report, p. 10, footnote 9, [https://ec.europa.eu/growth/content/social-enterprises-and-social-economy-going-forward-0\\_en](https://ec.europa.eu/growth/content/social-enterprises-and-social-economy-going-forward-0_en))

We very much welcome the draft strategy's recognition of this reality (see figure 2 below for an illustration of this principle).



- Additionally, most community and voluntary organisations make a contribution to the cost of their work through earning income, and it is important too that the policy does not cause a damaging distinction between (what could otherwise become ‘privileged’) *social enterprises capable of earning income towards their own costs* and other community and voluntary organisations without such capability. Such an outcome would result in a ‘two-tier’ social enterprise/community and voluntary sector. This would be an unacceptable outcome for a policy aimed at supporting all mission-focussed, not-for-private-profit organisations. The benefits of the policy must apply to ALL community and voluntary organisations, and **there should be no requirement to be able to demonstrate earning potential to qualify for benefits** anticipated through the policy.
- Support for the work of organisations in communities where there will never be potential for any contribution to be earned towards operating or development costs **must continue to be available under this policy**, and under the other policies being developed by the department. This requirement is sometimes referred to as support for work in the context of deficient demand (or deficit demand) and such support must continue to be adequately available to community groups, community and voluntary organisations, and social enterprises as required.
- We note that the definition of social enterprise included on page 6 is focussed on social enterprises as entities, rather than social enterprise as an approach, and that this definition is inconsistent with our observations above. Given that the vast majority of organisations covered by the current definition would understand

themselves to be community and voluntary organisations (as noted above), we recommend that **the definition be re-expressed around the aims and objectives of the social enterprise approach.**

- Social enterprise should not be understood in the policy as being in any way ‘more efficient’ than other models used in the community and voluntary sector. Instead, **groups that wish to apply a social enterprise approach to a portion of their work should be actively encouraged to do so** in the policy as a means to encourage sustainability (where appropriate) more widely.
- We also recommend that where “profit” is referred to in any definition, the word be replaced by “private profit”. The social enterprise approach involves the earning of surpluses that contribute to the cost of services. So as long as mission is paramount, the earning of a profit is in itself not a problem, but that **profit must be understood to be “not private profit”**. Inserting this qualifier here will achieve that objective.
- The community and voluntary sector ecosystem is delicately balanced and this policy, while long awaited, represents a change in emphasis. In the interests of ensuring maximum positive impact of the policy on the work of ALL community and voluntary organisations applying or potentially applying the social enterprise approach, there should be no separate, single “implementation body” (other than the department itself and the advisory/implementation groups it convenes) to which responsibility for implementing the policy, or large parts of it, is transferred. Responsibility for implementing the policy must remain with the department, and **any work that is required of potential implementation partners should be awarded in fair, open and transparent processes** that do not result in the emergence of a dominant, or destabilising, presence in the community, voluntary and social enterprise sector.
- In order to fully and successfully implement these objectives, the group tasked with overseeing and monitoring implementation should ensure that **the functions required to implement the policy which can be undertaken by existing agencies and bodies are identified as a priority**. Examples would include looking at the role and the capacity of the Central Statistics Office (CSO) in data collection and identifying how Local Enterprise Offices (LEOs) might provide local business advice and supports. This would assist in the subsequent identification of areas that require implementation-partners for delivery.

- We consider it appropriate, effective and efficient that organisations already operating in a particular area, theme or capacity be invited to participate in open and transparent tendering processes, and **that all funds to be allocated to implementing partners be allocated through such open and transparent tendering processes.**
- There must continue to be **coherence** in the further development and implementation of the Department’s suite of strategies.

We wish to once again congratulate the Department of Rural and Community Development on their work (and their approach to the work) to develop this policy, the need for which was acknowledged in the Programme for Government.

There follow some observations on the detailed policy objectives and policy initiatives identified in the draft policy.

### **Re. Establishing Policy Objectives (page 12)**

We agree with the broad objectives outlined in the policy: creating awareness of social enterprise; growing and strengthening social enterprise; and achieving better policy alignment. We make a recommendation below about re-locating policy initiatives contained in objective 1 (Creating Awareness of Social Enterprise) to Objective 2 (Growing and Strengthening Social Enterprise).

### **Re. Policy Objective 1: Creating Awareness of Social Enterprise (pages 14—16)**

- We agree with the need to raise awareness of social enterprise models and support the commitment to working closely with social enterprise stakeholders to develop an awareness strategy.
- We believe however that supporting social enterprise initiation is in fact an essential component of Growing and Strengthening Social Enterprises, and we recommend that the section ‘Initiating social enterprises’ (pages 16 and 17, draft policy) and its policy initiatives (4, 5 and 6) should form part of this second objective. In line with this, and in addition, we recommended that current draft policy initiatives 2 and 3 (best practice examples and social enterprise forum) would be more appropriately

re-located in this newly-expanded Growing and Strengthening Social Enterprise section.

- There is a need to raise awareness in the community, voluntary and charity sector to help specific groups to identify whether they are already following the social enterprise approach and how this might be developed further to ensure they benefit from the policy on social enterprise.
- We suggest that the policy should commit to clear education programmes to raise awareness and promote the concept of social enterprise as a way of working aimed at a) the public, b) social enterprises themselves, c) policy makers, d) funders, e) second and third level education bodies, and f) the for-profit business sector (so as to maximise the potential for social enterprises to participate in supply chains).
- Further detail could be added around points 5 and 6 to ensure that social enterprise models are further developed and embedded across the education system. These include a commitment to training more educators in the area of social enterprise and to linking up existing educators through a forum or network. In order to keep the curriculum relevant and innovative, education programmes should aim to link up to current PhD-level research taking place in the area of social enterprise.

### **Policy Objective 2: Growing and Strengthening Social Enterprise (pages 18—21)**

- As per our recommendation above, we recommend that existing policy initiatives 2, 3, 4, 5 and 6 be relocated to this policy objective.
- We agree with the focus on growing and strengthening social enterprise through increased information provision, training and support as identified in points 7, 8, 9 and 10.
- To achieve this, comprehensive mapping of existing organisations working in this area should be undertaken and incorporated into future planning. The Department could cement its commitment to this objective by including a commitment to deliver a template suite for training and governance of social enterprise activity.
- On the issue of funding and financing outlined in points 11, 12, 13, 14 and 15, there is a need to identify where current supports exist — for example the mentoring from LEOs that already takes place — to enable quicker identification of gaps and areas requiring new attention or resources.

- A further suggestion is that a social enterprise 'identifier' for funders and consumers would assist in promoting the social enterprise concept and way of working, as well as demonstrating the myriad forms it takes across the sector.
- On points 15, 16 and 17, we welcome an increased focus on public procurement processes and how these might work for organisations that use social enterprise models. We would emphasise the need for a clear commitment to the principle of acknowledging social impact in the granting of tenders.

### **Policy Objective 3: Achieving Better Policy Alignment (pages 23—24)**

- We agree with the need for better policy alignment on social enterprise both across government departments and at an international level, as outlined in points 18 and 19.
- We suggest that a whole-of-government approach needs to be taken at both national and local level, improving communication with LEOs and other local agencies around social enterprise.
- Interdepartmental communication around social enterprise policy, funding and positioning has been a significant concern for our members to date. The establishment of a social enterprise implementation group including representation across departments with external social enterprise stakeholders would assist in achieving this objective.
- Alignment with international social enterprise policy is another important aspect of the third objective. The Wheel identifies a need for Ireland to be better represented in terms of social enterprise in international forums. We agree that the development of a suite of strategies under the Department of Rural and Community Development will improve coherence for the sector and help to amplify its voice abroad.
- Finally, we agree strongly with the importance of improving data collection to comprehend and analyse the full impact of social enterprise activity across Ireland. We identify a need to collect comprehensive impact data that focuses on the social value created by social enterprises. There is also a need for longitudinal studies that measure value over a significant period of time. The creation of satellite accounts for the social enterprises was a key recommendation of the GECES Report and the Council of the European Union urged member states to adopt such accounts. The EU Statistical Office, EUROSTAT, aims to develop satellite account for the social



economy for Member States and EFTA countries and in 2018 published a call with up to 90% grant funding as part of this process. We recommend that Government should require the CSO to actively participate in the EUROSTAT initiatives to learn from the experience and to ensure consistency with studies in other member states. Government priority should be that the data collection is carried through the CSO, thus ensuring the development of credible data that is also systematically comparative to data on social enterprises in the rest of Europe.

**ENDS**

**For further information, please contact Ivan Cooper, Director of Public Policy, The Wheel.**

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