

National Social Enterprise Policy for Ireland 2024-2027

Response to Public Consultation: Sam Toland, 31st January 2024

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To whom it may concern,

I wish to thank the Department for the opportunity to contribute to the ongoing public consultation regarding the National Social Enterprise Policy 2024-27.

As an individual deeply invested in co-operatives and social enterprise, I hope that my insights and recommendations are of some value to your deliberations on this important policy.

With extensive experience in supporting social enterprises across various stages of development, ranging from inception to maturity, I believe I bring a worthwhile practitioner's perspective to this discussion.

I would encourage the Department to ensure that the rich history of social enterprise, dating back to the pioneering efforts of the co-operative movement in our agricultural and rural communities, is referenced in the policy.

And more importantly, that this legacy has evolved to encompass diverse sectors such as credit unions, community grocery, rural cafes, housing, community energy, and social care enterprises which with the right policy approach could be developed and expanded.

I must recognise that the prior national policy did not adequately encapsulate the breadth and depth of this heritage or contemporary reality in my view.

By defining social enterprise predominantly in alignment with the charitable model of social enterprise it overlooked the inherent strengths of participative, democratic, and community approaches that define an important part of our contemporary social enterprise landscape.

I commend the references to the social co-operative model and community energy model particularly within the current consultation draft, and I would advocate for a more robust integration of language pertaining to the participatory and democratic nature of social enterprise within the next national policy.

In the subsequent sections of my submission, I will delineate specific actionable measures that the Department could undertake to translate the articulated objectives of the policy into tangible outcomes.

I wish you all the best in the development of the next iteration of the national policy, and I look forward to any further opportunity for stakeholders to engage before the final publication of the policy.

Yours in Co-operation,

Sam Toland

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General Responses

Recommendation 1: Fully integrate the participative and democratic nature of social enterprise into the national definition

It is proposed that the language concerning the participative and democratic nature of social enterprises, as outlined by the European Commission, be formally incorporated into our national definition. This integration aligns with our historical commitment to a social economy deeply rooted in principles of democratic ownership.

The European Commission provides the following definition of 'social enterprise' which we believe is relevant to the current and historical traditions of the social economy in Ireland.

A social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative fashion and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.

The Commission uses the term 'social enterprise' to cover the following types of business

- *Those for who the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation*
- *Those whose profits are mainly reinvested to achieve this social objective*
- *Those where the method of organisation or the ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice*

There is no single legal form for social enterprises. Many social enterprises operate in the form of social [cooperatives](#), some are registered as private companies limited by guarantee, some are mutual, and a lot of them are non-profit-distributing organisations like provident societies, associations, voluntary organisations, charities or foundations.

The definition of social enterprise that fully integrated the social co-operative model would be amended as follows:

A social enterprise is an enterprise whose objective is to achieve a social, societal or environmental impact, rather than maximising profit for its owners or shareholders.

*It pursues its objectives by trading on an ongoing basis through the provision of goods and/or services, and by reinvesting surpluses **mainly** into achieving social objectives.*

*It is governed in a fully accountable manner, **where the method of organisation or the ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice.** If dissolved, it should transfer its assets to another organisation with a similar mission.*

I would encourage the Department to reconsider the current divergence from European norms in relation to the inclusion of democratic and participatory principles within the national definition of social enterprise, and include them in a manner similar to that outlined above.

Recommendation 2: Retain flexibility within the policy in anticipation of the Co-operatives Bill

I appreciate the Department's proactive approach in considering the forthcoming Co-operatives Bill and its potential positive effects on the sector.

Over the years, the appeal of social cooperatives as a model for social enterprise has diminished due to a lack of modernization in comparison to the company model.

Looking ahead, the pre-legislative scrutiny on the Co-operatives Bill offers hope that the legislation will incorporate crucial provisions for social enterprise, such as safeguards for assets in case of dissolution.

However, the specific technicalities of these provisions, whether they involve establishing an indivisible reserve or a non-distributable capital surplus, remain uncertain.

I suggest that the policy should acknowledge this uncertainty regarding the safeguarding of assets upon dissolution.

The Department should commit to adjusting its language in funding and support initiatives to ensure that social co-operatives operating under the Act receive full

consideration and inclusion, regardless of the eventual form these safeguards may take.

Policy Objective One – Building Awareness of Social Enterprise

Recommendation 3: Appropriate focus on raising awareness within state and semi-state institutions

In advancing the agenda of "Building Awareness of Social Enterprises," it is recommended to direct significant attention towards state, semi-state, and other social institutions.

This recommendation underscores the critical necessity for these entities to develop a comprehensive understanding of how social enterprises can seamlessly integrate into collaborative ventures, partnerships, and supply chains.

Of particular significance are anchor institutions such as the HSE, along with other healthcare agencies, universities, other educational institutions, and the various state agencies.

These institutions wield substantial influence and allocate significant resources, making them pivotal stakeholders in fostering the growth and sustainability of social enterprises within local communities.

By elevating awareness within state and semi-state institutions, the Department can leverage their influence and resources to drive the mainstream adoption and integration of social enterprises, ultimately fostering sustainable socioeconomic development and community resilience.

Policy Objective Two - Growing Social Enterprise

Recommendation 4: Recognising the potential of community investment

In order to harness the potential of community-driven investment, it is recommended that the policy explicitly acknowledges and supports social enterprises that raise funds directly from their communities. This includes endorsing

the use of community bonds for Community Limited Companies (CLGs) and community shares for Co-operatives.

Furthermore, the policy should clearly recognise that when community investment is sourced, either wholly or partially, from 'members', the redemption of this investment at an agreed rate of return aligns with the definition of social enterprise.

To further promote community investment and ensure its effectiveness, the policy should commit to conducting thorough research on the enablers and obstacles to establishing a standardised mark for community investment in Ireland.

This proposed mark would be modeled on the successful 'Community Shares Standard Mark' in Great Britain and Northern Ireland.

The research should include a comprehensive comparative analysis with Northern Ireland and Scotland, where similar initiatives have thrived under the Standard Mark framework. The policy should also outline concrete actions to be taken based on the findings of this research.

Recommendation 5: Recognising the potential of community investment

It is recommended that the policy should recognise the opportunity to save assets of community interest across rural Ireland through the use of social enterprise, in particular community co-operatives, utilising the Plunkett Model as successfully used in community cafes such as Loughmore Community Co-op.

The policy should make provision for a fund to be managed on behalf of the Department by a third party agency such as Pobal, Rethink Ireland, Western Development Commission or Enterprise Ireland to support the development of community buy-outs across rural Ireland to save critical social infrastructure such as cafes, shops, post offices and pubs.

The fund would provide matching investment in social enterprises undertaking community buy-outs via community investment (community bonds or community shares) within limits set by the Department.

The fund could also seek private philanthropic funding to further increase its impact.

Recommendation 6: Explore the introduction of Tax Relief for Social and Community Investment

I recommend that the Department commit to reviewing the feasibility of implementing tax incentives aimed at bolstering the burgeoning community investment sector. This initiative aligns with the overarching policy goal of preserving vital social infrastructure within rural communities by fostering sustainable investment.

It is imperative for the policy to undertake a comprehensive analysis of both the enablers and barriers associated with introducing tax incentives tailored to bolster community investment.

By exploring the introduction of tax relief measures, the Department can actively contribute to the sustainability and growth of the community investment sector, thereby ensuring the continued vitality of critical social infrastructure in rural communities.

Policy Objective Three – Climate Action Contribution

Recommendation 7: Targeted Co-operative Development Supports for Community Energy

I commend the explicit reference in the policy to supporting the burgeoning community energy co-operative sector.

However, it is imperative that the policy recognizes the very limited co-operative development resources in Ireland and acknowledges the necessity of investing in specialized early-stage development support for the growth of the community energy sector.

I recommend that the policy include a commitment to providing funding for sustainable energy communities to engage co-operative development practitioners. These practitioners would assist in evaluating the feasibility of community energy projects and guide communities in forming their energy projects utilizing the appropriate legal structures.

Additionally, I advise seeking feedback from development bodies active in this sector, such as Energy Co-operatives Ireland and Co-operative Alternatives. Their insights will be invaluable in ensuring that the final policy instrument is both effective and feasible in practice.

END