

2024

INOUE Submission on National Social Enterprise Policy for Ireland 2024-2027

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IRISH NATIONAL ORGANISATION OF THE UNEMPLOYED | WWW.INOU.IE



INTRODUCTION

The Irish National Organisation of the Unemployed (INOUE) welcomes the opportunity to make a submission to the Department of Rural and Community Development on the development of the second National Social Enterprise Policy for Ireland to cover the period 2024-2027.

“The INOU is a federation of unemployed people, unemployed centres, unemployed groups, community organisations and Trade Unions. The INOU represents and defends the rights and interests of those who want decent employment and cannot obtain it. We promote and campaign for policies to achieve full employment for all. We also campaign for an acceptable standard of living for unemployed people and their dependents. The INOU is an anti-sectarian, anti-racist, non-party political organisation which promotes equality of opportunity within society.” (INOUE Mission Statement)

The organisation has almost two hundred affiliated organisations and six hundred individual members. We work at a local and national level on issues affecting unemployed people through the provision of training and welfare rights information services; analysis of Government policies and related advocacy work; and working with a wide range of other organisations on issues of common concern.

CONTEXT & DEFINITION

According to the European Union *“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.”*¹

The term ‘in the social economy’ has been underlined by the INOU as Ireland previously had a Social Economy Programme (SEP), which ran from 2000 to 2005, and was under the remit of the Department of Enterprise, Trade and Employment and administered by FÁS². In 2006 the SEP transformed into the Community Services Programme and after a variety of Government Departmental changes is now under the remit of the Department of Rural and Community Development and administered by Pobal.

Even though it is nineteen years since the SEP existed, the INOU believes that it is worth exploring its stated aim, which was *“To support the development and operation of enterprises that engage in economic activity between the private and public sectors in order to meet social objectives and in so doing create sustainable employment. The Programme will seek to develop the entrepreneurial and business potential of such enterprises and will be particularly targeted at disadvantaged communities, communities of interest and long-term unemployed persons.”*³

Three categories of enterprises were envisaged under the Social Economy Programme (SEP):

1. *Community Businesses: ultimately financed from trading income alone and which would be expected to move into self-sustaining viability in the medium term.*

¹ Ref: http://ec.europa.eu/growth/sectors/social-economy/enterprises_en

² FÁS: An Foras Áiseanna Saothair, Ireland’s Training and Employment Authority was established in 1988 and dissolved in 2013.

³ Ref: WRC Social and Economic Consultants review of the Social Economy Programme https://www.ihrec.ie/download/pdf/measure_19_social_economy_programme_wider_equality_study_pdf.pdf

2. *Deficient Demand Social Economy Enterprises: where the demand for particular goods and services within a community is not matched by resources to pay for these, due to disadvantage or low density of population.*
3. *Enterprises Based on Public Sector Contracts: which deals with the potential for subcontracting public sector expenditure in disadvantaged areas and communities to local Social Economy Enterprises.*

Under the SEP most enterprises categorised themselves or were categorised as community businesses, which implied a capacity, or a potential capacity to generate additional income. However, the reality was that more of them were deficient demand enterprises, meeting an essential need in a local community that otherwise would not have been met by either the state or the private-for-profit sector.

INOUE affiliates who are involved in social enterprises have noted that they have two roles that can pull against each other: (i) to run a business and keep it going, both socially and economically; and (ii) to offer employment and progression opportunities to people who might not otherwise access them. In particular, people who are long-term unemployed, have a disability, are ex-prisoners, are members of the Traveller and Roma communities, are living in rural and isolated areas, or are living in urban disadvantaged areas. Securing proper funding to maintain and develop these two roles is an continuous and time consuming challenge.

In the National Social Enterprise Policy for Ireland 2019-2022 (NSEPI)⁴ social enterprise is defined as follow:

“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 into achieving social objectives.

It is governed in a fully accountable and transparent manner and is independent of the public sector. If dissolved, it should transfer its assets to another organisation with a similar mission.” (p8)

On the same page the Government also notes that *“The definition of social enterprise is evolving nationally and internationally and is likely to continue to do so as social enterprises themselves adapt to new societal challenges. The definition will also evolve as national and local governments and wider society understand more fully the nature of social enterprise and the contribution they make to social and economic development.”*

On page ten of NSEPI document it is welcome that amongst the wide *“spectrum of social enterprise activity in Ireland”*, the role of *“‘Deficient Demand’ social enterprises which seek to meet a demand for goods and services within a community where there is insufficient demand for the operation of a regular market due to inherent economic and social disadvantage or low density of population”* is acknowledged.

The reality is that in many communities given the challenges of marginalisation, disadvantage and / or isolation, there is insufficient income to generate a surplus as the communities / families / people using these services cannot afford the market rate. If they could, the private-for-profit sector would already be meeting their needs. It is essential that as social enterprise policy evolves and clearer funding lines come on stream that sight is not lost of the important work undertaken by community based providers, often operating on limited resources and

⁴ Ref: <https://www.gov.ie/en/campaigns/e779c3-social-enterprise-policy/>

seeking to address socio-economic exclusion within their own communities. The funding needs of these social enterprises must be acknowledged and addressed.

It is therefore welcome that in the Public Consultation document for the development of the second National Social Enterprise Policy that it is acknowledged that *“Social enterprises share a number of common features including pursuing ‘profit with purpose’, social and/or environmental objectives and developing economic activity. They also have different needs and interests which are informed by their sector of activity, location, size, and age. Whilst not a definitive categorisation, social enterprises could be said to include the following;*

- *Work Integration Social Enterprises (WISEs), which support disadvantaged people to prepare for, and participate in, the labour market;*
- *Enterprise development social enterprises which support the creation of other enterprises (e.g. through the provision of office space and facilities);*
- *‘Deficient demand’ social enterprises which seek to meet a demand for goods and services within a community where there is insufficient demand for the operation of a regular market for example, due to an apparent economic and social disadvantage or low density of population;*
- *Environmental social enterprises which focus on climate issues and environmental sustainability; and*
- *Social enterprises contracted to deliver public services in disadvantaged areas and communities.” (p3)*

POLICY OBJECTIVES

INOUE’s submission will focus on social enterprise in its role in providing employment opportunities for unemployed people and others who are furthest, excluded from the labour market; and the importance of supporting community led social enterprises, in particular where people are seeking to address the socio-economic exclusion and inequality facing their communities.

1: Building Awareness of Social Enterprises

The INOUE is keenly aware of the impact of a lack of understanding of what social enterprises do and can do. In turn this adds to challenges these types of enterprises face when they are seeking to develop their work, market their products and services, and create opportunities for the people who work in them. It is welcome that in the first NSEP this reality was acknowledged, as noted in the following paragraph, social enterprises seek to *“improve the lives of people and are established to address significant societal challenges. Many social enterprises work with government in addressing economic and social disadvantage and equality issues. While this contribution to society and to the economy is well understood by those working with, and within, social enterprises, it is not always recognised more widely.”* (p15)

In the next, second National Social Enterprise Policy it will be important to engage with education and training providers in the Further Education and Training (FET) sector. Input from the body that oversee this sector, SOLAS, the Further Education and Training Authority will also be paramount. These are critical education and training providers for people who left school early, who are returning to education and training as adults, who may only access employment

through the work of the community, voluntary and social enterprise sectors. Such a development would be in keeping with the theme in the OECD's in-depth policy review of social enterprise in Ireland, "*Boosting social entrepreneurship and social enterprise development in Ireland*", to foster skills and business development.

INOUE affiliates have also sought a better understanding of social enterprises amongst Local Authorities and a key agency under their remit, the Local Enterprise Offices (LEO). Building on the example of the Dublin City Social Enterprise Awards⁵, which were established in 2015 by Dublin City Council, Inner City Enterprise (ICE) and LEO Dublin City, would be helpful.

The role of Enterprise Ireland has also been raised, both as a means of increasing potential supports to social enterprises, in particular for those who engage in financially viable activity. But, also as a means of generating a better understanding among the private-for-private sector, a sector who need to develop a better appreciation of the role and potential of social enterprises.

It is interesting that in the Government's White Paper on Enterprise⁶ that they note "*A key consideration here is the 'carrying capacity' of the State and the economy more generally. This concept covers not just the adequacy of physical infrastructure such as transport, housing, energy and water/wastewater but also essential social services and an efficient and responsive system of regulation.*" (p33)

It is particularly welcome that in this White Paper the role of social enterprises is acknowledged and it would be important for the second National Social Enterprise Policy to build on this recognition. The White Paper states that "*Social Enterprises, mostly micro-enterprises or SMEs, are an important and growing part of Ireland's entrepreneurship ecosystem, creating jobs and stimulating local economic activity, and are recognised as an integral part of Ireland's broad enterprise policy landscape. For example, social enterprises are already actively supporting the green transition through many circular economy initiatives and the EU's Industrial Strategy recognises the Proximity and Social Economy as one of the 14 key industrial ecosystems to support the twin transition to a green and digital economy as well as contributing to recovery and resilience. A forthcoming OECD review of the Social Enterprise ecosystem in Ireland will allow Government to set out the next phase in the development of the sector.*" (p48)

2: Growing Social Enterprise

Amongst the Key Findings of *Social Enterprises in Ireland A Baseline Data Collection Exercise*⁷ the authors note there are 4,335 social enterprises in Ireland. That over two-thirds of them are "*concentrated in four sectors: Childcare; Community Infrastructure & Local Development; Health, Youth Services & Social Care; Heritage Festivals, Arts & Creative Industry*". (p38)

Under the heading of employment they note that there are:

- 79,114 of employees within the social enterprise sector (84,382 including contractors)
 - 46.9% part-time workforce
 - 68.8% of social enterprises workforce are women (of which 69% work part-time)

⁵ Further information is available at <https://www.inou.ie/analysis/e-bulletin/2022/03/16/dublin-city-social-enterprise-awards/>

⁶ Available at <https://enterprise.gov.ie/en/publications/white-paper-on-enterprise-2022-2030.html>

⁷ Available at <https://www.gov.ie/en/publication/b30e5-social-enterprises-in-ireland-a-baseline-data-collection-exercise/>

- 60.2% of social enterprises, with paid staff, employ people through Activation Labour Market Programmes (ALMP), especially in rural areas (65%)

In the first National Social Enterprise Policy it states that *“Financial supports for social enterprises in Ireland are often provided through labour market activation programmes which provide work placements or training in social enterprises to help unemployed people to improve their employment options. In other cases, grants are provided to social enterprises, for example through the Community Services Programme (CSP), towards the cost of employing staff to enable them to deliver local services. CSP is particularly important for social enterprises operating in the community and voluntary tradition.*

This support is very valuable for both social enterprises and for the people who participate on the programmes. However, such programmes do not necessarily meet the developmental needs of social enterprises which are competing in an open-market environment. The nature of supports required vary depending on many factors, including the economic sector in which the enterprise operates, the stage of development of the enterprise, and the size of the enterprise.” (p19)

It is important to note that active labour market programmes, like Community Employment⁸, provide important access points to employment for people who are long-term unemployed and distanced from the labour market. Over the years, these programmes have been criticised for not producing better longer-term and wider employment outcomes. However, it is important to bear in mind that they are often trying to address a range of socio-economic challenges that more mainstream and better funded programmes, including the education system, have not properly addressed.

Programmes like Community Employment (CE) also provide essential resources to community based organisations to address specific issues, including access to employment, opportunities to participate, providing badly needed supports and services in their local community. Though, it is important to remember that not every organisation running a CE scheme would view themselves as a social enterprise, it is possible that a relatively small number would view themselves in this way.

According to the Revised Book of Estimates 2024⁹, the high level goal of the *“Community Services Programme (CSP) addresses the issue of equality through the promotion of social enterprise as an approach to alleviating disadvantage, addressing local needs and creating sustainable jobs for those most distant from the labour market and from specific target groups.”* The budget for 2024 will be the same as 2023, €52.39m. When the WRC Social and Economic Consultants reviewed the Social Economy Programme¹⁰ in the mid-noughties, the INOU noted the chronic underspend on this programme, which is now the CSP. In the 2000 national social partnership agreement, *Programme for Prosperity and Fairness*, a commitment was made that a budget target of €51m for the SEP would be reached. If this budget target had been reached and maintained, the current budget would be €81m: €28.68m more than the budget figure for 2024.

INOUE affiliates have noted the challenge of filling key roles in their social enterprise due to inadequate funding, this reality makes it particularly challenging to offer a competitive salary for managerial roles. It was also noted that the lack of core funding for social enterprises adds

⁸ Further information available at <https://www.gov.ie/en/service/412714-community-employment-programme/>

⁹ Available at <https://www.gov.ie/en/collection/e20037-revised-estimates/#2024>

¹⁰ Available at Available at

https://www.ihrec.ie/download/pdf/measure_19_social_economy_programme_wider_equality_study_pdf.pdf

to the challenge of trying to maintain and develop this type of activity. The lack of access to adequate funding for capital expenditure is another issue, with the grants available being relatively small.

In the current NSEP it notes that *“One way for social enterprises to increase participation in markets is to build knowledge and capacity on procurement processes and on accessing the various markets more effectively. Clear and concise guidance with regard to competition policy and, in particular, displacement, would also be beneficial in the context of public procurement.”* (p20) The need to improve market opportunities for social enterprises, including through procurement processes, has been raised with the INOU, including how hard it is to secure public sector procurement contracts. On this issue, under the theme *Facilitating access to markets* the OECD noted in their report on Ireland’s NSEP that *“Dividing public contracts into smaller lots can open opportunities for many small-scale social enterprises to access funding through procurement. The National Policy highlighted improved access to public, business and consumer markets as an important enabler for social enterprises. Many governments increasingly prioritise inclusion of social and environmental criteria in their procurement processes. The use of social clauses in public contracts could be a driver for easing social enterprises’ access to markets as serving societal objectives is part of their mission and business model.”* (p11)

3: Climate Action Contribution

The range of challenges and opportunities facing Ireland under this goal are immense. The INOU remains concerned that those with fewer resources will find trying to meet these challenges and avail of opportunities arising extremely difficult. Social enterprise has a clear role to play in addressing this reality.

Before Budget 2024, the INOU was one of over thirty organisations to *“call on the government to take decisive action in Budget 2024 to prevent Irish households from enduring another winter struggling with unaffordable energy bills and locked in to polluting, expensive fossil fuels.*

We are in an unprecedented crisis. The number of people unable to keep their homes adequately warm has reached a record high, with this figure more than doubling between 2021 and 2022. Almost one in three Irish households were classified as living in energy poverty in 2022, with the greatest burden falling on those who were already facing challenges - one-parent families, low-income households, people with disabilities, people who were unemployed, older people, renters, and the Roma and Traveller communities.

Furthermore, the risks associated with continued reliance on fossil fuels for low-income households are clearer now more than ever. In responding to the energy crisis, it is imperative that short-term measures are aligned with the government's legal obligation to adhere to Carbon Budget, which spans 2021-2025, with a limit of 295 MtCO₂eq. This is particularly concerning given indications that emissions are still rising rather than falling.”¹¹

¹¹ The full statement is available at

https://www.friendsoftheearth.ie/assets/files/pdf/budget_2024_joint_statement_on_energy_poverty_1.pdf

It will be important that in the measures introduced to support the contribution of social enterprise to the state meeting its climate action goals that community lead social enterprises are fully supported. In particular to ensure that people who already struggle to heat their homes, who live in energy poverty do not find themselves further disadvantaged.

Similarly care must be taken to ensure that supports and measures for social enterprises engaging in the circular economy, renewable and community energy are inclusive of communities with fewer resources to draw on, in other words to ensure that these developments are truly inclusive and underpinned by the principle of equality. In the current National Social Enterprise Policy it states that this policy would be underpinned by five core principles including equality, on which the document notes that: *“The Policy underpins the Government’s commitments to equality, human rights and social cohesion, including efforts to achieve the UN Sustainable Development Goals in Ireland.”* (p24)

4: National and International Engagement

In the current National Social Enterprise Policy (NSEP) it notes that *“Social enterprises also contribute to the achievement of the policy objectives of the UN’s Sustainable Development Goals. These Goals aim to deliver a more sustainable, prosperous and peaceful future by 2030, by ending poverty, protecting the natural environment, addressing inequality, and strengthening human rights in Ireland and around the world.”* (p22)

According to official documentation, in implementing the seventeen Sustainable Development Goals (SDG), Ireland will be guided by two key principles:

1. *That every person is entitled to a life of dignity in which they can fulfil their full potential; and*
2. *That the economic, social and environmental requirements of such a life are fundamentally linked and interdependent on each other. In putting these principles into practice, Ireland pledges that no one will be left behind and that we will endeavour to reach the furthest behind first.*

An important SDG for the INOU is SDG 8 which strives to *“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.”* Amongst the targets under this goal is 8.5, which aims to *“By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.”*

Social enterprises that are led by communities themselves have an important role to play in this regard seek, which would in keeping with SDG 1.4, which aims to *“By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.”*

In the first NSEP, under Action 20 it, it states that the Government will *“Develop a better understanding of the interaction between social enterprises and relevant policy areas across Government to achieve closer alignment with social enterprises and the potential contribution they can make to delivering on a range of policy objectives.”* (p23) To realise the full potential of social enterprises, to get a wider variety of Government Departments and public agencies to

fully appreciate the role social enterprises could play will require on-going work and a stronger inter-departmental commitment to realising it.

It will be essential that the second National Social Enterprise Policy spells out how these issues will be addressed, that Government Departments and Agencies develop their own understanding of the role social enterprises could play in supporting them to implement policies under their remit and to meet key objectives and targets.

As noted under *Policy Objective 1: Building Awareness of Social Enterprise*, the acknowledgement of the role and potential of social enterprise in the Government's White Paper on Enterprise is to be welcomed. It will be critical that the policies and agencies under the remit of the Department of Enterprise, Trade and Employment are asked to spell out and demonstrate how they will support the development of a broad range of social enterprises.

Amongst the main recommendations of the OECD's report *Inclusive Entrepreneurship Policy Country Assessment Notes: Ireland 2022-23*¹² were:

- *Design and implement a national strategy related to inclusive entrepreneurship.*
- *Develop dedicated calls / initiatives through the Local Enterprise Office network to target underrepresented communities. Some of these can be delivered online to ensure national coverage, while others can be delivered in partnership with organisations who already delivering such programmes (e.g. Online course 'Entrepreneurship for People with Disabilities' being delivered by TU Dublin).*
- *Ensure information concerning inclusive entrepreneurship support is made widely available and accessible to the target communities, e.g. create a central hub for inclusive entrepreneurship which provides information on available supports and pathways to self-employment.*

These are recommendations that could also be applied to the development of an inclusive social enterprise policy and its implementation. It would be particularly important that if the first bullet point is actioned that social enterprise is not only referenced, but actively incorporated in the development of such a strategy.

5: Data Collection and Social Impact Measurement

Within the conclusions of *Social Enterprises in Ireland A Baseline Data Collection Exercise* they state that "*Social enterprises in Ireland are generating meaningful social, economic and environmental impact. Their mission focus is particularly important in the context of the green transition and in realising Ireland's objectives related to job creation, inclusiveness, regional development and sustainability.*

The data indicates the diversity of the sector, the cross-sectoral work and resourcefulness of social enterprises, the opportunities and challenges related to employment and volunteering, the contribution to the economy and the small size but increasing relevance and growing potential of this dynamic sector." (p39)

Amongst the lessons learnt, the authors note "*This baseline data collection project can establish solid pillars and set realistic expectations for the recognition, promotion, and policy development of the social enterprise sector in Ireland. It provides the first comparable data to draw upon for future (more developed) exercises. Further fine-grain and more in-depth analysis*

¹² Available at <https://www.oecd.org/cfe/smes/Inclusive-Entrepreneurship-Policies-Country-Assessment-Notes.htm>

of subsectors of activity, spatial dimension, financial performance, and governance, among other variables, remain of interest for future endeavours.” (p41)

Equality was named as one of the five core principles underpinning the first National Social Enterprise Policy. It will be critical to maintain and build on this principle in the next policy to ensure that *“the Government’s commitments to equality, human rights and social cohesion, including efforts to achieve the UN Sustainable Development Goals in Ireland.” (p24)* are being acted on appropriately.

To that end it will be critical that Ireland’s national social enterprise policy not only supports people and communities experiencing socio-economic exclusion to play an active part in the design and roll-out of social enterprises that meet their social and economic needs, but that the appropriate steps are taken to collect and analyse the data to ensure that this is happening. In particular that a good assessment is made to ascertain if any measures to secure more ‘mainstream’ enterprise supports for social enterprises are available across the spectrum of social enterprises.

In the collection of meaningful data that supports good assessment of the social impact of social enterprises, it will be important to work with social enterprises so that there is a good understanding of the relevance of the data sought, to what end it will be used, and how it could influence improved policy development and implementation. In some cases it will be important to make supports available so that social enterprises with fewer resources are assisted to play their part in the provision, collection, analysis of data that will underpin appropriate social impact assessment and measurement.

While the development and maintenance of good baseline data is important, qualitative research methods should also be used, not only to create a greater awareness of social enterprises, but to demonstrate the importance of alternative economic and enterprise models for people and communities who are too often excluded from mainstream opportunities. In particular, the better and more sustainable socio-economic options that other people in Irish society enjoy.

Thank you for your time and consideration

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