



# Draft National Social Enterprise Policy for Ireland

Submission to the Department of Rural and Community Development

*Social Justice Ireland, April 2019*

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## Introduction

*Social Justice Ireland* is an independent social justice think tank that advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole. We welcome the opportunity to respond to the Department's consultation on the Draft National Social Enterprise Policy, 2019-2022, an area in which we have been involved for a number of years both on our own behalf and as part of the Community and Voluntary Pillar.

*Social Justice Ireland* is available to the Commission to expand or elaborate on any area within this submission.

## Submission

The questions outlined in the consultation document presuppose that the context in which social enterprises are situated within this document is correct. They are operational in respect of promotion of social enterprise, social enterprise start-ups and business supports. The language used is that of the world of commerce. While we recognise that some social enterprises consider themselves businesses first and foremost, albeit businesses who trade on a not-for-profit basis, in the broader context, social enterprises provide a service to their communities. *Social Justice Ireland* therefore feels it is important to reference the proposed definition of social enterprise. This definition will be used as the basis for all engagements with social enterprises, and in future policy decisions in their regard, and should therefore accurately reflect both their operation and their standing in the broader Community and Voluntary sector.

### Definition

As currently drafted, the definition of 'social enterprise' contained in the Policy is so broad as to encompass all organisations pursuing social and/or environmental objectives engaged in any level of 'trading'. Within the Community and Voluntary sector, and particularly in light of recent cuts to funding, most organisations conduct some form of 'trading' to raise funding, whether through engaging in training and facilitation for a fee or consultancy and research commissions. While the Department has previously acknowledged that this type of activity is not necessarily what is meant, if permitted within the definition of what constitutes a social enterprise, this will have wide-ranging policy implications for the sector and its future.

There is a requirement that the Community and Voluntary nature of social enterprises be reinforced to clarify that social enterprises are for the most part, as acknowledged by the Department, a subset of the Community and Voluntary sector and not, as is indicated in the consultation document, a stand-alone sector or a subset of an as yet undefined 'non-profit sector'. Social enterprises by their nature are aligned to the ethos of the Community and Voluntary sector; this goes beyond merely being a non-profit entity and instead encompasses a set of shared core values most recently articulated in the Vision statement contained in the Framework for Policy for Local and Community Development.

Within a more limited definition of social enterprise, and in light of the objectives and proposed policy initiatives contained in the Policy, there is a lack of cognisance of the different structures that constitute social enterprise, from those small organisations responding to deficit demand to more entrepreneurial, profit-generating social enterprises. Social enterprises which operate on a not-for-profit basis, and for whom this Policy has been developed, would also most likely be registered charities.

In light of the above, we would suggest incorporating the principles of the regulation and legislation related to charities into the proposed definition.

This would clearly distinguish social enterprises from other small and medium enterprises. There should also be a distinction between social enterprises and other Community and Voluntary organisations who, while engaging in some trading or commercial activity for the purpose of bridging the funding gap, are not trading as their primary function. This would apply to most charities and organisations within the Community and Voluntary sector. To include all within a narrow definition of social enterprise would be to misrepresent their core function and purpose.

### **Need for stratified supports and grant opportunities**

There is a diverse range of organisations within the social enterprise arena, ranging from those responding to 'deficit demand', particularly in under-represented and disadvantaged areas, to social entrepreneurs who have identified a 'market gap' and whose business model is most closely aligned to the commercial sector. It is inherently unfair that organisations with such divergent operational models, resources and capacities would be required to compete with each other for funding and other support opportunities. Those with the strongest capacities and most resources will have an advantage over those who may have a greater need. There is therefore a need to acknowledge within the Policy the variances that exist and the levels of supports required so that social enterprises providing key services in difficult circumstances are not further disadvantaged.

While the concept of 'deficient demand' is referenced in the draft Policy, it does not form part of the actual stated definition and is provided for context in the preamble rather than an integral function of social enterprise.

### **Representation – Establishment of an Implementation Group**

The Department was clear in its intention that social enterprises are, and would remain, for the most part a subset of the Community and Voluntary sector. This policy must clearly and explicitly reflect that intention to avoid any inference to the contrary which may impact on the future policy decisions affecting the Community and Voluntary sector.

While there are many not-for-profit organisations doing great work across Ireland, there is no 'non-profit' sector. The Community and Voluntary sector, represented by the Community and Voluntary Pillar, should have a key role in all governance structures and requirements.

The Policy makes reference to an Implementation Group being established to oversee the delivery of the social enterprise policy. While we are pleased to note that the Department is undertaking responsibility for leading and overseeing the Policy as a whole, given the situation of social enterprise within the Community and Voluntary sector, as previously acknowledged by the Department, **any Implementation Group established to support the delivery of the policy objectives and initiatives must be democratically formed, be reflective of the broader Community and Voluntary context and have at least two members of the Community and Voluntary Pillar not currently engaged with the Social Enterprise Task Force to ensure that both the views of the social enterprise stakeholders and the wider Community and Voluntary sector are represented.** The Social Enterprise Task Force has no mandate to represent the Community and Voluntary sector or the Community and Voluntary Pillar, notwithstanding the existence of any members in common.

The proposed establishment of an annual Stakeholder Forum is to pay lip-service to concept of stakeholder engagement and dialogue. For engagement to be meaningful, the Implementation Group must be fully representative.

## **Funding and Resource Allocation**

There exists within the Department's remit an administrative body capable of administering the funds required to deliver this Policy under the Department's direct instruction (i.e. Pobal). However, it was suggested at our meeting that an entity would be selected to deliver on the workstreams necessary to meet the policy objectives. No such new entity is required.

Our preferred option would be for the Department to administer the funds and funding processes involved and to do so in an open, fair and transparent manner. Whatever process is determined by the Department to be the correct course of action, any such selection, and the procedures followed in selection and subsequently in implementation, must be on the basis of an open, transparent and competitive tendering process, available to all organisations, groups and partnerships who may wish to apply.

As previously stated, funding for the Community and Voluntary sector was greatly reduced during the recession. While resources have been restored to the majority of other sectors, the scale of resources available to the Community and Voluntary sector today falls far short of what was available prior to the crash. We were encouraged to hear the assurance by the Department that there was no intention to displace existing Community and Voluntary supports; however, there is an urgent need for clarity about the funding allocation to pursue the stated policy objectives and associated initiatives.

**While we fully appreciate the need to constantly review the funding being allocated to and via the Community and Voluntary sector to ensure that the sector remains responsive to the needs of the communities it serves, it is essential that this social enterprise initiative does not lead to a net reduction in resources available to the non-social enterprise parts of the sector or the deficit demand component of social enterprises which are still dealing with the substantial reduction in resources over the past decade as noted already despite the increased level of demand on those resources within the Community and Voluntary sector.**

Specific reference is made within the consultation document to the Dormant Accounts Fund and Community Services Programme, funding streams currently availed of by the Community and Voluntary Sector, if 'new' funding i.e. not currently forming part of the funding allocation for the Community and Voluntary sector within the Department or the Department of Housing, Planning and Local Government, is to be made available, details should be published on where this additional funding will come from and what, if any, policies will be impacted by this redirection of funds.

If, however, the funding is intended to be delivered from existing Community and Voluntary sector resources, a clear statement is required on what funding will be impacted and how the Department intends to supplement the deficit. Of particular concern is the allocation under the Community Services Programme in light of the ongoing review of this important funding scheme. The objectives of this funding are such that it is used to support the most marginalised from the labour force and provide practical support to encourage participation. Any diversion of this funding from front-end provision to back-end administration of the Policy or to meet other shortfalls in funding will be strongly resisted.

## **Non-Financial Supports**

The policy refers to supports currently, or intended to be, delivered to social enterprises in the areas of information provision, training, mentoring and so on. *Social Justice Ireland* welcomes the policy's approach in bringing these supports together in a cohesive way and creating a 'one stop shop' for social enterprises. In light of our comments in respect of the definition of social enterprise, we believe

that a similar approach should also be taken in respect of those Community and Voluntary organisations and charities which do not fall within the strict social enterprise definition to ensure that they are enabled to avail of all opportunities for development. We would therefore suggest that a cross-organisational plan be developed to address any gaps that may emerge.

### **Policy Cohesion**

While there is some recognition within the Policy of the need for policy coherence, there is a need to both specifically incorporate the Framework Policy for Local Community Development and the Volunteering Strategy into this document (and to cross-reference all three policies across all three documents) and to strengthen the link between these three policy documents to ensure continued cohesion into the future.

### **Values**

The Framework Policy for Local and Community Development contains a strong Vision statement to the effect that

*Our vision is to create vibrant, sustainable, self-determining communities that have the social, cultural and economic well-being of all community members at their core, built upon a shared understanding of their needs and aspirations, and where both participative and local democracy provides community members with the opportunity, means, confidence, and skills to influence, shape and participate in decision-making structures and processes that affect them and their communities.*

*(Framework Policy for Local and Community Development, 2015, p.15)*

This vision should be shared across the three policies impacting on the Community and Voluntary sector – the Policy, the Framework Policy for Local and Community Development (and any Implementation Plan) and the Volunteering Strategy. This Vision should act as the guiding principle under which all policy objectives and initiatives are delivered to ensure a vibrant and sustainable sector, supporting communities and enhancing local and community participation.

With particular regard to Establishing Policy Objectives, we would suggest **that Responding to the needs of the Community, rather than Responding to the needs of Social Enterprises should be the overarching theme.** Social enterprises are intended to meet an identified need and so it is that need that should inform the basis for the policy objectives and associated actions.

### **Conclusion**

*Social Justice Ireland* has been advocating in respect of social enterprises for some time and welcome progression of a specific policy to support them. However, this policy must be underpinned by the principles and values of the Community and Voluntary sector in which social enterprises for the most part are situated if their mission and ethos are to be preserved.

**Social Justice Ireland** is an independent think-tank and justice advocacy organisation of individuals and groups throughout Ireland who are committed to working to build a just society where human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected.



*Social Justice Ireland,*  
Arena House,  
Arena Road,  
Sandyford,  
Dublin 18  
Phone: 01 213 0724  
Email: [secretary@socialjustice.ie](mailto:secretary@socialjustice.ie)  
Charity Number: CHY 19486  
Registered Charity Number:  
20076481  
[www.socialjustice.ie](http://www.socialjustice.ie)