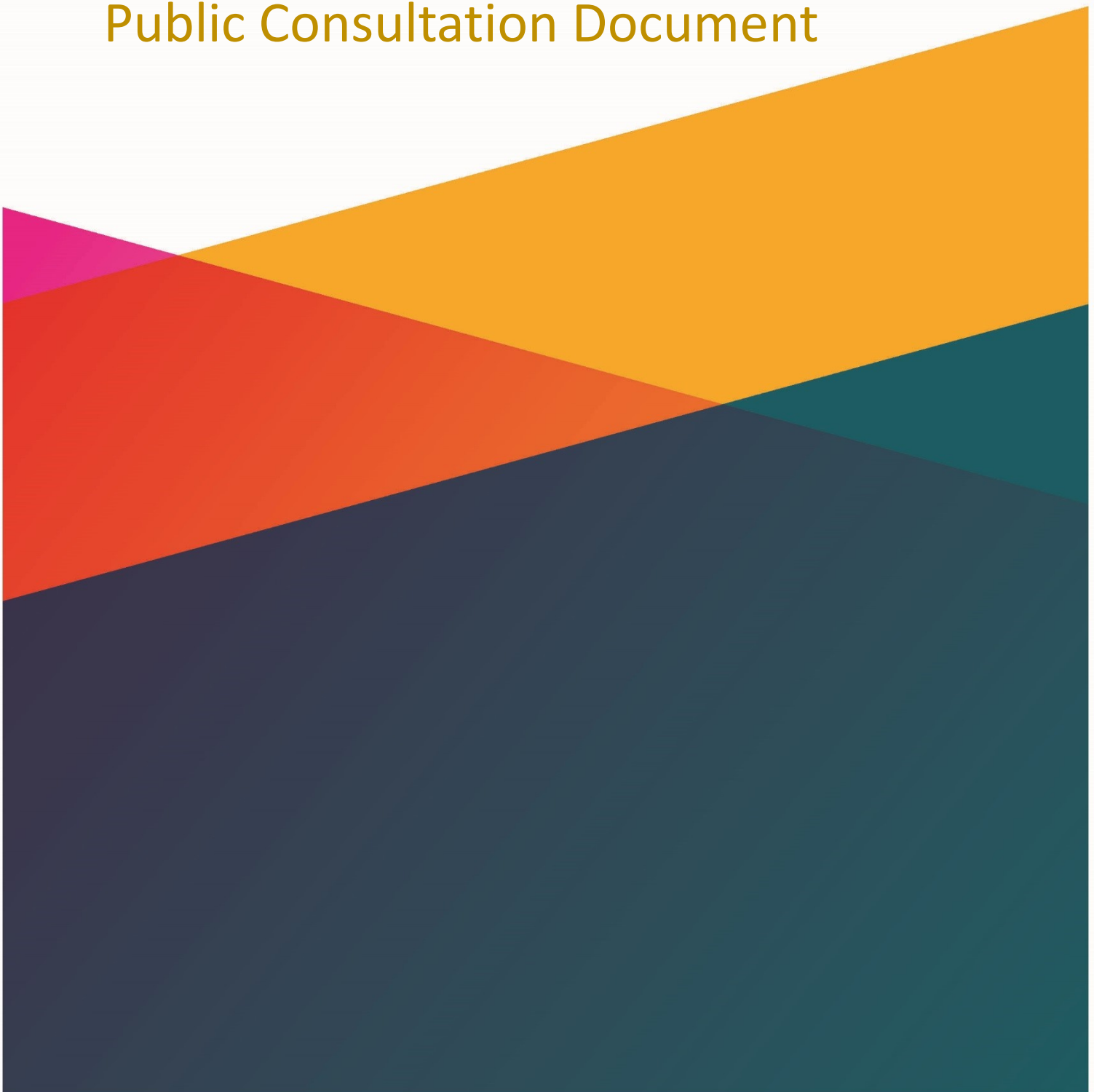




Rialtas na hÉireann
Government of Ireland

National Social Enterprise Policy for Ireland 2024-2027

Public Consultation Document



National Social Enterprise Policy for Ireland – Closing Phase Public Consultation Document

The Minister for Rural and Community Development, Heather Humphreys, T.D. has launched this consultation document to further inform the development of Ireland's new National Social Enterprise Policy, which it is planned to publish at the end of Q1 2024.

By "Social Enterprise" we mean a business that, rather than maximising profit for its owners or shareholders, is an enterprise whose primary objective is to achieve 'profit for purpose' and a social, economic or environmental impact. A social enterprise pursues its objectives by trading on an ongoing basis through the provision of goods and/or services, and by reinvesting any surpluses into achieving its objectives. It is independent of the public sector and if dissolved, it should transfer its assets to another organisation with a similar mission.

In 2019 the Government published the first [National Social Enterprise Policy for Ireland 2019-2022](#) aimed specifically at developing and realising the potential of social enterprise. Since then there has been significant public investment to grow and strengthen social enterprise and real progress in advancing the potential, impact and awareness of the sector.

A process of consultation has already been completed which gathered the views of social enterprises, their representative bodies, funders, as well as other public bodies and stakeholders. This has included six regional consultation events, the receipt of written submissions from stakeholders, and bilateral meetings between officials drafting the new policy and key stakeholders, representative groups, Government Departments and public bodies.

Now we wish to hear from you, the public, as well as any other interested parties, to ensure all views are heard. We'd also welcome your suggestions on a name for the policy that captures its vision and ambition for social enterprise.

Taking account of consultation material gathered over the past year, a number of policy objectives have been selected under which action themes have been grouped. These are presented in this paper and we'd like you to review it and submit feedback on the specific actions you think could be taken to address the issues identified.

Please email your submission to: seconsultation@drcd.gov.ie with "Social Enterprise Policy 2023/2024" in the title.

This consultation will be live until January 31st 2024.

Respondents are advised that it is intended to publish all submissions online after the consultation. The Department is subject to the Freedom of Information Act 2014 and Data Protection legislation. Personal, confidential or commercially sensitive information should not be included in your submission and it will be presumed that all information contained in your submission is releasable under the Freedom of Information Act 2014.

Social Enterprise: Key Information and Data

What is a social enterprise?

- 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.

This is the official Government definition as laid out in the [*National Social Enterprise Policy for Ireland 2019-2022*](#). During the consultation process to date for the development of the new policy, no significant volume or strength of views emerged suggesting there was merit in changing this definition. As such, while it may evolve over time as the context for social enterprises evolves, the current definition would continue to underpin the policy.

[Social Enterprises in Ireland – A Baseline Data Collection Exercise](#) confirms:

- There are approximately 4,300 social enterprises nationally making a significant contribution to the Irish economy.
- These had a total income of c.€2.34 billion in 2021, or 0.63% of GDP.
- 57% are in urban areas (approx. 8.5 per 10,000 people) and 43% are in rural areas (10.5 per 10,000 people).
- Social enterprises reported a significant employment contribution with a workforce of c.85,000 people or 3.7% of the Irish workforce.
- A further estimated 75,000 participate in the sector, split between 44,500 active volunteers and 30,500 board members.
- The age of the workforce is primarily between 31 and 50 (48.6%), with women representing 69% of the total. 47% of the workforce is part-time.
- 60% of social enterprises with paid staff employ people through active labour market policies / programmes.
- About 60% have an income of over €100,000, with a median income of €180,000.
- 57% are microenterprises (one to nine employees), 35% are small enterprises (10 to 49 employees), 6% are medium sized enterprises with (50 to 249 employees), and 1% are large enterprises (250 or more).
- 77% of social enterprises are registered as Companies Limited by Guarantee (CLG), while 88% are also registered as charities.
- 68% of social enterprises are concentrated in four sectors:
 - Childcare;
 - Community Infrastructure & Local Development;
 - Health, Youth Services & Social Care;
 - Heritage Festivals, Arts & Creative Industry.

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.

Informed by the experience gained in the period since the first social enterprise policy was introduced, feedback received from stakeholder engagement, the evidence base provided by the 2023 [Baseline Data Collection Exercise on Social Enterprise](#) and by the recent recommendations of the OECD¹ and NES² reviews of social enterprise in Ireland, the following five thematic objectives have been selected under which the new policy will be outlined:

Policy Objective

- 1: Building Awareness of Social Enterprises
- 2: Growing Social Enterprise
- 3: Climate Action Contribution
- 4: National and International Engagement
- 5: Data Collection and Social Impact Measurement

¹ [Boosting Social Entrepreneurship and Social Enterprise Development in Ireland, OECD, 2023](#)

² [NESC Report 161](#) Social Enterprise on the Island of Ireland

Policy Objective One – Building Awareness of Social Enterprise

Intent of this Objective

In the new policy, measures under this objective would be advanced in order to generate a wider public and institutional understanding of the social enterprise sector. This includes the objectives of social enterprise to deliver social, societal and environmental good.

There has been progress in recent years in building an awareness of social enterprise across society. The publication of the first policy in 2019, together with the establishment of an explicit social enterprise definition, were important steps in helping the sector to emerge with a more readily understood identity. However, more work is needed to generate a wider public understanding of what social enterprise entails. This includes responding to what is still a limited awareness amongst public and private sector organisations who may not be exposed to social enterprise on a regular basis.

Awareness Raising Measures for Social Enterprises

The great diversity prevalent in the social enterprise sector in Ireland represents a real strength. However, this brings a consequential challenge in terms of communicating and raising awareness of the sector. The new policy should seek to advance measures which will communicate, educate and increase the general awareness of social enterprise in order to better realise the potential of the sector. As such, a structured, organised and responsive approach to awareness raising and communications should underpin the new policy over its lifetime. This should involve a collective and shared effort across Government, social enterprises' representative groups, social enterprises, and other relevant stakeholders.

Young People and Social Enterprise

Research and available data indicates that young people are under-represented in the social enterprise sector both at board and employee level³. Stakeholder consultations to date have signalled the need for more young people to have an understanding of social enterprise and work within the sector. To address this there is a need to make a career in the field more attractive for young professionals, to help the sector grow⁴.

To date, support has been provided to develop and deliver education and training measures which contributed to promoting the concept of social enterprise and social innovation, and to respond to demand from students for careers in the field. There remains however, a need to further increase the awareness and participation of social enterprise in training and education, and to continue to work in partnership with education and research bodies to further support the development of social enterprise.

What specific actions could be taken to address the issues identified in this theme?

- Awareness raising measures for social enterprises
- Youth engagement on social enterprise
- Other policy areas / actions not referred to above?

³ [Social Enterprises in Ireland – A Baseline Data Collection Exercise](#)

⁴ Boosting Social Entrepreneurship and Social Enterprise Development in Ireland, OECD, 2023

Policy Objective Two - Growing Social Enterprise

Intent of this Objective

Within the new policy, measures advanced under this objective would allow social enterprises to benefit from business, and other, supports that improve their capacity to become more self-sustaining and grow. This could include grant funding and business skills, access to finance and loan instruments, access to markets and both public and private procurement, company legal form for social enterprise and accreditation or quality marks.

Ireland's [White Paper on Enterprise 2022-2030](#) recognises social enterprise as an integral part of our broader enterprise policy landscape and that the provision of business supports has an important role to play in supporting social enterprises as part of a diversified enterprise base.

While an increased range of tailored measures for these enterprises has been provided over recent years, in a rapidly developing sector there remains an ongoing need for supports. The Government's objective is to ensure that an appropriate range of supports is available for social enterprise and to address any unwarranted restrictions which may preclude their access.

Business Supports for Social Enterprise

Details of available [business and financial supports](#)⁵ are regularly updated and made available to social enterprise stakeholders via a dedicated web-space. At community level, publicly funded programmes such as those funded through the Dormant Accounts Fund, LEADER, the Social Inclusion and Community Activation Programme (SICAP) along with funding available via our enterprise development agencies will continue to be required to support the creation of new social enterprises and the upscaling of existing social enterprises.

Research⁶ and stakeholder consultation feedback has indicated that skills development in areas such as business planning, governance, leadership, finance, risk management, marketing and human resources require further development. Over the lifetime of the new policy, the provision of business supports including tailored training and mentoring measures should be targeted for social enterprises to ensure they can become equipped, to the greatest extent possible, with the skills needed for the future.

Stakeholders have also highlighted a need for training and development of board members for social enterprises and have noted issues relating to their recruitment and retention. As the sector continues to develop, research will be required to identify the range of skills, knowledge, and competencies which are required for social enterprises to grow.

Access to Finance

The financial products required by social enterprises can vary depending on many factors, including the sector in which the enterprise operates, the stage of its lifecycle, and its size.

⁵ Business and Financial Supports for Social Enterprise <https://www.gov.ie/en/publication/624c74-social-enterprise/#:~:text=of%20good%20practice-,Supports%20Table%20for%20Social%20Enterprises,-In%20line%20with>

⁶ ⁶ Boosting Social Entrepreneurship and Social Enterprise Development in Ireland, OECD, 2023

However, it is clear that access to working capital from mainstream financial providers presents challenges for social enterprises.

Under the new policy, opportunities which may leverage funding from philanthropic and/or corporate social responsibility sources should be pursued to support social enterprises. For example, organisations like Rethink Ireland have established partnerships between private donors and Government, using a match-funding model, to support equality and sustainable solutions to many social issues.

Combined with business and grant funding supports and to help improve the sustainability of social enterprises as they develop solutions to social issues, the new policy should seek to support any development of innovative funding structures. This could include, for example, access to a suite of options such as social lending, State-backed funding supports, and philanthropic and corporate social responsibility sources.

Enabling Market Opportunities

Social enterprises report that their funding derives from a variety of sources, with 31% resulting from trading income based on the sale of goods and services. Facilitating social enterprises with greater access to markets has the potential to increase their traded income, expand their operations, and allow them to become more self-sustaining as trading business and increase their social impact. However, social enterprises often report limited capacity, resources, and expertise to navigate complex procurement processes, which can limit access to these opportunities.

Public Procurement

The Government is working to improve market opportunities for social enterprises. This has included the provision of procurement workshops, webinars and training to improve tendering capabilities. The recently updated [Public Procurement Guidelines for Goods and Services](#) provides guidance to public bodies on social considerations in public procurement procedures. It also includes guidance on reserving certain contracts for health, social and cultural services to organisations such as not-for-profit organisations which meet certain conditions.

Facilitating an increased understanding of the strategic benefits of social considerations in public procurement under the new policy could assist procurement officers and senior officials in delivering better social outcomes. Similarly, it is clear that social enterprises would also benefit from improved knowledge and skills on procurement processes. To this end, under the new policy, the development of new guidance and provision of training for both public procurement officers and social enterprises would be beneficial.

Private Sector Procurement and Engagement-

The OECD has found that private organisation's use of procurement to buy goods and services from social enterprise in the country is "extremely limited, if not absent" in Ireland. Bringing social enterprises into the supply chain can deliver a range of benefits for businesses, and local communities. The new policy should seek to support an increased engagement of the wider business community with social enterprise.

Legal form / Legal Status

Social enterprises in Ireland do not take any specific legal form or legal status. A variety of legal forms are adopted under the Companies Acts by social enterprises as well as under legislation governing co-operatives⁷. Available data indicates that the most common legal form (75%) utilised is a 'CLG' or Company Limited by Guarantee. In addition, 88% of all social enterprises report hold charitable status. Whilst not suitable for all social enterprises, many report charitable status is obtained in order to better access grant funding supports that may be available.

Separately, the Co-operative Societies Bill 2022 intends to consolidate and modernise existing legislation to ensure that there is a clear and more favourable legal basis for the co-operative model in Ireland. The needs of social enterprises are being taken into account during the ongoing drafting of this Bill, which will improve the available options for legal form. The legislation should make it easier to set up and operate a co-operative⁸ and provide as much flexibility as possible, empowering co-operative societies to reflect in their rules what best suits their own particular circumstances.

The provision of guidance material in relation to legal form could provide improved clarity for social enterprises in making informed decisions regarding the most suitable legal form to suit their needs. During the term of the new policy and as the sector grows and matures further, the needs of social enterprises that arise from their selected legal forms (and their effective use of current legal forms) should be continually monitored and reviewed.

Voluntary (Non-Legal) Accreditation

In other jurisdictions, the use of voluntary or administrative (non-legal) accreditation systems have been successfully used. On meeting particular minimum standard criteria, these systems award a form of 'quality mark' or standard to social enterprise. This then provides people and businesses assurance that they are dealing with a genuine social enterprise.

The new policy should include measures to consider the merits and implications of an administrative accreditation system for social enterprises in Ireland, as well as the issues arising in the practical application of any such system.

What specific actions could be taken to address the issues identified in this theme?

- Business support and training measures for social enterprise
- Increasing private sector / social enterprise engagement
- Access to finance for social enterprises
- Legal status for social enterprise
- Voluntary(non-legal) accreditation for social enterprise
- Other policy areas / actions not referred to above?

⁷ [Social Enterprises in Ireland: Legal Structures Guide](#) provides guidance to social enterprises with on the various legal structures available.

⁸ Which could be used as a legal form for the establishment of a social enterprise

Policy Objective Three – Climate Action Contribution

Intent of this Objective

The climate and biodiversity emergency remains what is considered to be perhaps the most significant international challenge of our time. The Climate Action Plan places climate solutions at the centre of Ireland's social and economic development.

In Ireland social enterprises are playing an increasing role in advancing climate action in areas such as the circular economy and renewable energy. The EU's [Transition Pathway for the Proximity and Social Economy](#)⁹ highlights the potential of the social economy, including social enterprises, to drive an inclusive recovery and twin green and digital transition. The National Economic and Social Council (NESC)¹⁰ has also pointed to the need to support social enterprises in the area of green transformation.

Under the new policy, a climate action objective should seek to advance measures to improve the potential contribution of social enterprises in fulfilling our climate goals and achieving the twin green and digital transition to a low carbon economy.

Circular Economy

The circular economy keeps resources in use for as long as possible. The maximum value is extracted from these resources and at the end of life the materials are recovered and regenerated. Areas of activity for the circular economy include plastics, construction & demolition waste, food waste and resources and raw materials (e.g. electrical and electronic equipment, textiles, and furniture).

This is opening up new opportunities for enterprises across the economy and many social enterprises are involved in this emerging sector. Indeed, social enterprises are often the only businesses handling certain goods or materials, whilst at the same time providing quality training and job opportunities to marginalised communities.

The [Government's Circular Economy Strategy 'Living More Use Less' 2022-2023](#) provides a policy framework that confirms cross Government support for Ireland's transition to a circular economy. The role of social enterprises is clearly acknowledged, for example, in relation to reuse and repair initiatives that provide social and economic benefits.¹¹ The significant potential of social enterprises in the circular economy is further highlighted by the [EU Proposal to amend the Waste Framework Directive 2008/98/E](#)¹². If adopted, this could ensure 'extended producer responsibility' (EPR)¹³ schemes for textiles maintain and support the activities of social enterprises involved in used textiles management supporting the scale-up of re-use and repair and creating quality jobs for all, in particular vulnerable groups.

⁹ Social Enterprises are a subset of the wider social economy which includes charities, co-operatives and associations. <https://ec.europa.eu/docsroom/documents/52015/attachments/1/translations/en/renditions/native>.

¹⁰ Social Enterprise on the Island of Ireland, 2023, NESC: http://www.nesc.ie/app/uploads/2023/05/161_social_enterprise.pdf

¹¹ Whole of Government Circular Economy Strategy 2022, pg. 8 <https://www.gov.ie/en/publication/b542d-whole-of-government-circular-economy-strategy-2022-2023-living-more-using-less/>

¹² EU [Proposal for a targeted revision of the Waste Framework Directive \(europa.eu\)](#)

¹³ Extended Producer Responsibility (EPR) is an environmental policy approach that shifts the responsibility of a product's lifecycle to the producer, including design, take-back, recycling, and final disposal.

The new policy should seek to develop further opportunities for social enterprises to deliver on Government climate action targets, and facilitate the inclusion of social enterprises in relevant support schemes related to the circular economy.

Bioeconomy

The bioeconomy considers our use of biological resources in a holistic way and has a range of benefits including supporting food security, mitigating and adapting to climate change, strengthening competitiveness, creating jobs, and supporting a just transition. The Bioeconomy Action Plan 2023-2025 sets out actions to support local and regional bio-economies to boost social and regional enterprises and skills. As a developing sector, there is potential for social enterprises to become further involved with the bioeconomy. Opportunities to increase social enterprise involvement in the bio-economy to capitalise on this potential should be examined under the new policy.

Renewable Energy Opportunities and Community Energy

There is potential for social enterprises to engage in renewable energy generation both for larger community-led trading projects, as well as smaller scale micro-generation for social enterprises who wish to reduce their carbon footprint and generate income from surplus energy generation. Community-led initiatives including co-operatives have the potential to create jobs in the area of energy generation and community wealth, as well as helping to increase energy security¹⁴.

What specific actions could be taken to address the issues identified in this theme?

- Measures to support the contribution of social enterprise to Government's climate action goals
- Social enterprise engagement in the circular economy
- Social enterprise potential in the bioeconomy
- Social enterprise potential in renewable and community energy
- Other policy areas / actions not referred to above?

¹⁴ Examples of these organisations, include [The Aran Islands Energy Co-operative](#), [National Community Energy Ireland](#), as well as [Community Power Ireland](#).

Policy Objective Four – National and International Engagement

Intent of this Objective

Under the new policy, measures should be advanced under this objective to prioritise national and international engagement. This would be intended to provide that the sector is recognised for its cross-cutting economic, social, and environmental impact, to represent the Irish position on social enterprise, and to learn from the good practice of others. Targeted engagement, collaboration and co-ordination in relation to social enterprise across international organisations, the European Union, national and local government, the broader Irish public sector, and regions should be progressed throughout the lifetime of the new policy.

Cross-Government Co-ordination

Social enterprises are becoming increasingly active and evident across society. Their significance will continue to grow supported by important policy development at the European and international level. While progress has been made in developing a fuller understanding of the contribution of the sector to achieving collective objectives, such as the [White Paper on Enterprise](#) and the [Circular Economy Strategy](#), there is a recognised need to progress and reinforce engagement and alignment across Government Departments¹⁵ and agencies at national level. Under the new policy, supporting this renewed focus demands greater levels of coordination across Government Departments and agencies¹⁶.

Regional and Local authority-level Co-ordination

In addition to engagement at national level, embedding systematic consideration of the opportunities for, and needs of, social enterprise through regional and local structures should allow for an improvement in their operating environment. This includes for example further embedding consideration of social enterprises within and across;

- [Local Development Companies](#) many of which employ a dedicated staff member to work with and support social enterprises, represented by the the [Irish Local Development Network](#)
- [Local Enterprise Offices](#)
- our [Regional Assemblies](#) and their Regional Spatial and Economic Strategies,
- our [Regional Enterprise Plans](#)
- the [Western Development Commission](#)
- [Údarás na Gaeltachta](#)
- LEADER Action Groups; and
- our Local Community Development Committees and their [Local Economic and Community Plans](#).

North South / Shared Island Co-operation

Within the principles of the [Shared Island Initiative](#), the social enterprise policy should build on existing Ireland / Northern Ireland networks and relationships. It should also seek to create new opportunities for engagement and co-operation and identify further opportunities to

¹⁵ Boosting Social Entrepreneurship and Social Enterprise Development, OECD, 2023

¹⁶ Social Enterprise on the Island of Ireland, 2023, NESI: http://www.nesi.ie/app/uploads/2023/05/161_social_enterprise.pdf

strengthen cross-border engagement on social enterprise throughout the lifetime of the policy.

European and International Engagement

Ireland places importance on actively engaging on social enterprise at the European and International level. Under this Policy, Ireland should take steps to proactively contribute to social enterprise policy at an EU, OECD and international level, making sure that Ireland's interests are fully represented, and building links and learning from the good practices of other nations.

A Representative Voice for Social Enterprises

In recent years, a range of representative bodies have played a significant part at both policy and operational level in supporting the growth and advancement of social entrepreneurs and social enterprise. Given the emergence of the sector, there is now a more specific rationale for a greater level of co-ordination and consolidation of that representation.

International experience illustrates that such consolidation has allowed for both a better utilisation of resources and a higher impact for representative groups. While it must be recognised that the breadth of the sector, ranging from deficient demand businesses to internationally trading social enterprises, may merit representative voices, there is a collective recognition that the sector would benefit from greater advocacy co-ordination and consolidation.

Networking

Social enterprises have highlighted the significant benefit they derive from networking opportunities and peer-to-peer learning. Linking in with other like-minded enterprises and discussing common challenges and opportunities provides support for their development and growth. Networking opportunities have long been recognised as an enabler for the development and financial sustainability of many social enterprises¹⁷. The new policy should support opportunities for networking and collaboration at events such as the annual social enterprise conference.

What specific actions could be taken to address the issues identified in this theme?

- Cross-Government co-ordination
- Regional and local co-ordination
- North-south cooperation
- European and international engagement
- Representative voices for the sector
- Networking
- Other policy areas / actions not referred to above?

¹⁷ Boosting Social Entrepreneurship and Social Enterprise Development, OECD, 2023

Policy Objective Five – Data Collection & Social Impact Measurement

Intent of this Objective

Measures under this objective will seek to improve levels and quality of social enterprise data. This will provide a greater level of transparency and understanding of the sector and its scope. It will also inform the development of future policy and support measures. Measures should also provide for the development of tools for social impact measurement. When seeking to access business opportunities and funding in both public and private markets, this will allow social enterprises to transparently demonstrate their credentials.

Social Enterprise Baseline Data

The 2023 [National Baseline Data Collection](#) project provided the first concrete quantitative evidence base of social enterprise across Ireland. The key findings from the report have provided an improved understanding of the number of social enterprises nationally, their location, legal form, number of employees, and sectors within which they operate¹⁸ etc.

A key objective of the new policy should be to further develop national, regional, and local data availability relating to social enterprise in Ireland. This stronger dataset would provide an improved evidence base for stakeholders and policy makers alike. This deeper and practical insight into the sector could facilitate more informed policy debate and the development of better targeted policy actions to support and grow the sector.

Social Impact Measurement

At an individual enterprise level, a broad recognition exists across stakeholders regarding the requirement to develop tools for social impact measurement. Impact measurement is an approach that organisations can use to evaluate and scrutinise the social, environmental, and economic effects of their programmes, interventions, or policies. This process involves using different quantitative and qualitative tools and techniques to measure the degree of change and influence these initiatives have on people or environments.

Impact measurement is often a requirement for publicly-funded programmes. In the private sector there has been an increase in the importance of measuring impact via the concept of Corporate Social responsibility (CSR) and, due to new EU Regulatory requirements¹⁹ and an increased demand among the public for businesses to demonstrate positive social and environmental impact and investment.

Working with key stakeholders and experts, the new policy should contain measures to identify best practices in social impact measurement and made available to social enterprises. This should consider international good practice, and support measures for their utilisation.

What specific actions could be taken to address the issues identified in this theme?

- Improving baseline data on social enterprises
- Improving social impact measurement for social enterprises
- Sharing best practices in social impact measurement
- Other policy areas / actions not referred to above?

¹⁸ see Social Enterprise: Key Information and Data on pg. 3 above for details

¹⁹ The EU [Corporate Responsibility and Sustainable Reporting Directive](#) entered into force on January 1st 2023

