



Draft Overview of Cork and Irish Ecosystem for Social Enterprises

Introduction

This report provides a short summary of the main features of the eco system for social enterprises in Ireland Cork.

The report is 5 sections:

- Overview of Cork
- Part 1: Overview of Irish ecosystem for social enterprises
- Part 2: Overview of ecosystem for social enterprises in Cork
- Part 3: SWOT analysis of Irish ecosystem
- Appendix 1: Description of role of support organisations working in social enterprise sector in Cork

Sources of data:

- SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE Country report IRELAND, Dr. Mary O'Shaughnessy, EU Commission, 2020
- Enterprise Ireland Circular No 3/2021
- National Social Enterprise Policy for Ireland 2019-2022, Government of Ireland, 2019
- On going survey of actors in social enterprise field in Cork and Ireland
- Issues paper for Cork City Development Plan 2021-2026

Overview of Cork; key facts and figures

Cork plays a key role in driving the economic, social and cultural fabric of Ireland, in particular the southern region. According to the 2016 census, the population of Cork City is

almost 211,000 and the City serves a metropolitan population of over 305,000 people. Since the extension of the City boundary in 2019 the population of Cork is now 210,000 with a target to grow to 335,000 by 2040. Cork City serves a metropolitan area of 820km² and a population of just over 305,000 people.

The Cork region contributes 19% to the national economic output in terms of Gross Domestic Product (GDP) and is a location of choice for 169 multinational companies who together employ 39,000 people.

Cork is home to significant national level health, educational and cultural institutions serving the southern region of Ireland. These include Cork University Hospital (CUH), University College, Cork (UCC), Munster Technological University (MTU), and the Crawford Gallery to name a few. Cork City also boasts a strong heritage, with well-loved local heritage and cultural amenities such as the English Market, Shandon, the Cork Opera House, the Everyman Theatre, the Triskel Arts Centre, Elizabeth Fort, the Cork City Museum, the Glucksman Gallery, Ballincollig Powder Mills and the internationally iconic Blarney Castle. The streetscape and the channels of the River Lee provide Corkonians and visitors alike with a unique experience.

Cork is home to the fastest growing airport in Ireland. Investment is being rolled out to improve public transport, walking, cycling, road and rail access. The National Transport Authority recently adopted a €3.5 billion twenty-year transport plan for Cork and the City is recognised by the World Health Organisation as a Healthy City. Cork City is one of the first globally to receive the United Nations Educational, Scientific and Cultural Organisation (UNESCO) Learning City award.



Part 1: Overview of Irish eco system for social enterprises

1.1 What is a social enterprise in Ireland?

A Social Enterprise is a business that operates to meet a social need, for example the environment or job creation. They generate profits that are reinvested, rather than distributed among shareholders as in the case of most businesses. Meeting a social need and reinvesting their profits to meet that need are the main differences between social enterprises and traditional/regular business. Social enterprises operate in all areas of Ireland's social and economic life, trading in goods and services. They are professionally run enterprises and come in a number of different legal forms including CLGs (Companies limited by guarantee), CLS (Companies Limited by Shares), Cooperatives, DACs (Designated Activity Company), and many are registered charities also.

While the term "social enterprise" is relatively new in Ireland, the country has a long tradition of non-State intervention in community and social life which is consistent with the ethos of social enterprise. Many social enterprises have emerged from the community and voluntary sector and build on the work of that sector in addressing social challenges. Thus, many social enterprises in Ireland are governed by voluntary boards. In other cases, social enterprises have been established by entrepreneurs who have chosen to use the social enterprise model to maximise their social impact and/or their contribution to society.

In Ireland, social enterprises are regarded as a business model that tackles social, economic or environmental issues. Viewed as a small but growing part of the enterprise base, there is widespread acknowledgment of their increasing contribution to national, regional and local social and economic development.

The Government acknowledges the contribution which the wider community and voluntary sector makes to addressing social objectives, and many social enterprises have evolved from the work of community and voluntary organisations. Therefore, there are often similarities between the social enterprise model and the traditional community and voluntary approach. However, what differentiates social enterprises is the generation of revenue from their continuous trading in goods and services

Alongside the concept of social enterprise, other new approaches to creating social value have also evolved - in particular *social entrepreneurship* and *social innovation*. Social entrepreneurs and social innovators are an important part of the wider social enterprise ecosystem. They develop concepts and ideas for social good and are often assisted through philanthropic or corporate donations, supporting them, kick-starting them and enabling their ideas to be tested in a real environment. Social enterprises can often be established as

a means of delivering or up-scaling ideas initiated by social entrepreneurs. These types of social enterprises are believed to be small in number in Ireland, but they typically have more potential to scale up their ideas, both nationally and internationally.

1.2 Policy framework

Of greatest significance is the 2019 publication of Ireland's first National Social Enterprise Policy by the Department of Rural and Community Development (DRCD). The policy is aimed at supporting social enterprises and is focused on three objectives: (i) building awareness of social enterprise; (ii) growing and strengthening social enterprise; and (iii) achieving better policy alignment (a more detailed description of the role of the DRCD is available in Appendix 1).

1.3 Legal Structures for social enterprises in Ireland

The 2019 National Social Enterprise Policy's definition of social enterprise is consistent with the EU operational definition's core criteria. However, in terms of the sector's legal framework, Irish law does not provide a legal form tailored specifically for social enterprises. Although a social enterprise in Ireland may take any one of a variety of forms, the overwhelming majority are structured as companies limited by guarantee, often combined with charitable status. There are no legislative, regulatory or other rules that specifically hinder their development.

The sector benefits from a range of fiscal and taxation arrangements, including tax relief, which applies to all enterprises, including those forms that can be adopted by social enterprises such as Company Limited by Guarantee (CLG) and Company Limited by Share (CLS), and social enterprises holding approved charitable status.

1.4 Mapping of sector

The lack of a legal form specifically tailored for social enterprises can create challenges in mapping the social and economic impact of the social enterprise sector in Ireland. The lack of widespread awareness of the role of the sector also presents challenges. However, a key objective of the 2019 national policy is build awareness of social enterprise in Ireland, which will address this deficit in reliable data. The Dept of Rural and Community Development are planning the first census/survey on social enterprises later this year.

Key characteristics of Irish social enterprise sector.

The impact of the sector is described as follows:

- Size of sector - In 2009, there were 1,420 social enterprises, employing over 25,000 people, with a total income of around €1.4 billion.
- Income from trading accounts for 17 per cent of total income in social enterprises.⁵
- Average turnover per social enterprise is over €1 million.
- Social enterprises are labour intensive with payroll reflecting 64 per cent of total expenditure.
- The wider non-profit sector Ireland, of which social enterprises are a subset, employs more than 100,000 people, and has income of more than €6 billion.

(source: SOCIAL ENTERPRISE IN IRELAND SECTORAL OPPORTUNITIES AND POLICY ISSUES, Forfas, 2013.pp.13)

Distinct Irish features of the Irish social enterprise eco system are outlined as follows in Table 1.

Table 1: Key features of Irish Social Enterprises.

| Characteristics | Description |
|------------------------|--|
| Legal form | Company Limited by Guarantee (CLG) without share capital (most commonly adopted) |
| Source of income | Mixture of traded revenue, subsidies and grants, donations |
| Social impact | Job creation, social integration, service provision to disadvantaged communities, environmental services, social capital through volunteerism, improved local governance, tackle social, societal and environmental challenges |
| Turnover | Average turnover is approximately €1million, but a 2008 study indicated that one third of social enterprises had turnover of less than €100,000 |
| Workers | In 2009, estimated employment of approximately 25,000 |
| Field of activity | Enterprise centres, sports facilities, youth centres, social housing and addiction/counselling centres, food and catering, tourism, arts, culture, music, recycling, transport and distribution |

Source: SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE Country report IRELAND, Dr. Mary O’Shaughnessy, EU Commission, 2020, pp. 36

1.5 Key actors in the Irish eco-system for social enterprises

The ecosystem for social enterprises in Ireland is shaped by a variety of key factors that have contributed to developing national support policies and measures, supporting their emergence and contributing to the national debate on the sector. Key actors include: national, regional and local policy makers, researchers and educational providers, social enterprise networks and financial intermediaries. Table 2 shows the main sectors in the Irish ecosystem.

Table 2. Main actors in Irish ecosystem

| Type of Institution/Organisation | Main Actors |
|---|---|
| Policy and statutory | Local Government Local Enterprise Office Local Development Companies Dept of Rural and Community Development (national Government) POBAL – Government agency supporting community development |
| Research and education | Universities and other third level institutions |
| Network, support and advocacy | E.g. Re-Think Ireland, Local Enterprise Offices, Irish Social Enterprise Network, Social Impact Ireland |
| Financial intermediaries | Traditional banks, Re-Think Ireland, Clann Credo, Credit Unions, Social Finance Ireland, Community Finance Ireland |

Adapted from: SOCIAL ENTERPRISES AND THEIR ECOSYSTEMS IN EUROPE Country report IRELAND, Dr. Mary O’Shaughnessy, EU Commission, 2020, pp. 42

Part 2: Social enterprise sector in Cork

A detailed mapping exercise has not been undertaken to date on the size and economic impact of the social enterprise sector in Cork. However, an indication of the types of social enterprises in Cork is evident from the results of a survey that has been compiled from the results of an ongoing survey of actors in the social enterprise field, which has been undertaken as part of the FOSO-POCO project.

The following table shows the types of activities undertaken by 8 Cork based organisations working in the field of social enterprise who have participated in the survey in Cork

Table 3: Activities undertaken by 8 Cork based organisations working in the field of social enterprise.

| |
|---|
| Enterprise and Social & Community Enterprise support |
| Enterprise Support |
| Social Enterprise, Education, Training, integration |
| Opportunities for people with intellectual disability |
| Support of people with an intellectual disability |
| Community Development |
| Supporting innovative nonprofit organisations with cash grants and non-financial supports |
| Creative Enterprise Hub |

The average number of employees per organisation is between size 11-50 employees, with little reliance on volunteers.

A number of organisations are working in the social enterprise field in Cork. These include:

- Cork City Council;
- Cork City Partnership;
- Re-Think Ireland, Cork

Appendix 1 gives a more detailed description of their roles.

Part 3: SWOT analysis of Irish and Corks ecosystems

There appears to be a widespread consensus that the Irish eco system for social enterprises is in a strong position. The Irish Government has signalled that it envisages a major role for social enterprises as way of contributing to sustainable economic growth and advancing wider social inclusion and a recognition that social enterprises may often be best placed to deliver certain types of contracts such as services to disadvantaged persons.

The following table presents a strengths, weaknesses, opportunities and threats (SWOT) framework to present current issues for the Irish and Cork ecosystems for social enterprises. The analysis underpinning this SWOT are the ongoing discussions of the Cork Steering Group for the FOSO-POCO project, the on-going survey of social enterprises taking place as part of the FOSO-POCO project and an overview of the policy debate in Ireland.

Table 4: SWOT framework for social enterprise ecosystem in Ireland and Cork

| Strengths: | Weaknesses: |
|---|--|
| <ul style="list-style-type: none"> • Tradition of volunteerism and civil society activism • Strong national policy • Legal structures in place for social enterprises which facilitate accountability and good governance • Supportive environment from a range of funders, support organisations and networks • Strong positive culture for social entrepreneurs • Participation in policy making by social entrepreneurs/enterprises. | <ul style="list-style-type: none"> • Lack of awareness of social enterprises among the general public, consumers and statutory organisations • Local strategy is underdeveloped • Accessing procurement opportunities • Reluctance to fund enterprises with charitable status by conventional commercial funders |

| | |
|---|--|
| <ul style="list-style-type: none"> • Access to finance – financial supports are available • Access to markets – access to markets is in place • Skills and business development support – supports are in place • Managing, measuring and reporting impact – data is collected and contributes to policy making • Access to training and education in place. | |
| <p>Opportunities:</p> <ul style="list-style-type: none"> • Procurement possibilities • Opportunities with circular economy, climate change and sustainability agendas and the renewed emphasis on social connectedness and its implications for mental health • EU agenda on the Social Economy • Developing a local social enterprise strategy | <p>Threats:</p> <ul style="list-style-type: none"> • Decline in volunteering rates with implications for access to skills for boards of management and directorships • Decline in levels of public spending • Failure to operationalise EU agenda at national and local level. |

3.1 Overall assessment of social enterprise eco system in Ireland and Cork

The results of the SWOT analysis provide a very positive benchmark for the future development of policy. In 2022, Cork City Council will prepare a social enterprise strategy to address the issues facing the sector in Cork. In the preparation of the strategy, full consultation will take place with all of the actors in the field. The lessons from the FOSO-POCO project will be incorporated into the strategy. National Government is also preparing new policies to support philanthropy and private giving in Ireland.

New opportunities for social enterprises have become available since the transposition of two EU Directives on public procurement as law on 5th May 2016. The two regulations authorised by the Minister of Public Expenditure and Reform cover public procurement in the public service and utilities sector.

National, regional and local social enterprise/social entrepreneur networks and advocacy organisations have grown significantly (e.g. Re-Think Ireland, Social Impact Ireland, Social

Entrepreneurs Ireland and the Irish Enterprise Network), who have contributed massively to available mentoring capacity and funding for start-up and upscaling social enterprises.

There is widespread agreement that the Irish social enterprise sector's capacity could increase further. Research, education and skills development initiatives aimed at addressing this issue include: university-based programmes; and local development companies that enhance sectorial skills are being in the process of further developed with high levels of success.

A number of challenges remain to be addressed.

Procurement

Barriers to public procurement opportunities include the governance and skills capacity of many social enterprises. Support needs to be provided to social enterprises to avail of the opportunities through training and mentoring.

Access to finance

The social enterprise sector in Ireland faces difficulties in accessing and securing finance from mainstream and public funding institutions. Consequently, many have become reliant on a range of funding sources including individual contributions, foundation grants, user fees, fundraising and government payments. Reliance on these types of funding sources can hinder transformational growth of enterprises. On the other hand, some social enterprises can face difficulties in accessing finance from traditional providers such as banks.

Legal recognition of the distinct identity of social enterprises.

Fourthly, although no legislative, regulatory or other rules specifically hinder social enterprise development, Irish law and regulation does not consider the characteristics of social enterprise and thus operates as an indirect practical barrier. It also inhibits the gathering of data on the impact of social enterprises. At the same time, the organisational structures chosen by the majority of social enterprises (different legal forms including CLGs (Companies limited by guarantee), CLS (Companies Limited by Shares), Cooperatives, DACs (Designated Activity Company), and many are registered charities also) confers strong legal protections and high levels of accountability.

Awareness of the role of social enterprises

A significant difficulty facing the sector is the lack of awareness of the public and policy makers on the role and contribution of social enterprises. This is an issue that must be addressed. As a result of the COVID-19 Pandemic, an opportunity now exists to develop

local responses to the on-going challenge of how build the circular economy, responding to climate change and inclusion of vulnerable households. Social enterprises can play a central role in the development of these responses and at the same time raise awareness of their wider contribution.

Overall capacity building and more appropriate systems of social impact and performance measurement

Declining levels of volunteering present challenges for social enterprises, but particularly regarding governance. Investing in capacity building can retain existing volunteers and assist in the filling of vacancies to address skills deficiencies. More appropriate systems of social impact and performance measurement are also required.

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Appendix 1

Description of role of main actors in social enterprise sector in Ireland and Cork

1.Role of Dept of Rural and Community Development (DRCD)

The DRCD is responsible for the implementation of the National Social Enterprise Policy. Under Policy Objective 2: Growing and strengthening Social Enterprise, in December 2019 €800k funding was awarded under the Dormant Accounts Fund (DAF) Social Enterprise Measure to fund a Training and Mentoring Scheme for Social Enterprises. The scheme is being provided by 14 organisations and will benefit over 900 social enterprise stakeholders. The scheme is being administered by Pobal on behalf of DRCD.

Since December 2019, €2M of DAF Funding has been used for a Small Capital Grants Scheme for social enterprise. 230 social enterprises have benefitted from this scheme. The scheme is being administered by Local Development Companies (LDCs) on behalf of DRCD.

In February 2021 Minister Humphreys launched a DAF funded Social Enterprise COVID-19 Regeneration Programme. Under the Programme more than 500 social Enterprises nationwide will benefit from capacity building training and mentoring in Strategic Planning/Income Diversification, Digital Innovation, Capacity Building and Governance Support. The programme is being administered by the Irish Local Development Network (ILDN).

Further Support measures under the DAF will be announced by the Minister for Rural and Community Development in the near future in line with Policy commitments.

The Department of Rural and Community also supports social enterprises through a number of other programmes including:

- Community Services Programme (CSP) - The Community Services Programme (CSP) supports community businesses to provide local services and create employment opportunities for disadvantaged people. It provides financial support to help with the cost of hiring staff to community companies and co-operatives. It focuses on communities where public and private sector services are lacking, either through geographical or social isolation or because demand levels are not sufficient. The [Community Services Programme](#) evolved from the Social Economy Programme and is managed for the Department of Rural and Community Development by Pobal, a not-for-profit company that manages programmes on behalf of the Irish Government and the EU.

- **Social Inclusion and Community Activation Programme (SICAP).** It aims to reduce poverty and promote social inclusion and equality in Ireland by providing social inclusion supports to communities and individuals through community development approaches, engagement and collaboration. SICAP is co-funded by the Government of Ireland through the Department of Rural and Community Development and the European Social Fund as part of the ESF Programme for Employability, Inclusion and Learning 2014-2020;
- **LEADER** supports private enterprises and community groups who improve quality of life and economic activity in rural areas. Funding is delivered to 28 sub regional areas through **Local Action Groups (LAGs)**. These groups are partnerships of public and private entities from a defined geographical area. Local action groups are responsible for local projects in accordance with the local development strategies they develop themselves. The LEADER programme is co-financed by the European Agricultural Fund for Rural Development,

2. Cork City Council

Local Authorities play a key role in leading the social, economic and cultural development of local areas. Objectives to support social enterprises are set out in many Authorities' Local Economic and Community Plans, which are overseen by Local Community Development Committees. Local Authorities are involved in the delivery of a range of supports to social enterprises through initiatives such as the Social Inclusion and Community Activation Programme (SICAP), Local Enterprise Offices (LEOs) and the Community Enhancement Programme. Local Authorities Ireland has also worked with Re-think Ireland and IPB Insurance on the €1.6 million Social Enterprise Development Fund which was delivered by Re-Think Ireland over the period 2018-2020.

Local Enterprise Offices (LEO)

There are 31 Local Enterprise Offices (LEOs) located across the country, one in each Local Authority Area, which deliver a range of services and act as a 'first stop shop' for those in business or starting a business, including social enterprises subject to certain criteria. They can offer 'soft' supports in the form of training and mentoring (e.g, a Start Your Own Business course). They can only offer direct financial support to microenterprises (10 employees or fewer) in the manufacturing and internationally traded services sectors which, over time, have the potential to develop into strong export entities.

The Cork City Council LEO mentoring support has been provided to five social enterprises in the last year. Some have also availed of a trading online voucher and one is currently availing of the LEO Green for Micro service, which provides two days of free consultancy for enterprises on sustainability and reducing their carbon footprint.

RAPID

Community based social enterprises, many of whom engaged with cork City Council through the Atlantic social lab project, frequently apply for and are successful in achieving capital and program funding grants through Cork City Council's Community Culture and Placemaking Directorate.

The RAPID (Revitalizing Areas through Planning Investment & Development) within Cork City Council focuses on developing areas of disadvantage through direct investment and the fostering of collaborative practice locally. On an area by area basis RAPID coordinators engage with social enterprises working to increase their output and reach into the community and to help them with funding applications and opportunities to link across sectors such as education, health and local government

Atlantic Social Lab

Cork City Council took a lead role in the 2016 EU funded Atlantic Social Lab Project co-financed by the European Regional Development Fund. The project focussed on promoting the use of social innovation to address key societal challenges. The project involved 9 partners from across the UK, Spain, Portugal, France and Ireland. Cork City Council's two areas of focus were 'Public Engagement' & 'Social Enterprise'. Atlantic Social Lab focussed on social innovation to address issues being faced by social enterprises and to look at innovative ways of stimulating civic engagement in the city.

The Atlantic Social Lab Project (ASL) worked in collaboration across the city with all sectors to undertake the mapping of social enterprises in the city and enhancing the connectivity and learning opportunities between the social enterprises and NGO's and national funders with a remit in the field. The Social Enterprises map was added to the Cork City Council website.

ASL Coordination/learning visits took place in Santiago de Compostella, Derry, Aviles and in Cork. The Cork visit included several of the social enterprises involved in the Atlantic Social Lab Project who's work focussed on building social capacity, promoting science and education in girls, green economy, and supporting people in recovery and ex-offenders through 'back to work' and 'back to education' programmes and counselling and group work.

ASL instigated and promoted 'Ask & Advise evenings' in association with Irish Social Enterprise Network. These meetings had an average attendance of 15 Social Enterprises and were an excellent opportunity for peer learning and knowledge sharing from leaders in the Social Enterprise field such as the Irish Social Enterprise Network.

The Atlantic Social Lab appointed two Brand Ambassadors Dr. Mary O' Shaughnessy from Cork University Business School in UCC; Brand Ambassador for the Social Economy strand and Dr. Aodh Quinlivan from the Centre for Local and Regional Governance; Brand

Ambassador for the Public Engagement strand. This provided ASL with not just the prestige of being associated with two of the leading academics in the field but also the wealth of knowledge and expertise that they brought.

Atlantic Social Lab also partnered with a local newspaper the "Evening Echo" on a series of articles profiling social enterprises in Cork. First article focused on the Atlantic Social Lab project and the series helped to highlight the excellent work being done by Social enterprises across the city.

Overall, the Atlantic Social Lab Project was a success for Cork; connecting up social enterprises, fostering peer learning and cooperation, and linking Social Enterprises to local and national supports including; expertise from University College Cork, National Social Enterprise Networks, and not for profit lending bodies and other funding sources.

3. Cork City Partnership

There are 49 Local Development Companies (LDCs) across the country, delivering community and rural development, labour market activation, social inclusion, and social enterprise services. LDCs play a valuable role in supporting social enterprises in their communities.

The LDC in Cork City is Cork City Partnership. The primary supports provided by Cork City Partnership to social enterprises are:

- Assistance in setting up a social enterprise and assessing the long-term viability of the proposed projects;. This can be a simple discussion with interested parties about the social benefit to a community or sector once a project is identified. Or contributing to the drafting of a business plan for a social enterprise with an emphasis on the legal structure and governance obligations for a social enterprise along with a realist level of commercial viability to ensure sustainability of the project.
- Cork City Partnership personnel are board members on two established social enterprises involved in community-based activities.
- Through a Government employment activation programme, Cork City Partnership provides work placement opportunities in social enterprise settings for long term unemployed people which has a positive outcome for both social enterprise and the individual.

- Cork City Partnership is active member of Irish Local Development Network social enterprise working group and we participate regularly at the Bi-monthly meeting of this working group.

Since 2017 the Partnership has engaged with a number of different social enterprise projects. Its level of involvement ranges from providing information to individuals enquiring about setting up a social enterprise to participating on steering committees and working groups of established social enterprises.

Cork City Partnership has promoted the roll out of the 'Small Capital Grant Scheme for Social Enterprises' in 2019/20 from the Dept. of Rural and Community Development and received 32 applications for funding. Not every application was successful, however a total of €40,000 was granted to 3 social enterprises in Cork City.

The type of activities the social enterprise beneficiaries engage in includes, Mental health, Waste Recycling, Arts, Food distribution, Cafe, Furniture upcycling and sporting organisations.

Re-think Ireland

Rethink Ireland provides cash grants and business support to the social innovations who can make a real difference. Its task is to fuel these innovations with the knowledge and the advice they will need to succeed on a nationally impactful scale.

It has partnered with companies, trusts, foundations, families, and individuals to create 30 funds tackling issues such as inequality and educational disadvantage to support over 200 social innovations. These innovations have reached 300,000 people and enabled 864 people experiencing disadvantage to progress into employment.

In Cork it has supported organisations such as Together Razem Centre, which supports those in the Polish and Eastern European migrant community facing problems related to marginalisation, exclusion, and isolation, and Deaf Enterprises who provide training and employment for deaf people, while upcycling furniture and other products. It provides training from best-in-class experts across the private, non-profit, and public sector.

Training is provided across a range of functions including impact measurement and management, financial management, business modelling, pitching, storytelling and more.

The Accelerator Programme also includes business supports tailored to the needs of each organisation such as theory of change, strategic planning and implementation.