

DEFINITION OF SOCIAL ENTERPRISE FOR NORTHERN IRELAND

SUMMARY OF RESPONSES

BACKGROUND

The purpose of the consultation was to seek feedback on a proposed definition of social enterprise in Northern Ireland which could be used by the public sector in the delivery of funding to the social enterprise sector.

The proposal was developed to differentiate social enterprises from other business models with the aim of ensuring funding, which is intended specifically for social enterprises, can be accurately directed. A three-tier framework was developed, recognising that not all social enterprise organisations are at the same level of business maturity, and providing the opportunity for each enterprise to define itself according to its development stage. The framework also provides the scope for enterprises with the ambition to grow to progress through the stages.

Three information sessions were delivered: Limavady, Dungannon and a third online.

The consultation opened on 29 October 2025 for eight weeks, closing on 23 December 2025.

An overview of the consultation responses is provided below.

CONSULTATION RESPONSES

A total of 19 responses were received to the consultation. Twelve of these were submitted directly to the Citizen Space platform and three were transferred to Citizen Space from the Social Economy mailbox, providing 15 responses compatible with the consultation questionnaire. A further four responses were received in word format and not compatible with Citizen Space transfer. A mixture of organisations and individuals responded.

The consultation consisted of six overarching questions relating to a potential definition of social enterprises in Northern Ireland (sub-divided into nine questions), while a further three questions sought responses in relation to the potential use of the definition in an accreditation process (sub-divided into five questions).

Responses received through Citizen Space.

Q1a Can the three-tier Framework provide organisations with the scope to differentiate between charitable and trading-focused structures?

The responses were split almost equally as follows: Yes = 7 and No = 8.

Those that responded 'yes' felt that the framework brings clarity, structure and helpful differentiation to understanding organisations' trading status and social enterprise characteristics. Those that responded 'no' highlighted concerns, limitations and risks

associated with the framework, noting that it may be too rigid or simplistic for the diverse and hybrid realities of the wide range of social enterprises in NI.

Q1b Is there enough scope in the Framework to enable those organisations who wish to grow to move from levels 0 to 2?

The responses were split almost equally as follows: Yes = 7 and No = 8

'Yes' respondents presented a broadly positive endorsement of the framework. They described it as clear, structured, and supportive of enterprises at different stages of development. They felt that it encourages continuous improvement, provides a flexible pathway with appropriately simple levels, with help to organisations to grow, evolve and understand the expectations while moving through the Framework. Those that responded 'no' expressed concerns that the framework may be too rigid or not reflective of the complex nature of the social enterprise sector. Feedback suggested that potential for restructuring issues while moving from one level the next, and that growth may not always be a linear pathway.

Q1c Does the proposed Framework criterion provide sufficiently for all social enterprises to self-assess?

The responses were split almost equally as follows: Yes = 8 and No = 7

Positive responses support the framework's workable, flexible and supportive approach particularly for understanding and assessing social enterprise practice. Respondents reported that the framework is sufficiently scoped to allow for meaningful self-assessment, adding that accessible guidance and worked examples would make for a stronger tool. 'No' respondents suggested that the framework may be too subjective and rigid, or not universally applicable across the varied social enterprise landscape. Some expressed concern that organisations may struggle to interpret criteria consistently, with smaller organisations struggling to self-assess effectively due to finance constraints or lack of skills. It was also suggested that the trading income percentage may require adjustment.

Q1d Should the classifications be labelled 0, 1, or 2?

The responses were split as follows: Yes = 1, No = 13 and No response = 1

The majority of respondents suggested that the classifications should not be numbered as this creates a risk of unintentionally reinforcing a rigid or hierarchical view of organisational development. Furthermore, respondents felt labels oversimplify the complexity and diversity of enterprises' identities. A range of alternative wording was offered for consideration.

Q2a Are the percentage thresholds in 'Financial Independence' and 'Profits' criteria at levels 1 and 2 set at the right levels?

The responses were split as follows: Yes = 11, No = 3, and Not Sure of Question = 1

The majority of respondents endorsed the thresholds as having the potential to serve as constructive guidance, helping to inform, instruct, or set aspirations. Those who disagreed with the proposed percentage thresholds suggested that risks arise when the thresholds are set too rigidly as this could create unintended barriers for financial support especially as

higher profit levels may conflict with ethical or mission-driven delivery. Comments also centred on the use of narrow uniform thresholds which fail to take account of sectoral, geographic, and mission-specific variation, suggesting that readjustment may be necessary.

Q3a Do you think social enterprise activity should clearly demonstrate financial independence from a wider organization?

The responses were split as follows: Yes = 6 and No = 9

The majority of respondents responded 'No'. 'Yes' respondents provided supportive views of the proposed approach. Comments emphasised that the framework's strength lies in its flexibility, its focus on outcomes over legal form, and its practical application for a wide range of organisations. Key issues for 'No' respondents included the difficulty that smaller organisations may face in separating income streams or demonstrating financial independence; the burden and duplication involved in creating new legal entities; and the risk that some organisations are simply not viable without support from larger bodies.

Q4a Are the criteria sufficiently robust to enable organisations regardless of legal structure to provide evidence to meet the criteria?

The responses were split almost equally as follows: Yes = 7 and No = 8

'Yes' respondents hold a positive view of the proposed framework or criteria. They noted that while some organisations may need support to meet documentation requirements, the overall approach is sound, flexible enough to accommodate variety across the sector, and centred on principles such as mission protection and clarity of purpose. Overall, 'No' respondents viewed the Framework as too complex, potentially misaligned with the diversity of organisational structures, and at risk of privileging some legal forms over others, thereby reducing fairness and usability.

Q5a Should there be flexibility on meeting criteria e.g. mandatory and optional criteria?

The responses were split as follows: Yes = 14 and No = 1

Almost all respondents supported the idea of having mandatory core elements combined with optional or weighted criteria that recognise organisation diversity. The framework was seen as capable of accommodating organisational growth without imposing unnecessary structural constraints. Suggested mandatory elements were mission, ethos, governance and reinvestment of profits. It was also suggested that a pass/fail process with an improvement plan to meet the standard over time could be an alternative process.

Q6a Should organisations be funded differently based on their level within the framework i.e. should government support be targeted at an organisation based on its definition level?

The responses were split almost equally as follows: Yes = 7 and No = 8.

'Yes' respondents supported an approach to funding that is flexible, targeted, and responsive to organisational maturity. It was emphasised that early-stage organisations need foundational support, while more mature social enterprises need assistance with

growth, diversification, and scaling. Respondents suggested that funding should be directed where it can enhance trading capacity and social impact rather than being applied uniformly or constrained by rigid structural rules.

The 'No' respondents were concerned that funding by definition level has the potential to distort behaviour, encouraging organisations to present themselves in ways that fit categories rather than reflecting genuine need. They took the view that funding decisions should be guided by societal need, Programme for Government priorities, value for money, and organisational capacity rather than pre-determined tiers.

Q7a Should the accreditation body sit outside the public and social enterprise sectors?

The responses were split as follows: Yes = 11 and No = 4.

Overall, 'Yes' respondents supported the use of a credible, standalone, externally verified accreditation body perceived as impartial yet informed by the sector. However, the 'No' responses highlighted concerns about duplication, bureaucracy, unnecessary cost, or existing regulatory burden of this approach. They responded that a new accreditation body is not needed or not appropriate, suggesting that there are a number of existing regulatory bodies in place already through whom evidence of organisational standing could be gleaned.

Q7b Would an Arms-Length Body as an accreditation provider be a suitable balance between the need to be independent and the need to be financially viable in the longer term?

The responses are almost equally split as follows: Yes = 8 and No = 7.

A number of themes emerged within the 'Yes' responses such as the role of government could offer enhanced legitimacy and impartiality while accountability is a key factor given the involvement of public money. They suggested that an Arms-Length Body structure would support consistency of approach, sustainability, and reduced vulnerability to short-term funding cycles. Overall though many of these respondents advocated for social enterprise sector representation. 'No' respondents were concerned that this approach is an inefficient use of money, while accreditation could be undertaken by existing public sector structures without the need for a new entity which could cause bottlenecks or confusion in the process.

Q8a Are there any additional uses for accreditation you like to propose?

The responses are split as follows: Yes = 11 and No = 4

The 'Yes' responses consistently highlighted that there are a wide range of benefits that such a system could bring to the sector, the public, and funders. However, the range of additional uses put forward was limited to its use supporting access to grants; in public procurement; seeking social finance; and demonstrating investment readiness. The 'No' respondents cautioned that accreditation could generate unnecessary bureaucracy, cost, and structural inequity, especially for smaller social enterprise organisations.

Q9a What lead in time would social enterprises need to prepare for accreditation?

Respondents were given the opportunity to respond via free text. Responses showed that most organisations would require 6-12 months, while more complex or structurally demanding organisations may take up to 24 months. Timelines would be highly dependent on caveats such as organisational capacity, maturity, and the complexity of the process involved.

Q9b How long does accreditation need to be open before it becomes a mandatory requirement for sector funding?

Respondents were given the opportunity to respond via free text. Responses show mixed views on timeframe but a clear theme of caution regarding mandating accreditation. While respondents suggested a wide range of implementation periods (from 6 months to 3 years), several emphasised a gradual, flexible approach. At the same time the comments strongly warned against making accreditation a mandatory condition. They argued that it risks imposing barriers and that funding decisions should prioritise demonstrated performance and impact, not compliance with new frameworks.

Responses received in word format to the Social Economy mailbox

Through a summarised response approach to the first six overarching questions, four respondents welcomed the work undertaken to identify a definition for Social Enterprise in NI, citing the need for a clear and consistent approach to social enterprise funding and support provision. Positive comments suggested that the requirements within the framework are proportionate, while the levels recognise that not all social enterprises are at the same level of business maturity. They felt the structure encourages financial resilience and that social value is a welcome element within the framework.

Respondents suggested that in rolling out the definition framework, a pilot should be considered in year one with further briefing information/ qualitative evidence made available to guide and inform the sector on the framework to enable consistent interpretation and avoid disengagement. Furthermore, greater representation by the sector should be incorporated into any future refinement of the framework.

All respondents welcomed the development of an accreditation system and independent assessment body.

Next Steps

The Department will now appraise the responses of the consultation in line with the draft definition framework, liaise with key stakeholders and present options to the Minister on the way forward.

List of organisations that responded to the consultation.

Employee Ownership Ireland
NI Housing Executive
Artillery Youth Club
Enterprise North-West
Newry, Mourne and Down District Council
Irish League of Credit Unions
Belfast YMCA
North City Business Centre
Mindwise
Co-operative Alternatives
Madlug CIC
Social Enterprise NI
CO3
Fermanagh and Omagh District Council
NI Local Government Association
Mid Ulster District Council
Lisburn and Castlereagh City Council
Ards and North Down Borough Council