Is social enterprise the way forward for public services?

Social enterprises are organisations set up to deliver public benefit rather than private profit, and are often owned by their staff. Their social and environmental focus makes them ideal for providing flexible and responsive health and social care.

This article explains how social enterprises differ from other types of businesses and from public bodies. It explains the policy context and benefits of setting them up and gives examples of social enterprise in practice.

What is a social enterprise?
Social enterprises are businesses driven by a desire to make social or environmental change. They are set up with the specific purpose of making a difference and use a business model to bring about this change. Because they exist for public and community benefit, social enterprises are well placed to deliver health and social care services.

The focus of social enterprises ranges from local to national, and there are even international, multimillion-pound versions. They operate across a range of sectors, from primary and community care to renewable energy, housing and retail. All share common features.

Central to every social enterprise is the trading of goods or services. Those operating in the fields of health and social care have business models based on providing services on behalf of public bodies. Their work includes the delivery of contracts held with primary care, acute and other NHS trusts, GP practices and local authorities.

Unlike the profit focus of private businesses, social or environmental goals are central to the activities of social enterprises. For example, while The Big Issue is a business that sells magazines through homeless people who keep part of the cover price, its overriding purpose is to address homelessness itself and it uses any profits to meet this goal. Social enterprises operating in healthcare reinvest their profits to improve services for patients and communities.

While social enterprises are not a new phenomenon, there is a surge in interest in their creation in the public sector. This means there is an opportunity for health and social care professionals to be involved in running and working for a very different type of organisation to traditional publicly funded bodies.

The policy context
Social enterprise has been part of the policy landscape for health and social care for many years, and as part of its strategy for...
5 key points

1. Social or environmental goals are central to what social enterprises do, unlike in private businesses.

2. Social enterprises can be owned by staff, patients, communities or a combination of these.

3. Autonomy gives social enterprises greater flexibility than most public bodies.

4. Overseeing a social enterprise requires a commercial as well as a socially motivated culture.

5. Government policy supports the setting up of social enterprises in health and social care.

Central Surrey staff member cares for a patient

CASE STUDY 1. CENTRAL SURREY HEALTH

In January 2005, the board of East Elmbridge and Mid Surrey PCT decided to focus on its role as a commissioner rather than a provider of healthcare services. It aimed to find a model for delivering nursing and therapy services that suited the values of staff, was responsive and flexible enough to adapt to a changing healthcare system, and could deliver efficient, integrated, patient-centred services.

Consequently, Central Surrey Health was set up to take over some service provision. It is a limited company and has with a “not-for-profit distribution” ethos. All the company’s staff own shares; they are referred to as co-owners.

The first challenge for the new organisation was to ensure continuity of care while its systems and structures were put in place. With an enterprising and flexible culture that contrasts with the bureaucratic nature of many NHS organisations, Central Surrey Health is now streamlining clinical services to give patients a more integrated experience. For example developing a specialist neuro-rehabilitation service.

Another challenge has been keeping co-owners informed and engaged so that they can have a real say in decision-making. To communicate with staff at multiple sites, a range of tools was developed before the business was set up, such as formal briefings and drop-in sessions.

The company continues to develop internal communication, exploring innovations to increase co-owner involvement in decision-making. It has made a number of changes to the business, most recently automating its referrals system, disposing of cumbersome paperwork and increasing response times in service provision.

Creating the “Big Society”, the government is committed to supporting the creation and expansion of mutuals, cooperatives, charities and social enterprises, and giving these groups greater involvement in the running of public services (Cabinet Office, 2010).

This includes a pledge to give public sector workers the right to form employee-owned social enterprises. The assumption is that empowering people to set up their own enterprises will help them to deliver better services.

The first policy of this kind was the “right to request”, set out in the NHS Next Stage Review (DH, 2008), which has since been adopted by the present government.

The review gave clinical staff in PCTs the right to request to move out of the NHS and establish social enterprises to deliver their services. The deadline for submitting a right to request has now passed, but the policy could result in as many as 40 social enterprises being set up to deliver publicly funded primary and community care by the middle of 2011.

The Department of Health white paper Equity and Excellence: Liberating the NHS (DH, 2010) set out a number of commitments in support of social enterprise, including the ambition to create the largest social enterprise sector in the world. More recently, the Cabinet Office (2010) introduced “rights to provide” to support staff wanting to take control of their services. These commitments demonstrate that social enterprise is a key part of the government’s vision for health and social care.

Benefits for health and social care

Social enterprises operating in health and social care share with the NHS a commitment to providing high-quality and efficient services that put patients, service users and the community first. Their added value lies in their ability to be independent, innovative and responsive.

Control and empowerment

There are many benefits that social enterprise can offer. Core to these is the ability for staff to have greater control over service development than is the case for those working in the NHS or local authorities.

One of the most common complaints about working in the public sector is that ideas for improvements are stifled. It is also commonly recognised that the people who are best placed to make the required changes are often those closest to the frontline. Social enterprise can free people of those barriers and empower staff to have a greater say.

How social enterprises do this depends on their size and culture. Some ensure staff
have a greater role in decision-making by giving managers and other employees more autonomy to do this. Others make this more formal by engaging with staff, as either members or owners of the organisation. An example of this is Central Surrey Health, an employee-owned social enterprise (see case study 1).

Connecting with communities and service users
The best organisations are those that understand their customers. This is an important characteristic of social enterprise. Unlike most private businesses, social enterprises can be owned by their staff, patients, communities or a combination of these. This often means the people they serve are more involved in the design and delivery of services and that organisations are more accountable to them.

For example, enterprises such as the Sandwell Community Caring Trust have formalised their community engagement by having carers and service users on their boards. Similarly, organisations such as Open Door in Grimsby design and produce services in partnership with communities they serve to ensure they meet users’ needs (see case study 2).

Transforming services
Increasing control and empowering staff, along with better connection to customers and patients, underpin other benefits that can transform services. This can include joining up different areas of the public sector to provide more person-centred, holistic services – like at Open Door.

The main motivation has to be a desire to transform services and improve the quality of care while ensuring accountability to staff, patients and the community.

Challenges of running a social enterprise
While there are a number of benefits of social enterprises, managing them is not without challenges.

These commonly relate to the cultural change necessary to run the organisations. They are fundamentally businesses so managing them is different from managing a public sector department. It is vital that staff support the aims of the organisation if such a culture change is to be embedded throughout it.

Overseeing a social enterprise requires a commercially as well as a socially motivated culture. It needs a board of directors, chief executive and a senior management team.

Managing or working for a business that competes for contracts is different from managing a public service department. While there are some similarities and overlapping areas, there are often new areas of responsibility to manage and additional skills required. These include financial management and forecasting, and business planning skills including market analysis, competitor analysis, business development, marketing, tendering and bid writing.

Good leadership is essential. Directors of social enterprises have in many ways more personal responsibility and accountability than those working in the public sector. They are fully responsible for the management of their company and must act in a way most likely to promote its success.

Important responsibilities are set out in law and in the company’s governing documents. Directors have legal filing responsibilities with Companies House – for example around annual accounts, annual returns and changes to the company. They must also comply with other legal responsibilities such as employment, tax and health and safety law.

Conclusion
Working for social enterprises offers health and social care professionals a real opportunity to influence the services they offer. However, this involves a change in culture and outlook for those moving from public bodies. Government support for the development of these organisations means there has never been more opportunity to set up a social enterprise, while the nature of the work they do means nurses are well placed to take advantage of this. Doing so requires motivation and confidence but the potential for both nurses and their patients are significant.

See www.socialenterprise.org.uk for further information.

References

CASE STUDY 2. OPEN DOOR

Care Trust Plus (formerly North East Lincolnshire PCT) was named as a top 25 PCT, despite working with the 63rd most deprived community in England.

With funding from the neighbourhood renewal fund, the PCT decided to work with local people to improve access to better health and social care services. At the heart of this was setting up services with people who usually experience poor relations with traditional service providers. These include homeless people, substance users and others who may be excluded from GP lists.

Open Door was created as an activity and social centre with a cafe, a Citizens’ Advice Bureau, cookery classes, alternative therapies, showers and flexible activity space open to all. While it provides a range of clinical services, it is not a GP surgery and was not designed or branded as one.

The aim is to provide a safe and secure environment where vulnerable people can come for information, advice, care, food and a productive use of time.

The organisation is run as a self-sustaining social enterprise with a personal medical services contract. Initially 23 patients with a history of challenging behaviour within traditional general practice were allocated to Open Door by the PCT. It now has more than 700 patients. Open Door’s role in the community has enabled it to develop strong relationships with many local stakeholders. The local accident and emergency department automatically refers anyone without a GP to Open Door, and the police work with it to support prolific and priority offenders.

The organisation has also forged a strong relationship with Abbey Santander, which not only provides its business banking, but also sets up bank accounts for clients irrespective of their criminal or social past.

“Workplace culture is fundamental to good or poor practice”

Jonathan Webster p28

BOX 1. CHARACTERISTICS OF SOCIAL ENTERPRISES

● Social enterprises are run for social and/or environmental purposes.
● Profits are reinvested to sustain and further their mission for positive change.
● They trade goods or services.
● Health and social care accounts for 33% of social enterprises.

Source: socialenterprise.org.uk