

NEW ORGANISATIONAL MODELS FOR DELIVERING HEALTH AND SOCIAL CARE

Briefing Paper

**Health and Social Care Partnership
South East**

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NEW ORGANISATIONAL MODELS FOR DELIVERING HEALTH AND SOCIAL CARE:

Briefing Paper

Health and Social Care Partnership South East

Introduction

This briefing paper pulls together information on the development of employee ownership and social enterprises in health and social care and has been produced as part of the Health and Social Care Partnership South East's work programme. It is written to be of general interest, but is specifically aimed at commissioners interested in stimulating the creation of new forms of organisation as an alternative to direct service provision or conventional outsourcing, and staff who may be interested in setting up some form of employee ownership and/or social enterprise.

It is very much a beginner's guide and should not therefore be regarded as comprehensive or definitive, nor does it map current activity in the South East. It does however provide a basic introduction to this rapidly growing and changing field. Depending on the level of interest and demand, further more detailed work can be carried out. The briefing is structured in the following way:

- Some definitions of key organisational models to assist understanding
- A short history of how government policy has and is developing in this area
- Short summaries of useful publications
- Brief description of relevant organisations in the South East and nationally

Some Definition

The current interest in alternatives to public and private sector delivery is an area where terminology is often used loosely and interchangeably. In order to assist understanding, some definitions are given below. These are not legally watertight, but aim to provide a basic sense of the main organisational models of relevance to health and social care.

Social Enterprise

The key concept is that of **social enterprise**, which the Department for Business, Innovation and Skills has defined as “a business with primarily social objectives **whose surpluses are principally reinvested in the business or community**, rather than being driven by the need to maximise profit for shareholders and/or owners.¹” **Social Firms** are a particular type of social enterprise, whose specific mission is to create meaningful jobs in market-led, viable and sustainable businesses for people who face the greatest barriers to employment e.g. disabled people including those with enduring mental health problems.

According to the Government, **NHS Foundation Trusts** can also be viewed as social enterprises and the Government’s “ambition is to create the largest and most vibrant social enterprise sector in the world.”² NHS foundation trusts are not-for-profit organisations which, although they are part of the NHS, are not to be directed by government and therefore have greater freedom to decide their own strategy and the way services are run. They have been set up in law under the Health and Social Care (Community Health and Standards) Act 2003 as legally independent organisations called Public Benefit Corporations, with a primary purpose to provide NHS services to NHS patients and users according to NHS principles and standards. As public ownership organisations, NHS foundation Trusts should allow greater local ownership and involvement of patients, the public and staff, rather than control from the Department of Health.

Social enterprises may or may not be employee owned, and there is nothing to say that a social enterprise must operate principles of shared ownership. It is important therefore to distinguish between the purpose of the organisation and its ownership and organisation. In setting up a social enterprise there is a choice of legal forms and the rest of this section briefly describes some of the organisational forms that social enterprises commonly take.

¹ Social Enterprise Unit (2002) *A Strategy for Success*

² DH (2010) *Equity and Excellence: Liberating the NHS*, page 36

Co-operative - An organisation owned by its members and which subscribes to the long-established principles of co-operation³. Members – such as consumers, staff, others in the community or a combination – have an equal say in what the co-operative does. An employee owned co-operative is an organisation owned by the people who work in it, where the employees should control minimum of 51% of the voting shares or indirectly own the business via an employee owned trust (like John Lewis).

Mutual - Strictly speaking, a mutual is an organisation where the primary purpose is to generate benefits for members (often in return for a membership fee of some kind). They are established for a shared purpose such as to serve a closed community of members and share economic benefits among them (such as an agricultural cooperative); or they can be set up for an altruistic community purpose (such as a leisure services trust established to operate former council-run leisure centres). Mutuals are owned by their members (but no individual is entitled to a share of the underlying assets) and normally operate democratic voting systems, on the basis of 'one member: one vote', so there are no interest groups or 'majority shareholders' who can automatically outvote the others. It should be noted, however, that the term 'mutual' has come to be a widely-used umbrella term for organisations of many different kinds, including employee owned organisations.

Employee Ownership - According to the Employee Ownership Association, these are companies where employees own a significant stake in the company. Employee ownership can take one of three forms:

³ **Principle 1: Voluntary and open membership**

Membership is open to all workers able and willing to accept the responsibilities of membership.

Principle 2: Democratic member control

Members should actively participate in the governance of the co-operative enterprise. One member, one vote. Elected representatives are answerable to the membership.

Principle 3: Member economic participation

Members democratically control the capital of the business, some of which is common property. Surpluses (profits) are used for developing the co-operative, paying members in proportion to their work for the co-operative and other uses approved by the members.

Principle 4: Autonomy and independence

Co-operatives are autonomous enterprises, controlled by their members. Agreements, contracts and financial arrangements with external parties must recognise this.

Principle 5: Education, training and information

Provide education and training for members, elected representatives, officers, managers and employees to improve their contribution to the development of their co-operative. Promote the nature and benefits of co-operative organisation to the public.

Principle 6: Co-operation among co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together at local, national, and international levels.

Principle 7: Concern for community

Co-operatives work for the sustainable development of their communities.

- *Direct employee ownership* – using one or more tax advantaged share plans, employees become registered individual shareholders of a majority of the shares in their company.
- *Indirect employee ownership* – shares are held collectively on behalf of employees, normally through an employee benefit trust.
- *Combined direct and indirect ownership* – a combination of individual and collective share ownership.

Community Interest Company (CIC) - Is a limited company, formed under the Companies Act 2006 that has special additional features to provide a purpose-built legal framework, including asset-locks, for social enterprises that adopt the limited company form. CICs are for use by people who want to conduct a business or other activity for community benefit, and not purely for private advantage.

Industrial and Provident Society (IPS) – An organisation conducting a business, either as a co-operative or for the benefit of the community. Special reasons may need to be demonstrated as to why an organisation should be registered as an IPS rather than a company.

Two other forms of organisation are relevant to health and social care and these are NHS Local Authority Trading Companies and Social Work Practices.

Local Authority Trading Company (LATC) - Since the Local Government Act 2003, local authorities have been able “to do for a commercial purpose anything which they are authorised to do for the purpose of carrying on any of their ordinary functions”. This is otherwise known as the power to trade. In order to trade the local authority must set up a company, known as a local authority trading company. The LATC can only trade in areas that are related to that authority’s core services or functions. The company is independent of the council, although the local authority has to hold at least 51% of the company’s shareholding. It has its own Board of Directors, who act solely in the best interests of the company. Procurement regulations need to be observed where relevant. The first LATC in adult social care was Essex Cares Ltd in July 2009. In the South East, Wokingham Borough Council has set up Optalis which commenced operation earlier in 2011.

Social Work Practice - Social Work Practices (SWPs) are being piloted in children’s and adult social services (see later). SWPs are modelled on ‘traditional’ professions where practices have been long established e.g. family doctors, lawyers and architects. It is expected that practices are owned or led by social workers, but may employ additional staff to add a range of skills to the practice. Local Authorities will commission services from SWPs through a contract but will maintain strategic responsibilities and will manage and monitor the performance and partnership with the SWP. They are intended to be independent of the local authority with a separate legal form, and are therefore accountable for managing their own organisation. In adult services, the emphasis is on establishing SWPs as social enterprises.

Why New Models?

A Brief History

Over the last ten or more years there has been a growing interest in alternative organisational forms of health and social care service delivery. There are several inter-linked reasons for this interest which include:

- Continued pressure to reduce costs of service delivery and improve efficiency
- The desire to create organisations that foster an entrepreneurial approach to public services, which stimulate innovation and more flexible responses to meeting need
- A means of creating more diverse markets, allowing greater consumer choice and control
- Some evidence that staff working in such organisations are likely to be more highly motivated and empowered, leading to higher productivity with less absenteeism, which in turn improves outcomes for people using services.

The interest in alternatives to direct service provision was an element of the health and social care reforms pursued by the previous government. Significant developments included:

The Government White Paper, *Our health, our care, our say: a new direction for community services*, published in 2006, set out plans for a fundamental shift in service delivery based on a desire for more personalised services and a more integrated approach to service delivery which included embracing NHS staff setting up their own businesses in the form of social enterprises. [1] A Social Enterprise Unit was set up within the Department of Health to oversee and co-ordinate activity and a *Social Enterprise Pathfinder Programme* launched to better understand the contribution of social enterprises in health and social care. This programme followed 26 social enterprises and was subject to detailed evaluation, a summary of which was published in *Leading the way through social enterprise: the social enterprise pathfinder programme evaluation*. [2] The evaluation highlighted what factors appear to be early indicators for success and some of the key challenges.

In 2007, the DH established the *Social Enterprise Investment Fund (SEIF)* to stimulate the role of social enterprises in health and social care, through providing investment to help new social enterprises start up and existing social enterprises grow and improve their services. The SEIF still operates and is managed on the behalf of the DH by the Social Investment Business, working in partnership with Local Partnerships (see later section on relevant organisations.)

The *Next Stage Review of the NHS Final Report*, published in 2008, recognised the important contribution social enterprises could make to community health services and gave a commitment that PCT staff would be given the 'right to request' to set up social enterprises, linked to the requirement that PCTs divest themselves of direct community health provision.

[3] Subsequent approval was given to three succeeding waves of 'right to request', four of which were located in the South East (See Annex 1).

In relation to social care, in December 2007, *Putting People First* (PPF) [4] was published setting out the vision for transforming adult social care based on the four domains of social capital; universal services; prevention and early intervention; and choice and control through Personal Budgets. This system-wide transformation expected a local and integrated approach to include supporting "third/private sector innovation, including social enterprise."

Around the same time the Department for Children, Schools and Families initiated the piloting of SWPs for looked-after children in England. These pilots started in 2008, including one in Kent, with an additional four pilots launched in September 2010. The SWPs have seen the creation of independent, social worker-led organisations to deliver services for children and young people in care, including social workers moving out of public sector employment to form their own employee-owned social enterprise. The 11 pilots were continued by the Coalition Government and are being evaluated by the Children's Workforce Development Council, although it should be noted that not all of the pilots established themselves as fully independent new organisations. [5]

Current Policy Context and Drivers

Alternative business models such as mutuals and cooperatives are being strongly promoted by the Coalition Government as part of its plans for public service delivery and the 'Big Society' agenda. The Government believes that using alternative models will enable communities and public sector workers to transform the way public services are delivered.

The Office for Civil Society within the Cabinet Office is responsible for Big Society and a series of initiatives and programmes linked to White Papers have been published to stimulate and support implementation. The main ideas underlying Big Society are shown in the box below, followed by a timeline of key milestones for promoting the growth of alternatives to public and private provision. This is followed by a summary of recent developments in health and social care.

Creating the Big Society...

Social action - fostering and supporting a new culture of volunteerism, philanthropy and social action

Public service reform - removing centralised bureaucracy, giving professionals more freedom and opening up public services to new providers

Community empowerment - creating communities and neighbours who are in charge of their own destiny, who feel if they club together they can share the world around them

Three techniques have been identified to achieve the above, which are:

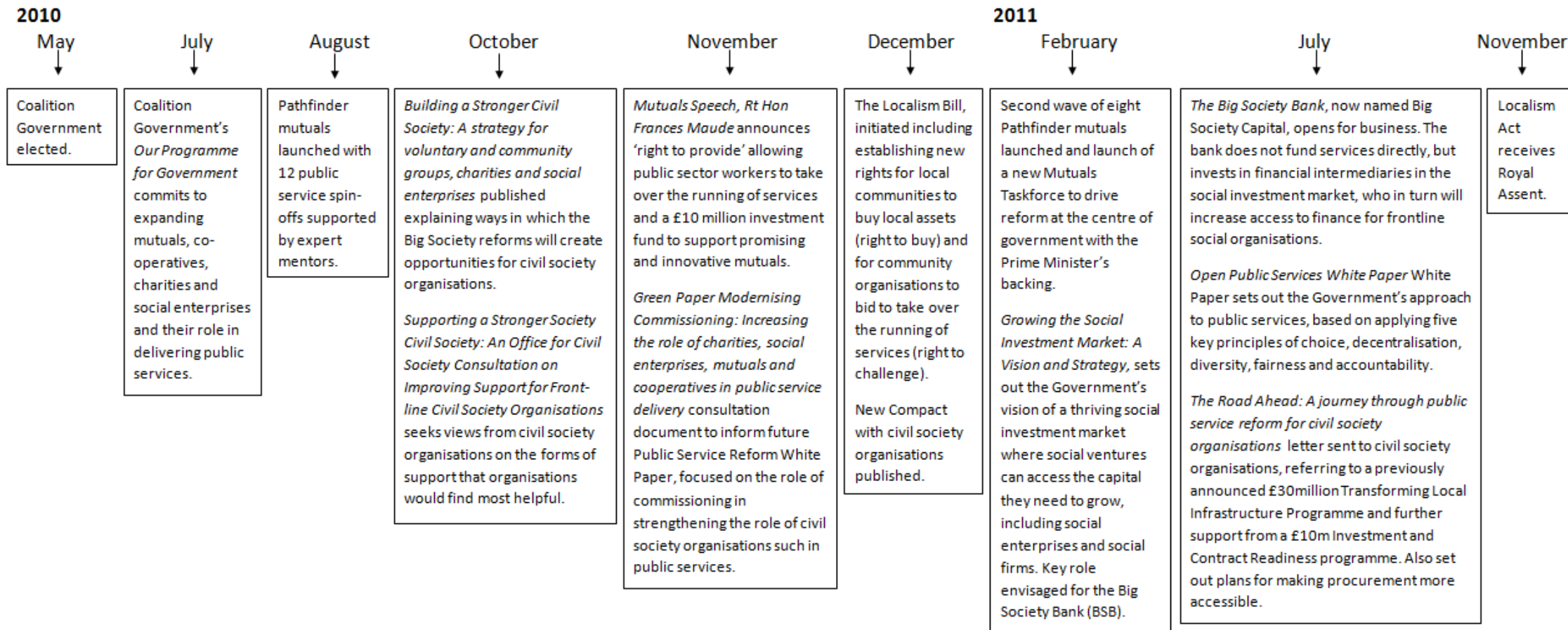
Decentralisation - from central to local government and beyond to local communities, neighbourhoods and individuals

Transparency - giving people the information they need not just to hold services to account, but to go further, and take action themselves

Finance - Paying public service providers by results to encourage value for money and innovation at the same time and enabling social projects to get access to start-up capital

Source: Big Society Speech 19 July 2010

At a Glance Timeline of Government Policy on Civil Society Organisations (with a more detailed chronology given on page below)



A Chronology of Government Policy on Civil Society Organisations

2010

May

Coalition Government elected.

July

The Coalition Government's *Our Programme for Government* [6] commits to "support the creation and expansion of mutuals, co-operatives, charities and social enterprises and enable these groups to have much greater involvement in the running of public services."

August

Pathfinder mutuals launched with 12 public service spin-offs supported by expert mentors and leaders in employee ownership models such as John Lewis and the Office for Public Management. Details of the pathfinders are shown at Annex 2.

October

Building a Stronger Civil Society: A strategy for voluntary and community groups, charities and social enterprises published explaining ways in which the Big Society reforms have the potential to create opportunities for civil society organisations and the support that will be available. The long term strategy to be built around three objectives: making it easier to run a voluntary or community sector organisation; getting more resources into the sector to underpin its resilience and independence; and making it easier to do business with the state. [7] A consultation document published at the same time, *Supporting a Stronger Society Civil Society: An Office for Civil Society Consultation on Improving Support for Front-line Civil Society Organisation*, sought views from civil society organisations on the forms of support that organisations would find most helpful. [8]

November

Mutuals Speech, Rt Hon Frances Maude - Announcement that every department will put in place rights for public sector workers to take over the running of services, including a right for civil servants directly employed by departments to form mutuals (right to provide). Government to invest over £10 million to fund a programme of support for some of the most promising and innovative mutuals so that they reach the point of investment readiness.

Green Paper Modernising Commissioning: Increasing the role of charities, social enterprises, mutuals and cooperatives in public service delivery - Consultation document to inform future Public Service Reform White Paper, focused on the role of commissioning in strengthening the role of civil society organisations such in public services. Sought views on three key elements for increasing competition and consumer choice: introducing payment by results across public services; setting proportions of specific services that should be developed by independent providers, including civil society organisations; and introducing new rights for communities to run services, own assets and for public services to form mutuals (link to Localism below). [9]

December

The Localism Bill, initiated by the Department of Communities and Local Government. Proposed legislative changes include establishing new rights for local communities to buy local assets (right to buy) and for community organisations to bid to take over the running of services (right to challenge).

New Compact with civil society organisations published. The agreement is shorter and more focused and aims to create the right environment for partnership working, backed by a set of accountability and transparency measures outlined in a new Compact Accountability guide published at the same time. [10]

2011

February

Second wave of eight Pathfinder mutuals launched (listed at Annex 2) with announcement that Julian Le Grand, Professor of Social Policy at the London School of Economics, will lead a new Mutuals Taskforce to drive reform at the centre of government with the Prime Minister's backing.

Growing the Social Investment Market: A Vision and Strategy - Set out the Government's vision of a thriving social investment market where social ventures can access the capital they need to grow, including social enterprises and social firms. A key role envisaged for the Big Society Bank (BSB). [11]

July

The Big Society Bank – now named **Big Society Capital** – opens for business with funding of £500million from dormant bank accounts and £200million from four of the UK's largest banks. The bank does not fund services directly, but invests in financial intermediaries in the social investment market, who in turn will increase access to finance for frontline social organisations. The first investment of £1million goes to the Private Equity Foundation, a venture philanthropy charity, to make grants to support a programme of payment by results schemes to help young people into employment, education and training. Applications for investment should be initially made to the Investment Committee and details of the fund and application process can be found on the Big Fund website: www.biglotteryfund.org.uk

Open Public Services White Paper - White Paper setting out the Government's approach to public services, based on applying five key principles of choice, decentralisation, diversity, fairness and accountability. Articulates the view that "what matters is the quality of service, not the ownership model" and states commitment to open up the provision of public services to a range of providers competing to offer a better service. Following consultation, the Government will set out a programme of work to implement the open public services agenda, including proposals requiring legislation. This should include a full range of support to those considering setting up a mutual. [12]

The Road Ahead: A journey through public service reform for civil society organisations - Letter sent to civil society organisations from Right Hon Nick Hurd, Minister for Civil Society, following publication of the Open Public Services White Paper. Refers to the previously announced £30million [Transforming Local Infrastructure Programme](#) "to help

infrastructure organisations improve their offer in respect of contracting support and more effective tools for civil society organisations to engage with local commissioners”.

Further support announced in the form of a £10m **Investment and Contract Readiness** programme, designed to operate for three years from April 2012 to help civil society organisations “grasp the new opportunities” arising from new markets in public service delivery and new types of social finance –including loans and equity stakes – facilitated through the Big Society Bank. Also set out plans for making procurement more accessible and commitment to “developing proposals on how to improve commissioning and incubate the most innovative commissioners to draw together knowledge of what works into one place.”

November

Localism Act receives Royal Assent introducing the Right to Bid, giving residents the opportunity to take over local assets like shops and pubs and introducing the Right to Challenge, making it easier for local groups with good ideas to put them forward and drive improvements in local services.

Developing Health and Social Care Policy

Proposals for alternative ownership models within adult social care were endorsed within the Department of Health’s ‘*Vision for Adult Social Care*’, published in 2010, which clearly states as one its aims supporting the creation of mutuals, co-operatives, charities and social enterprises, and to enable these groups to have much greater involvement in the running of public services. [13] In January 2011, the *Think Local Act Personal Partnership* agreement was published. [14] This sector wide commitment superseded Putting People First, whilst re-affirming a commitment to developing more flexible forms provision, including social enterprises.

Seven Social Work Practice pilots have been established in adult social care to test out new ways of delivering adult social care, including Surrey County Council which is piloting this for their Deaf services. *First Point, Hard of hearing, Deaf and Interpreting services*, will be a Social Enterprise Community Interest Company (CIC) delivering social work, interpreting services and a specialist equipment store. The pilots are receiving project management support from the Social Care Institute of Excellence and will be subject to formal evaluation.

A second wave of ‘pioneer projects’ has also been established. These will function under existing legislation and will not be subject to formal evaluation. They will however provide an opportunity to test out more widely innovative approaches to social work. One of the pioneers is being run by Medway Council, focused on delivering better settled accommodation for 40 people with mental health needs. A full list of all the SWP practice pilots and pioneers are included at Annex 3.

The Right to Request process in the NHS was continued by the Coalition Government and the NHS White Paper, *Equity and Excellence, Liberating the NHS*, stated that the Government’s ambition “to create the largest and most vibrant social enterprise sector in the world”, including making all NHS trusts, Foundation Trusts. [15] As NHS Trusts become foundation trusts “staff will have an opportunity to transform their organisations into employee-led social enterprises that they themselves control, freeing them to use their

front-line experience to structure services around what works best for patients.” It goes on to say that other models may be suitable, and envisage that “some foundation trusts will be led only by employees”, particularly smaller organisations providing community services. The Right to Request programme has now closed, but health and social care organisations have been included in the Mutuals Pathfinders programme described above.

The Health and Social Care Bill sets out duties and responsibilities of the NHS Commissioning Board and clinical commissioning groups. In its original form the Bill proposed increasing the volume of services over which patients have choice over providers and proposed that ‘Monitor’ (which currently oversees foundation trusts) assumed a duty to promote competition for NHS funded services. In response to political concern over the proposed changes, particularly those related to competition, the Government established a listening exercise carried out by the NHS Future Forum in summer 2010. The group looking at choice and competition concluded that competition had a continuing important role to play in the NHS but argued that this should be within an explicit framework for increasing choice and efficiency. [16] The Government accepted the recommendations made by the Future Forum in this area. Monitor’s core duties will be “re-orientated away from promoting competition as though it were an end in itself and focused instead on taking action in the interests of patients to tackle anti-competitive behaviour.”⁴ The timetable for extending patient choice through Any Qualified Provider (AQP) has been extended so that by April 2012 PCT Clusters and clinical commissioning groups should have implemented AQP for three or more community or mental health services. The Future Forum raised a specific concern about the barriers to NHS staff forming social enterprises or mutuals and the Government has said that it will work with the Future Forum to address these. At the time of writing the Health and Social Care Bill was still progressing through Parliament. Further government proposals and legislation in support of this reform agenda are likely to be forthcoming, including a white paper on social care reform (expected in spring 2012).

⁴ Department of Health (2011) Government Response to the NHS Future Forum Report

Useful Publications

There is a growing literature in this area which is mainly focussed on promoting different organisational models (the why and what), together with information on advice on setting up (how). Some useful publications are listed below with a short synopsis.

The All Parliamentary Group on Employee Ownership (2010) [*Sharing Ownership: The Role of Employee Ownership in Public Service Delivery*](#) - This is a report of a short inquiry by the APPG looking at how the implementation of employee ownership structures can impact on the delivery of public services. From evidence taken from policy makers, mutuals, and other stakeholders, key challenges and proposed solutions are highlighted, in order that the full potential of employee led organisations in public sector delivery can be realised.

Community Catalysts (2011) [*Enterprise for All: A practical guide for enterprising people*](#) - Provides information aimed at addressing some of the specific issues faced by people with an illness or disability thinking about establishing their own service.

[*Supporting Micro Market Development*](#) (2009) - A practical guide for local authorities about working with micro-providers. Can be purchased online for £30.

CIPFA (2011) [*A Pre-Qualification Questionnaire Toolkit: How to Encourage Social Enterprises and Small and Medium Enterprises to Successfully Bid for Public Contracts*](#) - The CIPFA Procurement & Commissioning Network, in association with Grant Thornton UK LLP and Walker Morris Solicitors, has developed a new procurement Pre-Qualification Questionnaire Toolkit, to support procuring Authorities undertake the process of identifying potential successful suppliers against a backdrop of very difficult economic and market conditions. Authorities can put themselves at risk of supplier failure, weak delivery of services, reduced or no interest from bidders, legal challenges or having to re-commence the procurement process and incurring significant costs as a result of not correctly developing a robust and compliant Pre-Qualification Questionnaire/ Process (PQQ). Many 'myths' have developed over the years as to what can and cannot be considered at the PQQ stage and there are many out-dated and long standing processes which are being followed unquestionably. This Toolkit aims to refresh and clarify issues that can be taken into account to ensure that the PQQ is relevant to the contract and does not breach the EU Treaty principles of transparency, non-discrimination, equal treatment as well as national UK legislation, guidelines and the Authority's internal financial regulations.

Co-operatives UK and Mutual Ventures (2011)

[*Co-operative Business District: a guided journey to discover your own public service co-operative destination*](#) - This guide, produced by Co-operatives UK and Mutual Ventures, takes you through the four main steps you will need to think about before setting up your own public sector mutual. It covers:

- The Big Idea: what are public sector mutuals and are they for you?
- Getting Started: your first steps in setting up a new organisation.
- Your Business Plan: setting down the key features of your idea in a clear, concise and organised way.

- From Plan to Reality: some of the main hurdles facing public sector staff "spinning-out".

Department of Health (2011)

[*Making Quality Your Business: A Guide to the Right to Provide*](#) - This guide is aimed at supporting people who are thinking about taking up the right to provide and has been built on the experience of healthcare staff who have been through the right to request. It sets out a process for people working in NHS Trusts who have the right to propose the development of a staff-led enterprise. It also seen as being relevant to staff working in social care who are thinking about the right to provide, and people working in Foundation Trusts and Arm's Length Bodies who are interested.

The Chartered Institute of Public Finance and Accountancy (2009)

[*Commissioning public services: Partnership Working and Delivery with the Third Sector*](#)

A report commissioned by CIPFA to promote partnership working between public service commissioners and third sector organisations delivering public services. Content divides into looking at what makes the third sector different and considering ways that the third sector can be encouraged to engage with tendering and commissioning. Social enterprises and co-operatives are included within the definition of third sector.

Local Government Improvement and Development and Social Enterprise Coalition (2010)

[*Stimulating new markets – commissioning social enterprises: Report for the National Programme for Third Sector Commissioning*](#) - This report is aimed at commissioners to increase their understanding and awareness of the social enterprise sector based on four case studies. The report includes a discussion of key issues; situations where social enterprise may be particularly appropriate and actions commissioners can take to support further social enterprise development.

Local Government Improvement and Development (2010)

[*Enterprising Councils: Getting the most from trading and charging*](#) - Brief guide for councillors describing the options that councils have for income generation through trading and charging, including an examination of trading companies.

National Audit Office (2011)

[*Establishing social enterprises under the Right to Request Programme*](#) – Report for the Department of Health identifying key issues and recommendations lessons from the Right to Request programme of 'spinning out' NHS services to social enterprises. Conclusions on value for money are that it is too early to assess the costs and benefits from the Programme. Nevertheless, there are a number of risks to be managed if value for money is to be achieved for the sums expended on the programme and for the £900 million contracts awarded to the enterprises non-competitively. Not setting separate objectives for the Programme makes it difficult to judge whether success and value for money is achieved. PCTs have not contracted for any benefits that social enterprises could deliver over and above what they would have required of alternatives, reducing the likelihood that such benefits will be delivered. Many risks and liabilities still reside with PCTs and will need to be managed if value for money is to be achieved. The sustainability of social enterprises is, currently, heavily dependent upon funding and cash flow from the NHS.

Office for Public Management (2011)

[How to become an employee owned mutual: an action checklist for the public centre](#) - A short guide providing a 'high level' road map for staff and managers in public sector organisations who are considering taking over ownership of the services they provide.

[Shared ownership in practice: findings from case studies of employee and community ownership of public services](#) (2010) - Based on actual case studies, this report seeks to address the key issues that need to be addressed in order to make shared ownership models work. It is suggested that, whilst the transition to shared ownership is not a linear one, four main stages are discernible: options appraisal, negotiating the terms of transition, the transition itself and the post-transition period.

[New Models of public service ownership: a guide to commissioning, policy and practice](#) (2010) - This report aims to clarify what alternative models of ownership are and their actual or potential relevance to public services. A second phase was the case-study research above.

Social Care Institute for Excellence (2010)

[The Big Society and innovation in care and support for adults: key messages from SCIE expert seminars](#) - This paper presents the key messages from two SCIE expert seminars on quality and efficiency and Big Society. The key messages around social enterprises were that they will need to have start-up support and strategies for sustainability. The Big Society Bank could help to stimulate the creation of more social enterprises, for example with start-up funding. There is an over-emphasis on 'scaling up' from what works locally to what might work in other areas. The priority should be to achieve appropriate local outcomes for individuals. However, commissioners and providers can change leadership, individual and organisational behaviour and create the conditions in which local innovation can flourish.

Social Enterprise Coalition (2011)

[Working with the Public Sector: Busting the Myths](#) - A guide to the most commonly-held but mistaken beliefs about procurement, market engagement and localism. It is aimed both at social enterprises who wish to enter the public sector market but face challenges navigating the procurement process, and contracting bodies who want to work with social enterprises and commission for social value.

[Enjoy what you do – Work in social enterprise](#) (2011) - A short guide to social enterprises, based on case studies.

[Healthy Business: A guide to social enterprise in health and social care](#) (2008) – Gives a short history of policy development in this area and eight case studies of established social enterprises already providing health and social care services, including Central Surrey Health.

[Unlocking the Potential - A guide to finance for social enterprises](#) (must be purchased) - This guide focuses on the different forms of non-grant finance available for social enterprises.

Third Sector Research Centre (TSRC)

[Briefing Paper 5 *Innovation in the Homeless Field: How Does Social Enterprise Respond to the need of homeless people?*](#) (2010) - A review of the policy and research literature on the role of social enterprises in providing potential solution to problems faced by homeless people. The review concludes that the promotion of social enterprise as a route to employment for homeless people has not been based on any reliable evidence. It is not known whether social enterprises are better equipped than other organisations to move homeless people into employment. What evidence that does exist suggests that social enterprise as a route to employment may only be appropriate for those homeless people with less complex social support needs.

[Briefing Paper 47 *A comparative study of changes in earned income among third sector organisations in England and Wales, and the United States*](#) (2010) - Describes research underway drawing on data from England and Wales and the United States, to test the assumption that social enterprise is an important revenue stream for third sector organisations and examining the extent to which this is a recent phenomenon. The findings will be compared with similar research undertaken in the US to enable comparative learning and strengthen theoretical understandings.

[Working Paper 46 *What's in a Name? The Construction of a Social Enterprise*](#) (2010) - This paper provides an in-depth analysis of how the meanings of social enterprise have evolved and expanded over time. It is intended to enhance understanding of a fluid and contested concept.

[Briefing Paper 48 *Social enterprise and ethnic minorities*](#) (2010)

The aim of this paper is to shed light on the nature and extent of migrants and ethnic minority involvement in social enterprise activity and the policy issues this raises.

Social Enterprise East of England et al (2010)

[*Joining the Dots: Social Impact Measurement, commissioning from the Third Sector and supporting Social Enterprise Development*](#) - Following a seminar held by Social Enterprise East of England three areas of work were commissioned the results of which are covered in this report. They are strengthening local procurement and tendering processes, measuring the social and economic impact of local services, and supporting local social enterprise development.

TTP law (2010)

[*Future Service Models for Adult Social Care: A special report from TPP Law*](#) – A report from a law firm which specialises in this area. The report looks at three possible service models for local authorities to consider as a way of managing financial reductions and moving towards becoming commissioning organisations: in-house local authority trading companies, transfer of services into a social enterprise, and partnerships with the independent sector.

Relevant Organisations

South East

Se2

Se2 is the regional network of networks, organisations and partners all dedicated to the development and growth of the social enterprise sector in the South East. In March 2011 se2's annual conference focused on social enterprises in health and social care.

www.se2partnership.co.uk

Centre for Mutual and Employee Owned Businesses Oxford University

The principal activities of the Centre are research and professional development. Short courses and educational programmes focus on the business needs of the mutual and co-owned business sectors. The Centre offers a gateway for the mutual and co-owned business sectors to seminars, guest lectures, and other activities.

<http://www.kellogg.ox.ac.uk/researchcentres/meob.php>

Community Catalysts

A social enterprise set up to provide small (micro) family and community based support and care services, helping them to get the advice, help and representation they need.

<http://www.communitycatalysts.co.uk/wp-content/uploads/2011/09/Enterprise-for-all.pdf>

RAISE

RAISE acts as a hub and catalyst for voluntary and community sector (VCS) organisations in the South East, helping them to achieve more. Their work includes

- *Providing information to voluntary and community organisations on issues that have a significant effect on them*
- *Presenting the perspective of the VCS in the South East to decision makers*
- *Building and supporting communities of interest from within our partner organisations, with specific aims (to influence policy, share ideas and experience, develop skills)*
- *Bringing together partners to collaborate on an activity or service*
- *Signposting partners to opportunities for development and growth, from within RAISE's partners and beyond*
- *Working directly with a partner organisation to address a development need*
- *Undertaking innovative yet practical work to demonstrate and build on the potential impact of voluntary and community organisations*

The traditional distinction between a charity and a social enterprise is increasingly artificial. With diminishing grant funding and new opportunities to “sell” voluntary sector services many VCS organisations are developing social enterprise parts to their work. RAISE's objective over the coming months and years will be to support voluntary and community organisations as they diversify their income sources; to take what is best from the world of business and imbue it with the enduring values and ethos of the VCS so that voluntary and community organisations in the South East can not only survive but grow.

www.raise-networks.org.uk

National

The All Parliamentary Group on Employee Ownership

The All Parliamentary Group on Employee Ownership (APPG) was established in 2007 in order to raise awareness of employee ownership and benefits it can offer both to the business community and the economy.

Co-operatives UK

Co-operatives UK is the national trade body that campaigns for co-operation and works to promote, develop and unite co-operative enterprises across many sectors of the economy from high street consumer-owned co-operatives to pubs and football clubs, healthcare to agriculture, credit unions to community owned shops.

<http://www.uk.coop/about>

Department of Health

The Department of Health has a specific section on social enterprises on its web site including information on the Right to Provide, Right to Request and case studies of social enterprises in action.

<http://www.dh.gov.uk/en/Managingyourorganisation/Socialenterprise/index.htm>

The Employee Ownership Association

EOA is a network of over a hundred companies with significant employee ownership. Members include co-owned John Lewis, Waitrose, Unipart and Arup, plus enterprises from many sectors of the economy. The Association's role is to serve its member companies and promote the growth of employee ownership in the UK.

<http://www.employeeownership.co.uk/home/>

Local Government Improvement and Development (previously IDEA)

LGID (now part of the Local Government Group) supports local authority self-improvement and has produced some publications covering alternatives to local authority direct provision. <http://www.idea.gov.uk/idk/core/page.do?pageId=23543264>

Mutual Ventures

A social enterprise that works with councils and Health Authorities and other public service commissioners as well as front-line public service teams to support the delivery of public services through independent mutuals and other forms of social enterprises.

<http://mutualventures.co.uk/whatwedo.html>

Office for Public Management

OPM is a public interest company dedicated to improving social results. They have a work-stream on mutuals and social enterprises and provide consultancy. They are providing mentoring support to some of the first of the public sector, employee-owned pathfinders.

<http://www.opm.co.uk/>

National Endowment for Science, Technology and the Arts

NESTA is an independent body with a mission to make the UK more innovative. It invests in early-stage companies, informs policy, and delivers practical programmes that inspire others to solve the big challenges of the future.

http://www.nesta.org.uk/about_us

Skills for Care

Skills for Care's strategic role is to ensure that the adult social care workforce has the attitudes, values, skills and qualifications necessary to have the right people in the right place to deliver high quality social care.

<http://www.skillsforcare.org.uk/home/home.aspx>

Social Enterprise Coalition (now known as Social Enterprise UK)

SEC is a membership based organisation that represents a wide range of social enterprises, regional and national support networks and other related organisations. SEC aims to improve the operating environment for social enterprise by advising government, informing consultations and hosting policy events.

<http://www.socialenterprise.org.uk>

Social Firms UK

Social Firms UK is the national support organisation for the development of the Social Firm sector in the UK. They carry out lobbying and awareness-raising activities, research and practical initiatives to increase the number and ensure the quality of Social Firms in the UK.

<http://www.socialfirmsuk.co.uk/about-us>

Third Sector Research Centre

TSRC offers third sector organisations and policy-makers access and input into robust research, aiming to bridge the gap between research and the third sector. The Centre is a collaborative venture by the Universities of Birmingham and Southampton, with contributions from Middlesex and Kent. It is funded by the Economic and Social Research Council, Office of the Third Sector and Barrow Cadbury Trust. The centre has a major work stream on social enterprises.

<http://www.tsrc.ac.uk/>

Transition Institute

Organisation set up in 2011 under the auspices of Social Enterprise London and NESTA to support public services in making the transition to new delivery models such as employee-led mutuals and social enterprises.

<http://www.transitioninstitute.org.uk/>

Conclusion

This briefing provides a short overview of the developing interest over the last 15 years or so in the creation of alternative organisational means for delivering public services. A key driver has been the belief in government that social enterprises and other innovative forms of organisations can provide greater choice and efficiency and are more closely attuned to the needs of their users. Discussion in this area has tended to suffer from the imprecise use of language and to help achieve greater clarity some basic definitions have been given. Additionally, in order to assist understanding some relevant publications and useful organisations have also been listed. Although by no means exhaustive, these sources can be followed up by commissioners interested in commissioning social enterprises, and by staff within the statutory sector interested in finding out more about the process for becoming an independent organisation.

Annex 1

Details of Approved Right to Request Providers in the South East

Medway Community Healthcare - Whole provider arm providing a range of community health services for Medway including district nursing, health visiting, occupational therapists, out of hours service, dental service and community hospital.

Buckinghamshire Healthy Living Centre - Health and wellbeing services.

Isle of Wight Phoenix Project - A range of day service activities for people with learning disabilities, including people with complex needs.

Central Surrey Health - A wide range of community health services for families and adults living in Surrey.

Annex 2

Details of First Wave of Mutuals Pathfinders

- An awarding body setting up as a mutual by a consortium of FE colleges
- The London Partnership – creating a ‘Reducing Multiple Disadvantage’ Community Interest Company from a group of DH, LA, PCT and NHS staff
- The Department of Health’s London and SE Learning Disability Team forming a regional Community Interest Company
- Hammersmith and Fulham Children’s Services exploring new models of delivery with staff, possible commercial partners and neighbouring local authorities
- North East Essex PCT spinning out into a Community Interest Company
- The creation of a social enterprise for delivery of housing support services to vulnerable people in Mansfield, bringing together a range of public sector workers
- The Lambeth Resource Centre exploring options for coproducing services with employees, service users and third sector organisations to provide rehabilitation support for people with physical and sensory impairment
- NHS employees forming a social enterprise to provide joined up services for homeless people in Leicester
- Teaching and administrative staff planning to set up a Trust to run Newton Rigg Agricultural College in Cumbria
- The Royal Borough of Kensington and Chelsea working with employees to examine the potential for different models of employee led youth support services
- Integration of Community Health and Adult Social Services in Swindon into a cooperative
- Westminster City Council working with employees in Children’s Services and neighbouring local authorities to move towards creating an arms-length mutual organisation.

Details of Second Wave of Mutuals Pathfinders

- Commissioning Support for London
- Salvere Community Interest Company operating adult care and support services in Blackburn
- The London Borough of Havering exploring the transfer of Youth and Library Services into employee-led mutuals
- Stockport Further Education College
- New Start Family Services, Cambridgeshire
- London Borough of Newham creating a new model of delivery in Children’s and Young People’s early intervention services
- The Nurse-led Therapy Unit spinning out of Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust
- Sunshine Care, Rochdale

Annex 3a

Details of Adult Social Work Practices and Pioneers

Social Work Practice Pilots

Birmingham

The pilot will trial a new way of working, focusing on people with physical disabilities. It is aimed at helping people to be more active and independent. It will provide a new landscape for promoting and building the networks needed to support people in their own communities. This will be achieved using resources more flexibly, to ensure a sustainable infrastructure. Social work teams will be attached to user-led organisations and enablement services. They will therefore be able to develop an 'enhanced offer' to disabled people. This will allow social workers to work far more closely with individuals and in communities.

Lambeth

This pilot is part of the council's vision for Lambeth to become a Cooperative Borough. The pilot will establish itself as one of the council's "early adopters" of new ways of delivering services, through mutuals and social enterprises. Lambeth's vision is of a social-worker led team offering early intervention to people with lower level need. These people would not usually have support from statutory adult social care services. Lambeth will work in partnership with local people in innovative and creative ways, right from their first contact. They will do this by advising people who are managing their own care needs; by reaching out to all parts of the community; and by helping people keep themselves safe from harm and independent. The pilot will build on the success of the council's work developing more personalised care for people living in Lambeth.

North East Lincolnshire

This site is looking for innovation. The client group is older people and people with physical, sensory or learning disabilities. The new SWP will work very closely with communities, GPs, other care practitioners and specialists. People who use services, their families and carers, will help assess needs and develop tailored personal plans. The aim is to prevent problems that can lead to worsening health, going to hospital or admission to residential or nursing care.

Shropshire

Shropshire's new Social Work Practice pilot scheme will involve the creation of a not-for-profit social enterprise. The scheme aims to support up to 1800 residents throughout the county. The team will test a different approach to assessing older people, people with a physical disability and those with learning disabilities by:

- providing information, support, assessment and advice to maximise independence through rehabilitation and reablement
- providing advice, support and access to assistive technologies
- allocating personal budgets to those who are eligible
- exploring alternative options when developing support plans
- arranging services and organising support
- carrying out carers' assessments and reviews
- developing peer support networks.

Stoke-on-Trent

The practice will provide assessment and case management to people with Long Term Neurological Conditions (LTnC) specifically Multiple Sclerosis, Parkinson's disease and Motor Neurone Disease. The practice will operate as a social enterprise, led by a voluntary sector organisation in partnership with an independent social work practitioner. In addition, the practice will support service users with low level needs focusing on prevention, early intervention and timely engagement. It will also include support for family members and carers. The practice will work closely with a range of health and social care professionals to ensure a holistic approach to service delivery and improved outcomes. The views and experiences of service users and carers will be at the heart of the practice during its development.

Suffolk

The Suffolk project will support adults with sensory impairments. There will be statutory assessments of individuals and carers, plus early intervention, support planning and care management. The principle aim of the project is to improve outcomes and to provide more choice for people with sensory impairment. It is hoped that this can be achieved through working more creatively with partners to establish better resources in Suffolk. Services will include; social work; rehabilitation; dual sensory services assessments; advice and guidance; equipment for people with hearing impairments; and British Sign Language or English interpreters. To deliver the service, Suffolk County Council will establish a social worker-led company.

Surrey

People with sensory loss have recently benefitted from a co-designed commissioning strategy in the county. One of the outcomes is to evaluate the feasibility of providing deaf services independently of the local authority. This would be delivered by a new form of organisation, based on a social enterprise model. The SWP will provide a platform to trial these plans. Services will be dedicated to person-centred support, with more people managing their own budgets and accessing community services.

Annex 3b

Social Work Pioneers

Birmingham City Council	Birmingham	Social work to develop capacity, skills and confidence in user-led organisations
Central Bedfordshire Council	Central Bedfordshire	Range of additional or substitute social work responses to safeguarding circumstances
Clarifi Consulting	Ipswich	Specialist service for adult survivors of child sexual abuse
Counter Human Trafficking Bureau (CHTB)	London	National SW team to work with victims of human trafficking - linked to local authority safeguarding functions
Daybreak Family Group Conference	Greenwich	Restorative approaches to safeguarding circumstances
IBK initiatives and Lives Unlimited	York	User/family led organisations will employ social workers
Medway Council	Medway	Focus on delivering better settled accommodation for 40 people with mental health needs
Safe and Settled Ltd	Walsall, Staffs	Information, advice and advocacy; assessment and support planning - especially for people funding own care (working in partnership with Dudley Metropolitan Borough Council, Adult Services)
The Carers' Resource	Skipton	Support Planning with people who fund own services
The Independent Social Work Partnership	Cheshire	Information and Advice Service for Adults and Older People who may not meet Local Authority Eligibility Criteria for Services and for those who fund their own care

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