

Social Enterprise – Making a Difference

A guide to the ‘right to request’



In partnership with

Policy	Estates
HR / Workforce	Commissioning
Management	IM & T
Planning /	Finance
Clinical	Social Care / Partnership Working

Document Purpose	Best Practice Guidance
Gateway Reference	10872
Title	Social Enterprise - Making a Difference: A Guide to the Right to Request.
Author	Directorate of Commissioning and System Management/Social Enterprise Unit & Social Enterprise Coalition
Publication Date	20 Nov 2008
Target Audience	Directors of Nursing, Allied Health Professionals, Communications Leads, Clinical, nursing and frontline staff
Circulation List	PCT CEs, SHA CEs
Description	The How to Guide is a guide for PCT staff who are interested in setting up a social enterprise by exercising the right to request in relation to the Next Stage Review.
Cross Ref	N/A
Superseded Docs	N/A
Action Required	N/A
Timing	N/A
Contact Details	Mark Thaxter Directorate of Commissioning and System Management Quarry House Leeds LS2 7UE 0113 254 5337
For Recipient's Use	

Contents

Foreword by the Chief Nursing Officer	2
Foreword by the Chief Health Professions Officer	3
Introduction	4
Section 1	
What is social enterprise?	6
The policy context	8
What does social enterprise have to offer primary and community care?	11
What it means to be a social enterprise	15
Section 2	
How do I get started?	18
How do I write a business plan?	21
What are the options for legal structures?	23
Funding and financing a social enterprise	26
The contract	30
What does it mean for me, my team, the service and my patients?	34
Annex A: NHS Pension Scheme	41
Annex B: Resources	44
Annex C: Glossary	47

Foreword by the Chief Nursing Officer



Social enterprise is an important option for public services as we move towards a more responsive, modern and targeted Health Care System. The Department of Health is committed to supporting social enterprises as part of widening the provision of services

as outlined in *Our health, our care, our say: a new direction for community services*. The Department of Health has further developed this approach by announcing the right of every member of staff to request from a PCT to consider their proposals for establishing a social enterprise.

Social enterprises use the power of business to achieve social and/or environmental outcomes. Most of us know about Cafédirect and the Big Issue, social enterprises with a high public profile. There are also many successful examples in our own health services: Sandwell Community Caring Trust, SCA Group and Salford Health Matters, all feature in this publication and many others can be found across England.

I have met many social enterprise leaders and have seen at first-hand the improvements they can make by connecting with communities and taking innovative approaches to the needs of the patients and service users they support.

Social enterprise is not for everyone; nor is it for all services. It is, however, a viable option for many in the health care profession looking for a way to tackle particular unmet or undeveloped needs. This guide is designed to give you the information you need to answer the most common questions NHS staff have about social enterprise. We hope that you find it a helpful tool in deciding whether social enterprise is right for you, your services and your patients.

A handwritten signature in black ink that reads "C Beasley".

Dame Christine Beasley DBE,
Chief Nursing Officer

Foreword by the Chief Health Professions Officer



This guidance sets out a new phase for the NHS's commitment to social enterprise. We recognise from the staff survey that, on the whole, NHS clinicians are highly committed to their jobs and delivering high quality patient care, but are often

frustrated by the system and how it can prevent them from achieving the change they desire. Social enterprises, with their ability to innovate and be flexible and responsive to local need, can be one potential solution.

We know that the more engaged clinicians are with the development of their services, the more likely they are to be able to deliver high quality care. Social enterprise can provide a vehicle for that engagement and this guide describes the possibilities and ways to achieve this, while addressing some of the myths that surround social enterprise.

Social enterprise will not be the answer for everyone, but allied health professionals have a long history of providing innovative services in a variety of sectors, settings and throughout care pathways and patient journeys.


Consequently, allied health professionals are in an excellent position to take advantage of the 'right to request'. This may be for a particular profession, such as podiatry or physiotherapy, a specialism such as musculoskeletal physiotherapy, a particular care group, or a combination of these.

What is most important though is that this is about developing a service that will meet local need and maximise your potential to innovate and ultimately improve outcomes for patients, clients and families, whilst remaining part of the NHS family.

Whilst the journey to establishing a social enterprise might at first glance appear to be complicated, there is support and advice available, and the difference it can make to the way you work and to the care you provide will make that journey worthwhile.

A handwritten signature in black ink that reads "K Middleton".

Karen Middleton
Chief Health Professions Officer



“It's exciting working in an innovative way to meet the needs of the local population.”

Salford Health Matters

1

Introduction

If you're reading this the chances are that you have heard about social enterprise and the 'right to request' and want to know more.

The 'right to request' is part of a bigger vision for the future of the NHS as set out in *High Quality Care For All: NHS Next Stage Review Final Report* published in June 2008. This recognised that we will only succeed in placing quality at the heart of everything we do if frontline NHS staff are given the freedom to use their talents to find innovative ways to improve quality of care for patients. It identifies the need to enable NHS services everywhere to best respond to the needs of their local communities and the need for a new accountability.

One of the ways we propose to do this is to enable primary and community care staff to set up social enterprises. This will give staff the opportunity to innovate and redesign services in flexible new ways, through independent organisations, with the aim of improving outcomes and delivering services that are responsive to the needs of the communities and people they serve.

This guide aims to support NHS staff who are thinking of taking up the 'right to request' and setting up a social enterprise to deliver healthcare services to NHS patients, free at the point of delivery.

This guide has been produced by the Department of Health in partnership with the Social Enterprise Coalition. It tries to answer some the questions you may have about setting up a social enterprise, setting out some of the benefits, but also the risks and challenges involved and helping you to decide if this is the right decision for you. It goes on to help you identify the next steps you will need to take in developing your business case and planning the future of your social enterprise, and how to find further information.

Section 1 includes information on:

- What social enterprise is
- What social enterprise has to offer primary and community care
- What it means to be a social enterprise

Section 2 provides more on next steps and where to find advice on:

- How to plan your business
- How to fund and finance your enterprise
- Some of the other issues you will need to consider

All of this will be brought to life through case studies of existing social enterprises. These are very different organisations, created in different ways, of different sizes, delivering a range of different services. What you will soon discover is how they share a common set of values and principles including a commitment to deliver high quality services, a desire to empower their staff and place the communities and people they serve at their core. How they differ is in the advantages that being independent businesses brings them, allowing them to adopt flexible management structures, unique governance arrangements, and put into practice more innovative service models.

Other sources of information are available and many of these are highlighted in this guide and you should also seek further advice and support wherever you feel it is needed. The guide steers away from jargon where possible, but a glossary of terms is provided at the back of the guide.

2

What is social enterprise?

Social enterprises are businesses established to address a social or environmental need. They range from local and community based organisations to national, and even international, multi-million pound enterprises. They operate across an incredibly wide range of sectors from primary and community care to renewable energy, housing and retail.

Although every business is unique, there are a number of features that social enterprises share. Core to every social enterprise is the trading of goods or services. Within the context of the 'right to request', these would be contracts held with PCTs. However, social enterprises operating in health and social care often also have contracts with local authorities, GP practices and sometimes sub-contract from a Trust or Foundation Trust. Whilst grants can be a source of funding, social enterprises are fundamentally about business approaches to achieving public benefit.

All social enterprises have social or environmental objectives or both. While many private businesses also consider themselves to have social objectives, social enterprises are distinctive because their social or environmental goals are central to what they do. For example, whilst the Big Issue is a business that sells

magazines and makes a profit, its overriding intent is to address homelessness and it uses any profits it generates to further address this purpose. Likewise, any social enterprises created under the 'right to request' would reinvest the profits they generate back into improving health services for NHS patients and local communities.

There are many routes into social enterprise. Some have emerged from the voluntary and community sector and retain their charitable status and others are set up from scratch by a social entrepreneur with a vision. Increasing numbers of social enterprises are created by establishing independent organisations to run what was previously a statutory service. But what all social enterprises share, however they were created, is an enterprising, innovative, business-based approach to achieving social and environmental aims.

Q&A

Q. What data is there on the size and popularity of the social enterprise sector?

A. Government data released in 2005 (the Annual Survey of Small Businesses UK) estimates that there are 55,000 social enterprises in the UK with a combined turnover of £27 billion. A YouGov poll released in 2007 found that over 60% of the British public would prefer their local services to be run by a social enterprise instead of the government, private profit businesses or traditional charity.

Q. In which economic sectors do social enterprises work?

A. According to a government survey in 2005, health and social care services represents the largest category of trading activity for social enterprises, followed by education. Social enterprises are also extremely active in the energy, transport and recycling markets. However, a social enterprise can be successful in any market.

Q. Aren't social enterprises always small?

A. No. In reality social enterprises range from small community enterprises to enterprises with multi million pound turnovers such as Greenwich Leisure Ltd with a turnover of over £70 million and Turning Point with a turnover of £60 million.

Q. What is the difference between a social enterprise and an ethical business or a charity?

A. A social enterprise's main reason for existing is to fulfil its social and/or environmental goals. This is achieved by reinvesting the majority of the profits back into the business. An ethical business tries to achieve its financial goals while minimising any negative impact on society or the environment. Whilst many social enterprises also have charitable status, a charity does not always seek to make income primarily through trading and some can be reliant on donations and grants.

Q. Is social enterprise a new concept?

A. Not at all. The pioneers of social enterprise can be traced at least as far back to the 1840s in Rochdale, where a co-operative was set up to provide high quality affordable food in response to factory conditions that were considered to be exploitative. In the UK, a resurgence of social enterprise started in the late 1990s with the coming together of different traditions, including co-operatives, community enterprises, enterprising voluntary organisations and other forms of social business.



3

The policy context

As part of its ongoing process of modernisation and reform of primary and community care services, the Government is committed to supporting an increase in the role of social enterprises delivering primary and community care services. This has been set out in a number of policy commitments that recognise the important and growing contribution that social enterprises make to the future of health and social care.

In January 2006 the Government's white paper *Our health, our care, our say: a new direction for community services* set out plans for a major shift in the way in which care is delivered in England. It argued for services to be more personalised to the needs of the individual, increased choices and more integrated services, provided by a range of different organisations, including social enterprises.

Most recently the *High Quality Care For All: NHS Next Stage Review Final Report* and the *Primary and Community Care Strategy* set out a vision for this change, stating the need to empower staff and give patients greater choice.

The NHS Next Stage Review includes a number of recommendations that present huge opportunities for new and existing social enterprises.

The most significant of these is the recommendations to create new social enterprises to deliver primary and community services, and the commitment that staff are given the 'right to request' from their PCT to enable them to set up a social enterprise. This allows NHS staff to explore setting up a social enterprise if they believe that this could provide them with the independence, flexibility and responsiveness to innovate and improve services and outcomes for patients.

Establishing the 'right to request' is a good example of the principle of subsidiarity – the idea that decisions about services should be taken at a local level – which is central to the *Next Stage Review*. It is clear that NHS staff have a good understanding of patient needs and how to meet them. Through the creation of social enterprises, staff will be enabled to set up and lead new organisations that can both empower staff and improve services to patients and users. This is intended to create the conditions where NHS staff can innovate and lead rather than being told what to do.

This commitment is underpinned by:

- The ability for NHS staff who are transferred to social enterprises, with the appropriate legal form, to retain their membership of the NHS Pension Scheme while they work on NHS funded services. More information about this is in Annex A.
- The commitment to receive professional advice and guidance.
- The offer of an uncontested contract.

Under these proposals PCTs contracting with new social enterprises will aim to secure service quality and value for money, while also aiming to build their sustainability and ensuring their long-term certainty.

There are a number of ways that this could be achieved including:

- The offer of uncontested contracts for up to three years, after which they would be tendered openly (subject to certain safeguards) in line with the growing contestability of community health services.
- Longer five year overall contracts with a phased approach to tendering specific services.
- Or, for certain services, particularly those where patient choice is being introduced for long-term conditions, PCTs may instead wish to consider awarding social enterprises 'Any Accredited Willing Provider' status. Under this social enterprises would provide services for an indefinite period as long as they met agreed standards and price. They would compete with other such accredited providers on the basis of the quality of their services.

The Government recognises that there remain concerns about fair competition across the range of possible providers in health and social care. It is therefore, considering proposals to ensure that there is a level playing field.

The 'right to request' is complemented by a number of other proposals including strengthened commissioning to support better provision and a strengthened NHS Choices so that patients have better quality information. This will include information on services provided by social enterprises.

These commitments build on a cross-governmental programme of support for social enterprise. The Department of Health and the Department for Communities and Local Government already have dedicated units supporting social enterprise. The Department of Health has established a £100 million Social Enterprise Investment Fund to support social enterprises and build their capacity and the Cabinet Office has an Office of the Third Sector dedicated specifically to supporting the third sector, including social enterprises.

The Government sees social enterprise as a way to increase investment in communities and improve health and well-being.

PRINCIPIA

Background

Following the publication of *Commissioning a Patient Led NHS* in July 2005, Rushcliffe PCT and GP Reference Group met to discuss options for the delivery of local primary care services. There was a shared understanding that the existing community provider model was not fit for purpose, and that Practice Based Commissioning and other NHS policy agendas, such as patient choice, and other provider models necessitated an alternative approach to the provision of primary care.

The decision was made to explore a 'mutual' model of healthcare, in which patients had a meaningful and direct say in the planning and delivery of services. A planning group, led by GPs, PCT staff and the Rushcliffe Patients' Forum, was formed to devise a coherent response to changing government policy that would enable GPs, health professionals and the community to work together.

Their proposal sought to blend social ownership, enterprise, empowerment, accountability, employee participation and high quality local services.

Subsequent development

It met with an enthusiastic response from the PCT and the SHA. Now named Principia, in September 2006 it signed a three year Alternative Provider of Medical Services (APMS) contract with the PCT worth £110m.

Principia has been recognised by the Department of Health as an innovative social enterprise model. Since it began in 2006 a broad range of services have been developed. These include local NHS services, such as GP and dental practices, optometrists and pharmacies, and a number of healthy living services.

The organisation continues to grow and develop, creating innovative partnerships with other local organisations, such as Parkwood Leisure which manages leisure centres on behalf of Rushcliffe Borough Council. Learning events are a regular

feature with specialist speakers to talk on a variety of subjects and a 'success scheme' is in place that facilitates interaction between various stakeholders.

These services aim to be as accessible as possible for the community and apply innovation where they can. One such development is a bowel screening service that provides patients with a simple test kit to complete in the privacy of their home. The test does not diagnose bowel cancer but gives an indication as to whether further investigations are required.

Challenges from the policy context

Principia's progress to date testifies to the opportunities that changes in the policy environment have created. However, there have been some challenges along the way. The transfer of staff across to Principia from the NHS was not possible because the company's legal structure, a company limited by guarantee, prevented it from accessing the NHS pension scheme. In the short term the company developed a staff supply agreement for the 140 provider staff, to enable them to work on behalf of Principia whilst retaining their NHS employment terms and conditions with Nottinghamshire County Teaching PCT. However, Principia are hoping that recent changes in the policy context will allow it to complete its transition to a fully independent social enterprise.



4

What does social enterprise have to offer primary and community care?

The case for increasing the role of social enterprise in the delivery of primary and community care is about finding new and innovative ways to improve quality of care for patients. Social enterprises that operate in primary and community care share with the NHS a commitment to 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, flexible, and responsive.

Connecting with communities and service users

An important characteristic of social enterprises is how they connect with their communities and service users. Unlike most private enterprises where ownership is determined by shareholder investment in the business, social enterprises can be owned by their service users, patients, employees or other stakeholders. This often means that the groups they serve have a greater involvement in the design and delivery of its services.

Many social enterprises for example are led by expert patients who have a better understanding of their service needs, and consequently have set up their own tailor-made services, such as services for people with diabetes or physical disabilities. Other social enterprises have been set up by community groups who have chosen to take control for themselves by setting up community centres that have expanded into employment, housing and health. A growing number of social enterprises have been established by expert professionals working with groups that are marginal, for example ex-offenders, the homeless and substance misusers.

In many of these cases social enterprises have the ability to connect with individuals who due to a complex set of circumstances, may feel unable to access traditional public services. Social enterprises' independence allows them to build more trusting relationships with service users, developing services specifically designed to meet their needs.

It is important to note, however, that how social enterprises engage with their communities varies from enterprise to enterprise. Sandwell Community Caring Trust for example has formalised its community engagement by having

carers and users on its Board. Similarly, Principia stands out in having formal community representation within the governance of the organisation. Other organisations like Open Door co-produce their services with the communities they are serving to ensure the service truly meets the needs of the end users. What is important is to find a method that aligns itself with your organisation's vision, values and mission.

Entrepreneurialism and innovation

The ability to take risks and be entrepreneurial is integral to social enterprise. The motivation to establish a social enterprise is usually about a desire to improve services. Central to this is a constant process of innovation and improvement to both the range of services and the way in which they are designed and delivered.

Fostering innovation varies from organisation to organisation, but strong leadership capable of driving the organisation forward to achieve better outcomes is essential.

The speed at which social enterprises can make decisions and bring about change is key, and their governance arrangements and legal structures are often designed specifically to allow them to be responsive and flexible, while maintaining strong levels of accountability to staff, patients, service users and the community.

Further, being outside of any single public service body can allow social enterprises to develop services, which address the needs – whether of an individual or the community – in a much more innovative, holistic or joined-up way, giving them a greater flexibility in how they can develop and deliver services to address the wider determinants of health. Their independence also allows them to access a range of funding options, for example accessing funding streams from local

authorities, other public bodies and the general public.

This can both result in a better service and, when accompanied by good business planning and a commercial approach to negotiating contracts, can also generate surpluses to re-invest in services or the wider community.

Ultimately, considering setting up a social enterprise should be about innovating and improving services. The organisational structure, governance arrangements and funding should support this.

Empowering staff

Establishing or working for a social enterprise offers an alternative to working in public or private services. Social enterprise combines a public sector ethos with the independence and efficiency of business. It offers many people the opportunity to work in organisations for public benefit, but with greater freedom and independence.

Given their roots are in the co-operative movement, staff empowerment and staff development is something many social enterprises place particular value on. This includes involving staff in the decision making process and in designing services, and giving managers the autonomy to make decisions on a day to day basis. While strong leadership and strategic direction are essential to social enterprise, this works best when supported by empowered employees. Consequently, social enterprises highly regard the opinions of their staff and the unions that represent them.

How social enterprises empower staff again varies according to the size and culture of the organisation. Engaging with employees, either as members or owners of the organisation, is often key, for example through the election of representatives to the Board of Directors, staff or stakeholder councils and clinical governance committees.

For those social enterprises based in areas of high deprivation and unemployment, such as Sandwell Community Caring Trust, providing local

employment on above-average terms and conditions means they are contributing to the regeneration of the community. Low staff turnover, typical to many social enterprises, allows them to invest in their employees' development and helps foster long-term relationships between staff and service users.

For others the motivation is empowering front-line clinical staff, who are most familiar with their patients' needs and can make good decisions on where to invest to improve services.

Social enterprises are very much in tune with the NHS's vision for staff empowerment, recognising that a more motivated and empowered staff team results in a better, higher quality and more cost effective service.

Investing in the community

As businesses, all social enterprises aim to make a profit. However, they differ from private business, where shareholder value is important. How social enterprises reinvest their profit is often dependent on each organisation's values, vision and mission. For some social enterprises, it is a particular geographic location that they are aiming to transform. For others it is in the continual improvement of the service, or the development of staff. What they all share however is the principle of reinvesting profits to achieve a social aim.

Working in partnerships

The independence of social enterprises allows them to develop partnerships with a wide range of organisations from PCTs and other NHS bodies, to local authorities, housing associations, private businesses and other social enterprises and third sector organisations.

Working in partnership can be formal or informal, and can involve working in consortia, bringing together social enterprises with partners from different sectors to address issues in a more joined-up way.

OPEN DOOR

Background

North East Lincolnshire Primary Care Trust (now Care Trust Plus) was acclaimed as a top 25 PCT, despite working in the 63rd most deprived community in England. However, Jane Lewington, the CEO, was never satisfied. Health needs assessment work undertaken by two specialist health visitors identified approximately 1000 people who did not, would not and could not access traditional primary care services. In Jane's view as long as the PCT didn't meet the needs of its 1000 most vulnerable individuals it was a failing PCT.

Innovative beginnings

With the support of funding from the Neighbourhood Renewal Fund, North East Lincolnshire PCT decided to work creatively with local people to design easier access to better health and social care services. At the heart of this concept was the call to engage in 'co-production' with people who usually experience poor relations with traditional service providers.

This included homeless people, problematic drug-users, offenders, commercial sex workers, refugees and others who are often excluded from GP lists. The PCT decided to engage the specialist skills of a researcher to help co-produce a new service to deal with the complex social issues that result in ill health and low engagement with traditional services. The project's aim was to create better access to healthcare for Grimsby's vulnerable groups without disenfranchising the mainstream.

Spending time with these groups and seeing the world through their eyes made apparent the rationality of their motivations and helped them to engage. Stories of professional arrogance, poor communications, disjointed services, prejudice and rejection were heard, but also stories of strong relationships forged between individuals and professionals. When asked why, it was usually because, "...they listen". The picture that emerged was of people with complex, individual needs, who didn't trust "the NHS" but who deeply respected carers who they felt respected them.

Co-produced services

The "Open Door" was created, as an activity and social centre with a café, a Citizens Advice Bureau, cookery classes, alternative therapies, showers and flexible activity space open to all. Each of these facilities provides people with a reason to be there, a place of safety and the means to socialise.

Though it provides a range of clinical services, it is not a GP surgery and was not designed or branded as such. The aim is to provide a safe and secure environment where vulnerable people can come for information, advice, care, nutritional sustenance and a productive use of time.

Open Door is run as a self-sustaining social enterprise with a PMS contract. Initially 23 patients, with a history of challenging behaviour within traditional general practice, were 'allocated' to Open Door by the PCT. These included the expected group of 'angry young men' and yet there are no locks on doors and no CCTV. Lance Gardner, the project's Director, says, "In our experience if you treat people as equals, with respect and trust, they respond accordingly. We have pledged never to remove anyone from our list due to challenging behaviour; we will just endeavour to modify the negative behaviours".

Open Door's unique role in the local community has enabled strong relationships to develop with many local stakeholders. The local Accident and Emergency Department automatically refer anyone without a GP to Open Door, and the police work with them to support prolific and priority offenders. A unique relationship of trust has formed with Abbey Santander Bank that provides business banking for the organisation but also creates accounts for clients irrespective of their criminal or social past.

One of the project's clients says, "My son has asthma and I used to take him to see our doctor, but they belittled me because I've been on and off heroin since I was 18." Since making contact with Open Door staff, she has reduced her methadone prescription, stabilised her tenancy and family life, and begun counselling courses. "I get treated like a normal everyday mum who just needs a bit of help to get on," she says.



“Working for a social enterprise helps me to give care to patients to the best of my ability, and in a truly holistic manner.”

Salford Health Matters

5

What it means to be a social enterprise

Being a social enterprise means taking the values you hold within the NHS and applying the principles of business and enterprise to achieving these values for patients and communities in an effective and efficient way. You will continue to provide care to NHS patients, free at the point of delivery, with those services funded by the NHS and like all other providers – you will be expected to support the NHS Constitution including its values and principles.

This section highlights how being a social enterprise will differ from being in the NHS; what the different skills and attributes you will need are; how the culture differs; and what the risks involved are.

We hope that this will provide you with some of the information to decide if social enterprise is for you. You do not need to have all the answers to put your business case together for the ‘right to request’, but they are things you will need to think about over the next year if social enterprise is the route you are going to pursue. Regardless of the size of the organisation there are a number of questions it is important to ask yourself, before considering the move.

As an independent organisation you will have to provide all operational and corporate functions as well as delivering the service. For example, you need to ask yourself:

- Are you able to manage the financial risk or do you need to employ an accountant?
- Do you understand HR issues, or do you need to ensure you have people in place that do?

It is also important to ensure that directors are aware of their financial responsibilities.

Listed here are a few of the key things that you will have to consider, and functions you will need to perform when becoming an independent organisation.

- **Strategic planning** – this involves defining your strategy including your five year business plan, and your internal plan to achieve this. It will also include factors such as risk management.
- **Organisational structure** – this will include establishing a clear senior management team and the structure of the organisation internally.
- **Financial planning** – this will include both the costing and pricing of the service, the day to

day management of finances and also the financial implications and planning going forward.

- **Corporate functions** – as an independent organisation you will have to provide a range of corporate functions. These will include HR, finance such as Accounts and Payroll and Information and Communication Technology.
- **Governance and legal structure** – you will need to decide a legal structure and also ensure that your governance systems are clear. This will include recruiting a Board and ensuring your organisation has clear lines of responsibility.
- **Delivery functions** – this is to ensure that you also have the systems in place to run the organisation. It will include managing the contract, and collecting all relevant data to report outcomes and also responsibility for factors such as patient confidentiality and clinical negligence.

These areas set out the functions you will need to perform as an independent organisation. You will inevitably need to bring in additional support be it legal, accountancy or HR and when doing this it is worth finding support organisations that have experience of working with social enterprises. Additionally as a newly established social enterprise you could benefit greatly from partnership working, learning from existing social enterprises and other organisations that could also support you in areas where you may have difficulty due to a lack of trading history and accounts.

As a social enterprise you will also need to create a different organisational culture. If your ‘right to request’ is successful you will be given an initial contract by your PCT. However, following this, you may have to go to open competition if you are to continue to deliver the service. It is therefore

essential that this period is used to develop your social enterprise into a competitive, flexible and dynamic organisation with an enterprising culture that can compete in an open market on the basis of the quality and responsiveness of your services.

Some of this involves having the structures to support this organisational behaviour. Listed here are some of the qualities that enterprising cultures demonstrate:

- **Ideas** – creating a culture where all ideas are welcomed from all stakeholders including developing systems to generate these ideas.
- **Team work** – where teams are brought together on the basis of complementary skills, which may need to be developed through training and practice.
- **Authority and freedom** – if you want people to come up with ideas and new ways of working you need to give them a degree of freedom to experiment and the authority to do so.
- **Communication** – open and regular communication.
- **Planning** – being clear about what your organisation wants to achieve and how it is going to get there should be applied to every aspect of your work.
- **Belief** – as an enterprise you are competing with other businesses, the difference is that your enterprise has a social purpose, something that people can really believe in. This can generate a genuine feeling that your organisation is more worthwhile than the rest.

The risks

There are a number of benefits to running a social enterprise as we have discussed, but there are risks to consider too.

Firstly social enterprises are independent businesses. While staff may still receive NHS pension benefits and have their terms and conditions transferred, the organisation will be independent from the NHS as an employer and as a result for example, you and your staff will not be automatically entitled to any future

improvements in NHS terms and conditions of employment.

Secondly, as discussed earlier you will have significantly more responsibility.

Thirdly, if your organisation gets into serious financial trouble, as a social enterprise you could fail and become insolvent.

These are factors that do need careful consideration before you make the final decision to move outside the NHS. If you are still interested, then being a social entrepreneur may well be right for you.





6

How do I get started?

If you have got this far you hopefully have a desire or interest in establishing a social enterprise. The next half of this publication will go through some of the issues you need to consider in doing this.

Why should you make a request to set up a social enterprise?

As stated in Section 1, the most important reason for making a request will be to improve the service you want to deliver and to respond to an unmet need. If you think that the social enterprise model with its independence, flexibility and community involvement is the best way to achieve this change then you should consider putting in a request.

Who can make a “request”?

In respect of making a request, any member of staff can do this. This could range in size from a small, discrete service to the whole of the provider arm of a PCT.

What do I need to do next?

If you want to make a ‘right to request’, you should register your interest with your PCT Board. The following sections should help you think about this.

Vision, Values and Mission

The core of your business lies in its vision, values and mission. These provide a powerful statement about what you will do.

In developing your vision, values and mission you will need to involve your staff, service users and other stakeholders. This should also involve the Unions that represent your staff and the Local Involvement Networks, which have replaced Patient and Public Involvement Forum. Their buy in to this process and support will be key to your success. Your vision and values must reflect those that will be set out in the NHS Constitution, as you will be providing care funded by the NHS

The Vision

Your vision is the driving force behind the organisation because it concerns the change you intend to bring about. It embodies the aspiration of your organisation and, whilst it must be realistically achievable, it can be ambitious.

A vision statement provides you with the ability to articulate simply and clearly to yourself, your staff and other stakeholders what you are about and where you are going. This is a powerful tool for motivation and for gaining interest in what you are doing, and works best when encapsulated in one sentence that is free of jargon and expresses excitement.

The Values

As with all strong statements that gain attention, questions will arise from interested parties. It is therefore important to back your vision statement by a statement set of values describing **why** you believe in the changes your vision can make. This can be expressed by your social aims and objectives, in two key areas:

- Your organisational practices, for example if you are a democratic member controlled organisation such as a co-operative or if you employ people with disabilities in the case of Social Firms; and/or
- What you do (the product or service you provide) and why you do it (the social or environmental needs you are aiming to address);

This can be a simple and short paragraph that expresses the foundations upon which your organisation’s vision is built. This further clarity will help you to ensure that all activity is well aligned with your vision, from staff management to policies and service design or product development.

The Mission

So far the vision statement demonstrates what you want to achieve and the values statement demonstrates why you want to achieve it and the purpose of the organisation. A mission statement helps to complete the introduction to your social enterprise by demonstrating **how** you will achieve it.

Detailed description comes later in the body of the business plan, but the mission statement is a summary of what the organisation does or intends to do, for whom and where. It needs to communicate the work of your social enterprise in a way that everyone can understand.

Your Objectives

Once you have your vision, values and mission you will need to establish your business objectives. These are the ends that an organisation sets out to achieve and are based on combining the various interests of all stakeholder groups.

These should flow from your mission and usually include a set of objectives relating to aspects such as:

- health or social care outcomes
- customer satisfaction
- employee satisfaction

If possible it is helpful to quantify objectives, e.g. to increase breast cancer screening by 10%, to increase patient satisfaction levels to 95%. They need to be challenging but attainable. They shouldn't be unrealistic and they should be understandable so that they are easy to communicate.

It would also make sense to align these with the PCT's five year strategic plan and the local strategic needs assessment, which will give an insight into the needs of the local population.

Cafédirect is the UK's largest Fairtrade hot drinks company.

As part of their Gold Standard Fairtrade policy, over the past three years they have invested on average 60% of their profits in the businesses and communities of their grower partners.

Vision

To do business in a different way and capture the tastes, hearts and minds of mainstream hot drinks consumers.

Values

Our values and beliefs form our very core. They reflect the underpinnings of Cafédirect as a company and collectively they inspire all our activities.

Quite simply, in going about our business, we strive always to be **fair** in dealing with others, **inspirational** and **creative** in our approach and willing to work in a way that is **empowering** to the growers, colleagues, suppliers and consumers whose lives Cafédirect touches.

We act with integrity at all times; an important part of this lies in ensuring quality in everything we do.

Mission

'To be the leading brand which strengthens the influence, income and security of producer partners in the south and links them directly to the consumer.'



“The secret of caring for people in the community successfully starts with caring for the people who are there to help them – our staff.”

Sandwell Community Caring Trust

7

How do I write a business plan?

Once you have your vision, values, mission and organisational objectives a full business plan will help you to achieve these goals helping you to map the structure of your business, pinpoint strengths and weaknesses and help you to mitigate risks. It will help you to feel confident about where you are going and equip you with the knowledge of what you need to get there. It is also vital for convincing your bank or funding organisation and possibly key customers and suppliers to support you.

A business plan must show that you understand your market – in other words, who will buy your service. It needs to show that you can offer clear value. It also helps decide what makes your business different from competitors and from the status quo. Planned activities need to be specific and measurable in order to avoid being sidetracked into interesting but non-core activities.

A great deal of help and advice is available online and a list of resources from which you may choose to consult is available at the end of the guide.



You will need to work with a business advisor to finalise the details of your business plan, but this should get you started. A list of the areas you will need to consider include:

Executive summary – an overall summary of your business plan.

Your organisational structure – including the legal structure, the governance, management structure and key personnel.

Your products and services – the nature of the service or product you will supply including whom it is for and how it will be provided.

Your marketing plan – who will buy and use your service or product and how you will reach them.

Your financial plan – the estimate of your company's financial future. This should include the following; a 12-month and five year profit and loss projection, a cash-flow projection, a projected balance sheet, and a break-even calculation.

Your corporate functions – these include functions such as HR, Information and Communication Technology and finance and payroll.

A good business plan helps you to understand how each aspect of your social enterprise relates to each other and where a weakness in one area can impact on another area. Finally, remember that your business plan is a living document and that you need to update it as your social enterprise evolves.



8

What are the options for legal structures?

Social enterprises adopt a wide variety of legal forms and often seek to protect their social mission through their choice of legal form. Each legal form offers varying degrees of intrinsic protections and financial flexibilities. You will need to seek professional advice as to what legal form is best for your enterprise as there are advantages and disadvantages relating to the decision you make.

The information below provides you with a list of the range of legal structures you can adopt. Details on those that are considered eligible to remain within the NHS pension scheme can be found in Annex A.

There are a number of legal forms that social enterprises use. The most common include:

- Industrial and provident societies (the usual form for co-operatives and community benefit societies).
- Limited liability company (either companies limited by guarantee or shares).
- Community Interest Company (CIC), which is form of limited liability company designed specifically for social enterprises, (these can be either limited by guarantee or shares).
- Charities.

There are advantages and disadvantages to each legal structure that you will need to consider. Some legal structures such as the community interest company provide intrinsic protections for your social objectives including a community interest test and an asset lock. Some give a degree of control of the organisation to a range of stakeholders be it your staff, patients or community and others have the ability to take on the full range of financial products.

The resource section at the end of the guide is a useful place to start to find out about legal forms and their implications for your enterprise.



SALFORD HEALTH MATTERS

Background

Salford Health Matters was born after Salford PCT saw a need to seek alternative providers to deliver the services of three of its general practices. The high morbidity and mortality rates in the practices, combined with high levels of deprivation, meant that the traditional medical model was not the most appropriate to address health needs.

Salford Health Matters is a Community Interest Company (CIC) whose mission is to add years of life to 50,000 people in Salford. The organisation has a strong list of values to underpin its work and each member of the organisation is accountable for living these values which include creating an environment in which people can flourish and give their best and treating everyone with dignity and respect.

Why Community Interest Company?

When considering which legal form to adopt, Salford Health Matters considered all the options from an industrial provident society to a private company limited by shares. They decided to become a CIC as it reflected their values. They wanted the entrepreneurial aspects of a private company and also wanted to uphold the values of the NHS and reinvest any surplus back into the community rather than take it as dividends for shareholders. The CIC legal structure allowed them to do this. The fact that a CIC has social mission and asset lock that is regulated allows Salford Health Matters to keep their social values at their core.

So far being a CIC has not placed any limitations on the type of contracts available to them and their CIC status allows them to bid for work from a variety of sources, such as New Deal for Communities and local authorities, and they have the option to apply for both grants and loans.

The multi-professional nature of Salford Health Matters means that decisions are made by a wide range of professionals and lay representation on the Board combined with a firm commitment to

engage with patients and the wider public. This means that there is genuine public involvement in strategic decision making.

How being a CIC has affected staff and services

Dr Ann Smalldridge, Group Director, says that the challenge has been to show staff transferred under TUPE what opportunities the ethos of the organisation offers them in terms of working outside of traditional roles. New staff, however, who applied specifically to work for Salford Health Matters are certainly committed to working in a CIC as they feel that their efforts are for the benefit of the community rather than for “fat cat directors”. They are excited by the possibility of innovation and expansion of their roles by being outside large NHS organisations.

Whilst it is still early days for the organisation, they expect that being a CIC will allow them to develop new services that patients would not otherwise have access to. They are developing a social prescribing project in partnership with another local social enterprise that allows assessment of patient’s needs for education, social contact, exercise, diet and other support to improve their health and well-being. They are also developing a ‘gardening on prescription’ project at local allotments, which is being fully evaluated to demonstrate reductions in medication use and improvements in blood pressure, cardiovascular risk and mental health.

Over the next three years Salford Health Matters plans to expand the business to take on more practices and services in the Salford area. Dr Ann Smalldridge believes that the flexibility and innovative nature of their organisation fits well into the world class commissioning agenda and is well placed to bid for and run the new Darzi centres that are planned across the country. As a social enterprise, they demonstrate local leadership, collaboration with community partners, engagement with public and patients, collaboration with clinicians and the promotion of improvement and innovation.



9

Funding and financing a social enterprise

While under the ‘right to request’ you are guaranteed a contract should you be successful, you will also need to consider other forms of finance. This is particularly true at the start up stages, if you should wish to purchase any assets, or if you want to diversify your income beyond the NHS. You will also need to ensure your service is accurately costed and priced to ensure that the terms of the contract will adequately support the service.

There are various forms of finance available to social enterprises, each with their advantages and disadvantages, depending on their suitability for your organisation. The list presented below notes many of the various types of funding that are available.

- **Grants**
- **Commercial finance**
 - Debt finance
 - Equity
- **Emerging forms of finance such as:**
 - Patient capital
 - Social venture capital
 - Venture philanthropy

Which option is best for me?

The Social Enterprise Coalition identifies five basic steps to choosing the right form of finance:

- 1 – deciding the purpose of funding
- 2 – assessing the amount of finance required
- 3 – determining how the legal structure of your organisation affects the options
- 4 – analysing your business model
- 5 – choosing the right financial product

The purpose of the funding and the amount required may affect which options are available, for instance commercial banks do not often consider loans for less than £10,000 and the legal structure of your organisation is likely to have a definite impact. You will need to seek advice as to how the legal structure affects the funding you can apply for.

Who are the providers of non-grant finance?

Commercial finance can come from a variety of sources. The main ones are:

- Mainstream banks
- Social banks – banks with a strong social mission, such as Triodos Bank or Charity Bank
- Community development finance institutions – independent organisations with social and financial objectives that help organisations unable to access mainstream finance
- Foundations, charitable trusts and charities making social investments
- Enterprises with a strategic interest in forming a partnership with a social enterprise
- Funds set up by institutional or individual investors
- Individuals who buy shares or bonds issued, typically brokered through banks

Q&A

Q. Apart from SEIF, which funders and investors support initiatives in health and social care?

A. For grant funding, there are a number of search tools that you can pay for, such as Grants Online, that will help you to select specific criteria for searching relevant funders. With regards to commercial finance, most investors will look at the likelihood of profitability rather than industry. However, a few will be driven by interest, such as venture philanthropists. See the resources section for further information.

Q. How do I know if I am ready for investment?

A. Your business plan enables you to see if you have the ability to execute it in terms of skills, resources and partnerships. Once you are satisfied, you will need to be able to demonstrate this. One way is through recent performance, which indicates to investors that you are capable of making a profit. An investor will also want to see strong financial analysis, including a clear awareness of exactly how much finance you need, what you need it for and how they will receive their return on investment. When approaching investors, prepare market research reports, financial forecasts, monitoring and evaluation reports, audited accounts and above all, tell them a great story to get them interested!

The Department of Health Social Enterprise Investment Fund

Since April 2007, the Department of Health has been running a Social Enterprise Investment Fund (SEIF) of £100 million over a four year period.

What are the objectives of SEIF?

To support the delivery by social enterprises of health and/or social care services and products in England.

To provide start-up funding and longer-term investment to emerging and existing social enterprises in the health and/or social care sector.

A further longer term objective is to become financially sustainable through returns on non-grant investments and through leverage of funds from external investors.

Which organisations will SEIF support?

SEIF supports organisations which are, or are aiming to become, social enterprises delivering one or more health and/or social care services. SEIF can offer Step 1 or Step 2 finance.

Step1 is for development grants of up to £20,000 to cover start up costs such as business planning, legal advice and market research.

Step2 includes loans, loan guarantees, grants and equity capital or a mixture of these, depending on organisational needs and structure. For grant/loan mixes, the grant proportion will be approximately 10% of the total funded by SEIF.

SEIF also offers the opportunity to learn how to assess social outcomes using a process to measure Social Return on Investment (SROI). In view of its objectives of enabling the sustainability of its investees and achieving sustainability for itself, SEIF aims to minimise the grant element of its investment portfolio. Applicants are therefore encouraged, when applying to SEIF, to consider their ability to support forms of finance other than grants. There is no minimum amount of funding that an organisation can apply for, but there is a maximum on any one investment of £10,000,000.

SCA GROUP

The National Health Service and Community Care Act 1990 led to the transfer of funds from the NHS to local authorities for community care. Local authorities were required to outsource 80% of community care services which created a business opportunity for entrepreneurial care providers. In Southampton, the local Council for Voluntary Service (CVS) was already delivering a small number of transport and day-care services, but spotted an opportunity for a local third sector organisation to get more heavily involved in service delivery. As a result, in 1991 it formed SCA Community Care Services (SCA) as an industrial and provident society.

SCA approached its local health authority for a small amount of development money, with a promise never to come back asking for more, and the company was given £90,000 to get going. After securing a number of contracts from various councils, by the year 2000 SCA had a £4m turnover and 400 employees. At this point in time, the decision was taken to focus on diversification to allow SCA to explore new business ventures.

Diversification

The first development was the Quinn Centre, a company limited by guarantee and a registered charity established to provide NVQ and other training courses for carers in response to a shortage of high quality, affordable training within Southampton.

At around the same time, SCA began to recruit care staff from EU accession countries to address local shortages of nurses and care workers. One unexpected discovery was that a surplus of newly trained dentists existed in many Eastern European countries. SCA was aware of severe dental shortages in areas of the south coast and contacted a number of PCTs to see if they would be interested in a new approach to the provision of NHS dentistry in these areas. The proposal met with an enthusiastic response from the PCTs, and in 2005 SCA secured support from them to set up two dental surgeries under a new legal structure SCA Healthcare.

At the outset SCA Healthcare needed to plan their business and decide on the number of surgeries needed for the company to become a viable

business. One surgery room, including the building and all equipment, would cost £250,000 and so in addition to the two surgeries set up with the PCTs, the organisation felt they would need three more to be viable which would require significant borrowing.

Initially the Board of directors was concerned about the financial risk, particularly as most of the dental surgeries would be new business ventures all starting within a short timeframe relative to one another. The entrepreneurs leading the initiative therefore needed to demonstrate the potential financial return over a 10 year period.

Although a loss was predicted for the first two years, their analysis indicated that they would break even by year three and move into profitability by year four. At the same time, thought was given to other ways of augmenting income and so, in addition to NHS dental services, other work such as cosmetic dentistry was built into the business plan to cross subsidise income.

Hesitantly, the Board approved the plans at which point SCA Healthcare bought three more practices with loans from Big Invest. In some ways the third practice carried less risk as it was an existing practice that SCA took over, and the supportive nature of Big Invest providing finance that is tailored towards support and growth, meant that the organisation could feel confident in their decision.

Keys to Success

SCA Group was in a strong position when considering investment because it had a business plan with auditable Key Performance Indicators (KPIs) around growth, contracts retained, financial performance, quality of service, health and safety, and staff recruitment and retention. This may not make financial decisions easier, but it does mean that information and processes can be built into the risk analysis.

The move into dental services was a departure for the group, involving a much clearer process of business planning, helping them to become even stronger. Brian Strevens, Chief Executive of SCA Group, says that by having services housed in different companies, it was easier to be specific about the planning of different operations, as well as the financial analysis and reporting for each.



10

The contract

With any third party service provider, the body purchasing the service (for health care this will normally be a Primary Care Trust) will need to agree a contract to govern the provision of services. This will set out the relationship between the social enterprise and the NHS.

Firstly, a number of forms of contracts are possible, for both primary medical care services and other types of NHS funded care, and these are prescribed contracts governed by a regulatory framework. Secondly, there are a number of key things that social enterprises need to know before entering into a contract.

This section will set out the different forms of contract available and some of the things that an enterprise needs to consider.

Primary Care Contracts

There are four types of contract in primary care (GMS, PMS, APMS and SPMS), but dependent upon whether or not 'essential primary medical services' are offered, for social enterprises there are likely to be two preferred contract models: Specialist Personal Medical Services (SPMS) and Alternative Provider of Medical Services (APMS).

An SPMS contract can be entered into only by those who would otherwise qualify to hold a Personal Medical Services agreement under the NHS Act 2006 and the PMS agreements regulations. An SPMS provider could be, for example, an existing or new nurse-led PMS provider, a group of clinical practitioners (in primary or secondary care), or GPs who provide NHS care to patients.

An APMS contract allows for the provision of primary care services by a body that either does not hold a registered list of patients, does not include GPs, or does not provide 'essential' services. Under APMS, the commissioner can contract with a wide range of potential providers, including those from the commercial, voluntary and social enterprise sectors. The APMS contractor can provide a full range of primary care services, including essential, additional, enhanced and out-of-hours services, but cannot normally access the NHS pension scheme.

NHS Standard Contracts

For services that are not classified as 'general practice' primary medical care, such as sexual health, substance misuse services, prison healthcare, chiropody, or home care for the elderly, PCT commissioners have used local agreements. However, from April 2009 they will all use the new national standard contracts.

There are four new standard contracts for acute hospital care, ambulance, mental health and community services which will be used to contract for services from all sectors, including social enterprises. Dependent upon the services provided, social enterprises are most likely to use the new contracts for either community or mental health services. These contracts contain standard legal clauses in respect of the terms of the contract and will normally be for three years. However, for social enterprises set up under the 'right to request', longer five year overall contracts could be offered, but with a phased approach to tendering specific services. For certain services, particularly those where patient choice is being introduced for long-term conditions, PCTs may instead wish to consider awarding social enterprises 'Any Accredited Willing Provider' status, under which they would provide services for an indefinite period as long as they met agreed standards and price. They would then compete with other such accredited providers on the basis of the quality of their services.

Both contracts include a service specification template to be completed and agreed by both the commissioner and the provider, and include prices as well as targets for quality performance.

VAT

VAT registration and VAT liabilities should be considered at an early stage of business case preparation. From a VAT perspective, the most likely scenario is that you will need to register for VAT independently and to charge VAT on the services it will be deemed to be rendering to the public body.

Assets

The purchase or lease of premises should also be considered at an early stage. This will very much depend on the estate management policy of the PCT.



EU procurement rules

While the initial contract awarded under the 'right to request' will not be open to competition all subsequent or additional contracts will be and therefore it is important to understand the implications of EU procurement rules.

The extent of competition will depend on the type of services provided and the relationship between the authority. As soon as the public body commences a tendering process it must treat all bidders or potential bidders equally.

You should also be aware of State Aid rules. These are a key constraint on the extent to which support may be provided to social enterprises operating in a commercial environment.

Particular areas to watch out for are grants or loans at preferential rates of interest or those relating to the transfer of assets (including land) at rates below market value. The State Aid rules only apply where a public body is providing support to other organisations, not to activities it carries out itself.

Conflicts of interest

When NHS or other public sector staff transfer to the new social enterprise, care needs to be taken to ensure there are no conflicts of interest for them. Staff who are to transfer should not take part in negotiating the terms of the transfer on behalf of the public body, or be involved in assessing any bids from that body for any ongoing contracts.

After the transfer, conflicts of interest between representatives of the public body who sit on the Board of the externalised organisation need to be declared and managed in accordance with the rules of both the public body and the social enterprise.

One of the issues for the public body in relation to any ongoing arrangements between the public body and the new social enterprise is that the public body is fulfilling two roles. As the promoters of the new social enterprise they will wish to see it succeed not least because they will want service delivery to continue. However, they will be unable to favour that social enterprise in

any tender process in the event that it has to compete for ongoing contracts.

It is important therefore to agree a protocol right at the beginning of the process as to which staff are to work on the “commissioning” side and which are to work on the “enterprise” side. Clear terms of reference should be established for staff dedicated to establishing the enterprise.

Information

Any group of NHS employees contemplating taking on the delivery of a public service by setting up a social enterprise should ensure that it carries out an appropriate due diligence exercise. The new social enterprise should ensure that the public body gives a warranty in the transfer document that the information provided is complete and accurate. The new social enterprise should seek other specific warranties, particularly in relation to employees. If there is anything less than full disclosure then the new social enterprise should consider the risks it may face as a result and put in place agreements to deal with changes in circumstances arising from poor information being provided.

Q&A

Q. What should I do if a tender is almost perfect but with certain terms and conditions that I cannot accept?

A. There may be an opportunity to submit a tender without agreeing to accept certain conditions. However, this is something that should definitely be discussed in advance of submission with the relevant public body.





11

What does it mean for me, my team, the service and my patients?

We have previously discussed what the various advantages of the social enterprise model can be for both you and your team, with regard to the freedom to innovate and empower staff, but there are of course some specific consequences to be aware of.

If you are now really thinking of establishing a social enterprise this section will outline some of the more technical issues you will have to consider and ultimately have responsibility for with regard to you and your team, and the service users and patients. These include employment and workforce issues, but also regulatory issues. It then goes on to set out some of the risks associated in making the move.

Employment issues

If you are moving outside of the NHS and taking staff with you, you will need to be aware of the legal issues of making such a move.

Employment law seeks to protect the rights of employees during business or public service provider transfers through the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

All members of staff transferred under TUPE have their individual terms and conditions protected, including collective agreements and existing working practices that fall short of contract terms. Any changes to terms and conditions must be beneficial from the employee's perspective and whilst redundancies may occur, members of staff would be entitled to redundancy under the existing terms and conditions. They will also retain their rights to retirement on grounds of ill health. This applies at the point of transfer.

The Department of Health has gone further than these basic legal requirements. Where staff transfer to social enterprises providing NHS funded services they will remain in the NHS pension scheme for certain legal forms. If you decide to establish a social enterprise you will need to let the NHS BSA – Pensions Division know your plans in order to make sure that the staff transferring to the new organisation are able to remain in the NHS Pension Scheme. (Please see annex A for more information).

Regarding new employees, the Workforce Matters Code of Practice ensures that they are employed on terms which are fair and reasonable and which overall are no less favourable than those of the transferred staff. However, one important exception to this is the pension scheme. The Code requires that the employer offer either membership of a good quality scheme (final salary defined benefit or a defined contribution scheme) or membership of a stakeholder scheme under which the employer will match the employee's contribution up to 6%. It is for you to consider what pension arrangements you should make for new staff. This may mean that you will need to seek independent financial advice.

It is important to identify relevant employees well in advance of any transfers as TUPE also requires that they are given full information prior to the transfer. For many people working in public services, the idea of leaving to work in the private or third sector is threatening.

You need to be able to articulate clearly the benefits to people joining your organisation. To attract the best possible people who can provide the best possible services you must be the best employer, offering work/life flexibility, rewards financial and other, good working conditions, training and development, and a passion for the business.

You will need to establish effective working relationships with trade unions and the people they represent. Not everyone will want to work in a social enterprise and that is OK too. If a service is being transferred, then it may be possible to assist some people to find alternative employment within the NHS prior to separation.

A question and answer section on pensions is provided as annex A at the back of this guide for reference and information.

SANDWELL COMMUNITY CARING TRUST

Background

In the mid-1990s, Sandwell Metropolitan Borough Council needed to reduce its social care budget by over £8m and a range of highly valued services were in danger of being closed down. Against this background, Sandwell Community Caring Trust (SCCT) was set up with the aim of providing existing services more cost effectively while improving quality.

Initial concerns among the staff were that improvements in quality would fail to materialise and efficiency savings would be made through reducing frontline staffing levels and pay and conditions, but these fears proved unfounded. A significant contributing factor to this was an early emphasis on reducing management and administration costs. A reduced layer of management enabled the trust to speed up decisions, giving individual managers greater responsibility for the services they oversee.

Significant efforts were also made to shift the organisational culture towards an open and empowering environment in which staff were valued and supported, including monthly 'open door' sessions with the chief executive to enable any member of staff to raise concerns or make suggestions, and an egalitarian bonus that is paid out to all staff, subject to performance and avoidance of sick leave.

Staff morale

The change in organisational culture had a significant impact, with a reduction in staff sickness levels and staff turnover, enabling the company to invest more resources in long-term training and development. The Trust came second in the 2006 Sunday Times Top 100 Best Companies to Work For. SCCT had the highest ratings of any of the companies in the survey for work-life balance, least stressed workforce, positive attitudes among frontline managers and workers, and perception of team supportiveness and sense of belonging. The survey revealed that employees are proud to work for the organisation,

would strongly recommend working for it and would not leave for another job.

The cultural values of the organisation are now an integral part of the induction process for new staff, and SCCT ensures that these are applied consistently across the organisation by choosing not to employ agency staff, something their policy on flexible working hours enables them to do. The Trust is also keen to have a positive impact on the local economy and aims to ensure that 85 percent of income spent on salaries and wages remains in the community by recruiting all its employees locally.

The impact of staff morale on service delivery

Crucially, in addition to the savings associated with reducing sickness levels and staff turnover, the Trust believes that happy, supported and autonomous staff are better able to develop strong long-term one to one relationships with service users. This in turn raises the quality of the service provided because front-line workers develop a real understanding of the needs and concerns of service users.

"The secret of caring for people in the community successfully starts with caring for the people who are there to help them – our staff," explains Geoff Walker, chief executive at the Trust. "We are there to empower our service users, to make them feel good about themselves and to treat them with dignity. If you expect your workforce to do that, then you have to do the same for your workers."

Regulation and standards for healthcare

As a social enterprise you will still need to comply with national guidance on health and safety, NICE guidelines, professional standards and national regulation and inspection. Contracts will also specify quality, financial and other measures of success.

Robust regulation of all organisations offering health and social care, as well as consistent national standards, exist to ensure patients and service users get fair access to safe, high-quality care, whoever treats them and wherever they live. As a more diverse family of providers is encouraged into the market, regulation and standards have never been more important.

Private, voluntary and social enterprise sector health and social care is regulated by the Care Standards Act 2000. The Act needs to be used alongside the associated regulations, the most relevant being:

- The Private and Voluntary Health Care (England) Regulations 2001
- The Private and Voluntary Health Care (England) (Amendment No.2) Regulations 2006
- The Private and Voluntary Health Care (England) (Amendment) Regulations 2006
- The National Care Standards Commission (Registration) Regulations 2001

The Act, in conjunction with the relevant regulations, sets out the types of private health care that are subject to regulation. They also set out the legal requirements private and voluntary healthcare providers are required to meet.

The regulatory authority is the Healthcare Commission, which also carries out performance assessment for the NHS. It is the role of the Healthcare Commission to monitor and inspect healthcare providers to ensure they are meeting their obligations under the law. Anybody who provides services that are subject to regulation must register with the Commission and pay a registration fee and ongoing annual fees.

There are national minimum standards for independent health care which will apply to

social enterprises providing health services. The standards help illustrate what organisations should be doing to comply with the law as stated above. There are core standards, such as those on the quality of treatment and care and complaints management, and there are service specific standards, such as those on mental health establishments and hospices.

Key values underpin all of the national minimum standards, namely:

- Patient-centred services – putting patient safety and quality assurance at the centre
- Patient information – about independent health care providers
- Accountability – so that patients receive treatment and services that are safe
- Safety and quality assurance – from human resources procedures to surgical arrangements
- Consistency – standards need to be compatible with standards in the NHS

Full details on the standards are available on the Department of Health website.

Regulation and standards for social care

The principal regulations governing social care providers are:

- The Care Standards Act 2000
- The Care Homes Regulations 2001
- The Domiciliary Care Agencies Regulations 2002
- The Adult Placement Schemes (England) Regulations 2004

Copies of all regulations relevant to social care providers are available on the Office of Public Sector Information website.

Many providers of social care services – care homes, domiciliary care agencies and adult placement schemes – are required to be registered, inspected and regulated by the Commission for Social Care Inspection. The Department of Health publishes various national minimum standards, which the CSCI uses when assessing whether service providers are

complying with the relevant regulations. For care homes, these are:

- Care Homes for Adults (18–65) and Supplementary Standards for Care Homes Accommodating Young People Aged 16 and 17 – National Minimum Standards
- Care Homes for Older People – National Minimum Standards

For domiciliary care agencies, these are:

- Domiciliary Care – National Minimum Standards

For adult placement schemes, these are:

- National Minimum Standards for Adult Placement Schemes.

The national minimum standards are available on the Department of Health website.

Future registration framework and the Care Quality Commission

From April 2009, the Care Quality Commission will take over the responsibility for the regulation of the quality of health and social care and also will look after the interests of people detained under the Mental Health Act. It will bring together the work of the Healthcare Commission with the Commission for Social Care Inspection, and the Mental Health Act Commission.

The Care Quality Commission will provide assurance to those using health and adult social care services in England that essential levels of safety and quality of care are met wherever they choose to access these services.

During 2009/10 it will continue to regulate health and adult social care under the Care Standards Act. From April 2010, a new framework for the registration of health and adult social care will be introduced.

The National Minimum Standards and Standards for Better Health will cease to have effect once the new registration system is up and running. The new Commission will be responsible for developing the criteria by which it assesses whether providers and managers are complying with the registration requirements.

A consultation was recently carried out, seeking views on:

- which activities will require providers to register with the new Commission under the new framework; and
- what essential requirements of safety and quality of care providers should have to meet in order to maintain their registration.

The responses to the consultation are currently being analysed and the Government's response will be published in due course.

Clinical Governance

For health services, excellent clinical governance is essential to protect against any form of clinical negligence. If you take advantage of the 'right to request', ultimate responsibility for clinical negligence will lie with you.

Negligence is conduct that falls below the standards of behaviour established by law for the protection of others against unreasonable risk of harm. Any promise to exercise care or skill in the performance of certain services, whether expressed or implied, would be relevant in the context of negligence and so failing to act when one has a duty to do so could result in legal action and litigation.

A court could impose an injunction to prevent the defendant (or the person who caused the alleged injury) from continuing to carry out relevant activities, or it could award damages which attempt to measure in financial terms the extent of harm suffered because of a defendant's actions.

If you decide to establish a social enterprise, you will need to have indemnity cover for clinical negligence liabilities. The Department of Health is currently looking to extend the clinical negligence scheme for trusts (CNST), which currently provides clinical negligence cover for NHS bodies, so that the scheme is open to non-NHS bodies to cover the NHS care that they deliver. It is anticipated that this will be from April 2009 at the earliest.



However, some types of primary care contracts will be ineligible for cover. When it does become more widely available, you may want to consider whether the basic cover provided under CNST meets your requirements or whether a product from the mutual or insurance markets more closely meets your needs. For example, the medical defence organisations provide additional services beyond indemnity, such as medico-legal advice, media relations expertise for civil cases and support at coroners' inquests.

It is very important that you factor the cost of indemnity into your contract price. Further, in an organisational context, where clinical negligence could be claimed against various staff, the importance of regular risk assessments on practices and procedures is highlighted with regular audits carried out. Similarly, environmental hazards and other safety requirements for premises should be thoroughly and systematically checked on a regular basis.

Patient Confidentiality

If you chose to establish a social enterprise you will have both an ethical and a legal duty to keep patient information confidential. Patients entrust the NHS or allow it to gather sensitive information relating to their health and other matters as part of their seeking treatment. They do so in confidence and they have the legitimate expectation that staff will respect this trust. This may be unconscious, but this does not diminish the duty of confidence. The NHS Confidentiality Code of Practice is a guide to required practice for those who work within or under contract to NHS organisations concerning confidentiality and patients' consent to use their health records. It replaces previous guidance.

Independent Reconfiguration Panel (IRP)

Under the NHS Health and Social Care Act 2001, NHS organisations must consult their Health Overview and Scrutiny Committees on any proposals for substantial changes to local health services. If a Health Overview and Scrutiny Committee is not satisfied that either a thorough consultation process has taken place or that the proposal meets the needs of the local community, it may refer the issue to the Health Secretary. The Health Secretary will then ask the IRP for advice.

The IRP is an independent, advisory, non-departmental public body and is independent of politicians and the NHS. The IRP undertakes reviews of contested proposals without any preconceived ideas and listens to people on all sides of the debate.

NEXT STEPS

If, after reading this and thinking about making a right to request, you want to explore the possibility of setting up a social enterprise, there are a number of practical steps to take.

Find out more about social enterprise and existing social enterprises.

This guide has been designed to give you an idea of what is involved in setting up a social enterprise. We would strongly recommend that you look at other information that's available, particularly around business planning and legal issues. It will also be helpful to talk to current social enterprises to find out how they approached setting their businesses up.

Talk with your colleagues and staff

Establishing a social enterprise will require staff and colleagues to be in agreement that this is something they wish to consider. The number of people you talk with will depend on the size and nature of the social enterprise you are thinking about.

This process will also enable you and your colleagues to shape and sharpen the business proposal and it will allow you to discuss the initial issues and problems that you may need to address.

You may also wish to include your patients and service users in the discussions in order to ascertain their views and feelings on your initial thoughts. You may also want to take the opportunity to talk with existing social enterprises about how they approached their proposals and planning processes.

Think about your business case

If after the preliminary discussions you have with your colleagues you wish to take your ideas further, you will need to register your interest with your PCT Board and begin to prepare a high level business case. More information about this is available on the Department of Health website. www.dh.gov.uk/en/Managingyourorganisation/Commissioning/Socialenterprise/index.htm.

Your business case should highlight the areas that the PCT will need to be assured you have considered. It will also help to crystallise your thoughts about what your proposal will offer.

When completed, you will need to submit it to your PCT Board for consideration. This can be done through your director or business manager or alternatively you might wish to submit it directly to the Board. In this case, you will need to talk with the secretary to the Board. In any event, the more you have thought through your proposal and how it will contribute to the health and well-being of your local population, the better.

Evaluation

The Department of Health are interested in learning from your experiences of setting up social enterprises and how this has helped you improve services. To help them achieve this and enable them to provide the right support to you, they will be evaluating social enterprises who have taken up the 'right to request' as it progresses.

Conclusion

We hope this guide has illuminated some of the great benefits of the social enterprise model but also highlighted the host of issues you will have to consider if you chose to make this step. This guide is just the first step in the process. If this is something you have decided to pursue you will need a lot of support and in addition to the resources listed in this guide, further guidance will follow.

These are factors that do need careful consideration before you make the final decision to move outside of the NHS. If you are still interested, then being a social entrepreneur may well be right for you.

NHS Pension Scheme

The NHS Next Stage Review recognised concerns about staff pension rights. In light of this, where PCTs and staff set up social enterprises under certain legal forms to deliver services, staff transferring under TUPE regulations can continue to benefit from the NHS Pension Scheme while they continue to work on NHS funded services. This does however, exclude entitlements under the Injury Benefit and Compensation for Premature Retirement Regulations as well as the Pension Scheme Regulations dealing with early retirement pension and redundancy.

The following Q&As help explain more about NHS Pension Scheme entitlement.



NHS PENSION SCHEME

Q&A

Q. Which legal form means transferred staff retain access to the NHS pension?

A. The following legal forms are acceptable for Social Enterprises who wish to have access to the NHS Pension:

- Charity (which can be a company limited by guarantee but not by shares);
- Community Interest Company (which can be a company limited by guarantee or shares);
- Industrial and Provident Society
- The company should also be a not for profit enterprise with any profit being reinvested in services or the wider community.

Q. Will staff be worse off if access to the NHS pension is not retained?

A. Cabinet Office guidance, which is compulsory, guarantees staff a pension scheme that is broadly comparable to the exporting scheme (the NHS scheme in this case). This means that transferring staff would be no worse off under the new scheme whilst they remain working on the transferred work for that employer.

Q. How do I find out about alternative pension schemes?

A. You will need to consult an independent financial adviser. There are certified “off the shelf” pension schemes available, which an independent financial advisor could advise you about. However, you will need to bear in mind the guidance in the Cabinet Office Code of Practice on Workforce Matters in Public Sector Contracts.

Q. Will I get the same level of employer contribution?

A. Access to the NHS Pension Scheme does not mean that you will necessarily pay the same level of employer contributions. These will have to be regularly assessed for each employer. You would have to pay a charge recovered over the life of the contract and/or via an exit charge relating to any excessive increase in liabilities primarily if there are extra costs arising from pay or promotional increases over those awarded in the NHS.

Q. What happens if a group of staff are transferred under TUPE to a new employer due to a take over/merger or because the contract has been re let (2nd generation TUPE)?

A. In all cases, the Direction would cease to apply. However, if the new employer:

- a) met the criteria for giving a Direction then they could seek a new Direction in respect of those staff covered by the original Direction, only and for whom the conditions continued to apply.
- b) was an NHS employing authority then all transferring staff would qualify for membership of the NHS Pension scheme.

However, if the new employer did not qualify to apply for a Direction, then the new employer would have to provide comparable pension arrangements itself.

Q&A

Q. What is the cost of the pension scheme to Social Enterprise employers?

A. Where Social Enterprise employers took actions, which materially increased their pension costs relative to those of the generality of NHS employers, the enterprises themselves would meet those extra costs. The employer will have to pay a charge recovered over the life of the contract and/or via an exit charge relating to any excessive increase in its liabilities.

Q. What happens if a member of staff moves to a new area of work for the Direction employer not covered by the original Direction?

A. If the work is NHS funded then the employee can remain subject to the Direction. But if the work is non NHS funded, then the terms of the Direction no longer apply and the member of staff must leave the scheme.

Q. What happens if the member spends some of their time on duties not funded by NHS contracts?

A. The member no longer qualifies to be covered by the Direction and will have to leave the pension scheme.

Q. What happens if staff are working on services covered by partnership working arrangements between the NHS and local authorities?

A. It is not the intention to exclude staff working on such jointly funded arrangements from being covered by a direction.

Q. What happens if a member of staff is recruited individually in the open market from the NHS or from another employer to work on the contract?

A. The organisation will not be able to apply for a Direction in respect of either of these groups of staff.

Q. What happens in respect of social enterprises that have already taken on staff under Fair Deal. Can they apply retrospectively?

A. It is important to stress that it was already open for such bodies to apply for a Direction. This is a clarification of the current policy. Any qualifying body can apply for a Direction in respect of staff transferring up to 12 months after the date of transfer.

Q. How does a prospective commissioner know whether an organisation is a Direction employer?

A. Employers in the voluntary sector who are already Direction employers would make this known to the commissioner when they bid to take on services.

Q. What does it say in the DH booklet *What happens to my pension?*

A. www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_063847 was distributed to all NHS employers on publication. This sets out the actions that employers should take when NHS services are transferred to the private sector. For transfers that take place under TUPE, Cabinet Office guidance, which is compulsory, states that the new employer must offer a pension scheme that is broadly comparable to the exporting scheme.

RESOURCES

Listed below are a range of organisations and useful publications where you can get further information and advice. Many of them are general to social enterprise rather than for the 'right to request' but they may help with background information. If you are viewing this electronically you can click on the links below to go directly to each site or publication.

Social Enterprise Coalition

The Social Enterprise Coalition is the UK's national body for social enterprises, supporting and representing the work of our members, promoting good practice, influencing national policy and providing a platform for showcasing the benefits of social enterprise.

www.socialenterprise.org.uk

Health and Social Care

Commissioning a patient-led NHS

Guidance that aims to create a step-change in the way services are commissioned by front-line staff, to reflect patient choices. Department of Health, July 2005 (regularly updated).

www.dh.gov.uk/PublicationsAndStatistics

Department of Health Social Enterprise Resource Pack

A resource pack which signposts a range of support and guidance on setting up a social enterprise in the health and social care sector

www.dh.gov.uk/socialenterprise

Department of Health and NHS Estates, 2003 –

advises NHS bodies on property and land transactions

www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4119937

Entrepreneurses

Provides practical support for social enterprises as well as individual entrepreneurs (particularly social entrepreneurs and nurse entrepreneurs).

www.entrepreneurses.net/about/about_us.php

Healthy Business

A guide to social enterprises operating in the health and social care sector, featuring an in-depth look at nine case studies. Social Enterprise Coalition and Hempsons 2008.

www.socialenterprise.org.uk/pages/publications.html

High Quality Care for All

The final report of Lord Darzi's NHS Next Stage Review.

www.dh.gov.uk/en/Publicationsandstatistics

NHS Networks Social Enterprise Network

A national network for those with an interest in social enterprise and social entrepreneurship in health and care.

www.networks.nhs.uk/socialenterprise

Our health, our care, our say: Making it happen

White Paper that sets out the government's vision for primary, community and social care. Department of Health, October 2006.

www.dh.gov.uk/ourhealthourcareoursay

Primary Care Contracting

www.primarycarecontracting.nhs.uk/1.php

Putting People First: a shared vision and commitment to the transformation of adult social care

This ministerial concordat sets out the shared aims and values which will guide the transformation of adult social care.

www.dh.gov.uk/en/Publicationsandstatistics

Third sector market mapping

Research report that examines the potential contribution third sector organisations can make to the delivery of health and social care. IFF Research for the Department of Health, February 2007.

www.dh.gov.uk/PublicationsAndStatistics

Guidelines for using NHS logos

www.nhsidentity.nhs.uk/

Procurement

Office of Government Commerce

www.ogc.gov.uk

The NHS' Purchasing and Supply Agency PASA

www.pasa.nhs.uk

State Aid guidance

EU guidance on the State Aid rules.

http://ec.europa.eu/comm/competition/state_aid/overview/index_en.cfm

Supply to Government

Website for public authorities to advertise below threshold procurements.

www.supply2.gov.uk

Regional Centres of Excellence

www.rcoe.gov.uk

Business Support

A Business Planning Guide to Developing a Social Enterprise

www.forthsector.org.uk/docs/New_BusPlanGuide.pdf

Social Enterprise Training and Support (SETAS)

www.setas.co.uk

Social Enterprise Support Centre

www.sesc.info

Small Business Service

www.dti.gov.uk/bbf/small-business

Manual for Developing Social Enterprises

www.sustainable-enterprise.org.uk/resources.htm

Finance**Unlocking the Potential**

A guide to the different forms of non grant finance available for social enterprises. Social Enterprise Coalition, 2006.
www.socialenterprise.org.uk/pages/publications.html

Foursome

www.foursome.net

J4b

www.j4b.co.uk

Finance Providers**Adventure Capital Fund**

www.adventurecapitalfund.org.uk

Association of British Credit Unions

www.abcul.org

Bridges Community Ventures Ltd

www.bridgesventures.com

Charitybank

www.charitybank.org

Community Development Finance Association

www.cdfa.org.uk

Co-operative Bank

www.co-operativebank.co.uk

Esmee Fairbairn

www.esmeefairbairn.co.uk

Futurebuilders

www.futurebuilders-england.org.uk

Triodos Bank

www.triodos.co.uk

Unltd

www.unltd.org.uk

Unity Trust Bank

www.unity.uk.com

Venturesome fund

www.cafonline.org/venturesome

Legal and Governance**Keeping it Legal**

A guide to establishing the rules and regulations that govern your social enterprise. Social Enterprise Coalition/Bates, Wells and Braithwaite, 2006.
www.socialenterprise.org.uk/pages/publications.html

Community Interest Companies**Guidance Material CIC Regulator**

www.cicregulator.gov.uk/guidance

Capacity Builders Leadership and Governance workstream

www.improvingsupport.org.uk/governance/index.html

General/other**Community Action Network**

www.can-online.org.uk

Cooperatives UK

www.cooperatives-uk.coop

Development Trusts Association

www.dta.org.uk

New Economics Foundation

www.neweconomics.org

Social Firms UK

www.socialfirms.co.uk

School for Social Entrepreneurs

www.sse.org.uk

Women's Enterprise Task Force

www.womensenterprise.co.uk

Government**Office of the Third Sector (Cabinet Office)**

www.cabinetoffice.gov.uk/third_sector/social_enterprise

Department for Business Enterprise and Regulatory Reform

www.berr.gov.uk

Department of Health Social Enterprise Unit

www.dh.gov.uk/en/Managingyourorganisation/Commissioning/Socialenterprise/index.htm

English Regions**North East Social Enterprise Partnership (NESEP)**

Tel: 0191 427 2150

www.nesep.co.uk

RISE – South West

Tel: 01392 435775

www.rise-sw.co.uk

Social Enterprise East Midlands (SEEM)

Tel: 0115 871 4760

www.seem.uk.net

Social Enterprise East of England (SEEE)

Tel: 0845 606 6296

www.seee.co.uk

Social Enterprise London (SEL)

Tel: 020 7022 1920

www.sel.org.uk

Social Enterprise Yorkshire & Humber (SEYH)

www.seyh.org.uk

Social Enterprise West Midlands

Tel: 024 7663 3911

www.socialenterprisewm.org.uk

SE2 Partnership – South East

www.se2partnership.co.uk

RESOURCES

Devolved Nations

Scottish Social Enterprise Coalition

Tel: 0131 243 2650

www.ssec.org.uk

Social Economy Network (Northern Ireland)

Tel: 028 9077 0502

www.socialeconomynetwork.org

Social Enterprise Network (Wales)

Tel: 029 2055 4955

www.walescoop.com

GLOSSARY

Alternative Provider of Medical Services

A contract PCTs can use with primary medical care providers designed to encourage new providers and new types of provision.

Any Willing Provider

A set of system rules whereby, for a prescribed range of services, any provider that meets the criteria for entering a market, can compete for business within that market.

APMS

See Alternative Provider Medical Services.

Articles of Association

These set out a business' internal management structure and procedures.

Charity

An organisation set up exclusively for charitable purposes and the public benefit.

Charities Commission

The regulator and registrar of charities in England and Wales.

CIC

See Community Interest Company.

Clinical governance

A system by which NHS organisations are accountable for continuously improving the quality of their services.

Clinical negligence

Negligence is conduct that falls below the standards of behaviour established by law for the protection of others against unreasonable risk of harm.

Commission for Social Care Inspection

The single independent inspectorate for all social care services in England.

Community care

Out of hospital social and health care services.

Community Interest Company

A limited liability company which has passed a regulated 'community interest test' and has an 'asset lock'.

Companies House

The official UK government register of UK companies.

Company limited by guarantee

A limited liability company often used by third sector organisations, with 'members' instead of shareholders liable only for a nominal value, normally one pound.

Company limited by shares

A limited liability company where the liability of shareholders is limited to the capital invested.

Contestability

Refers to a situation where a provider faces a credible threat of competition (but does not mean that services must always be put out to competition).

Co-operative

An organisation with a democratic structure which trades for the benefits of its owner-members.

Domiciliary care

Care patients can receive in their own home (also known as home care).

Exempt charity

A charitable industrial and provident society that is registered with the Financial Services Authority and therefore 'exempt' from registering with the Charity Commission.

Gift Aid

A tax relief through mechanisms designed to encourage donations to charities.

Healthcare Commission

The independent inspectorate for healthcare in England and Wales.

Industrial and Provident Society (IPS)

A form of incorporation often used by co-operatives and other businesses without share capital.

Key Performance Indicators

Quantifiable measurements organisations use to define and measure progress toward goals.

Memorandum of Association

This contains a business' objects and powers, the amount of share capital or guarantee and a non-profit distribution clause if relevant.

Mutual

Democratically controlled organisations whose members have joined together to provide a shared service for mutual benefit.

Neighbourhood Renewal Fund

A non ring-fenced grant available to England's most deprived local authorities to enable them in collaboration with their Local Strategic Partnerships to improve services.

Patient capital

Patient capital is typically in the form of investments designed to give an organisation time to develop and grow.

GLOSSARY

Personal Medical Service Contract

A locally negotiated contract PCTs can use to contract with GPs for primary medical care.

PMS

See Personal Medical Service Contract.

Primary care

Services provided by GPs and those who work with them including district nurses, therapists, local dentists, pharmacists, opticians and other community health professionals.

Primary Care Trust

NHS trust responsible for all local community and primary care services and for commissioning hospital services from other NHS trusts.

SHA

See Strategic Health Authority.

Social Enterprise Investment Fund

A £100 million fund set up by the Social Enterprise Unit to support social enterprises and build their capacity.

Social firms

Social enterprises set up specifically to create jobs for people severely disadvantaged in the labour market.

Social venture capital

Venture capital funds which target organisations with clear environmental and social objectives.

Specialist Provider Medical Services

Similar to a Personal Medical Services (PMS) contract but patients do not have to be registered with the provider to receive care.

Strategic Health Authority

Regional link between the Department of Health and the NHS responsible for ensuring national priorities are integrated into local plans and PCTs are performing well.

Third sector

Organisations driven by a social or environmental mission rather than profit, including voluntary and community organisations, charities, social enterprises, faith groups and mutuals.

TUPE

The 'Transfer of Undertakings (Protection of Employment) Regulations' preserve employees' terms and conditions when staff are transferred to a new employer.

Venture philanthropy

Aims to apply the hands-on management techniques of venture capitalists to grant-making, to improve the quality, efficiency and effectiveness of the organisations they invest in.

Workforce Matters Code of Practice

Ensures that new employees are employed on equal terms and conditions to those of former public sector employees.

If you require further copies of this title, quote:

Social Enterprise – Making a Difference
A guide to the ‘right to request’

Online: www.orderline.dh.gov.uk

E-mail: dh@prolog.uk.com

By post:

DH Publications Orderline

PO Box 777

London SE1 6XH

Tel: 0300 123 1002

Fax: 01623 724 524

Minicom: 0300 123 1003 (8am to 6pm, Monday to Friday)

For more information on social enterprise and the right to request, visit the DH website at:

www.dh.gov.uk/en/Managingyourorganisation/Commissioning/Socialenterprise

Email: social.enterprise@dh.gsi.gov.uk

For more information on the Social Enterprise Coalition, visit:

www.socialenterprise.org.uk

Email: health@socialenterprise.org.uk

Tel: 020 7793 2323

Fax: 020 7793 2326