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# RCN Policy Unit

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## Policy Briefing 04/2006

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# Nurse Led Social Enterprise

### ABSTRACT

This briefing on Nurse-led Social Enterprise has been compiled by the RCN Policy Unit. We are aware that policy impacts upon practice in a number of ways, not always for the better. In the RCN Policy Unit we depend heavily upon RCN member feedback and contribution to our policy development work. We have included sources of further reading and links through to other parts of the RCN website within the briefing and we look forward to hearing your views via the policy discussion zone or the [policycontacts@rcn.org.uk](mailto:policycontacts@rcn.org.uk) e-mail address.

February 2006

# Introduction

## What is Social Enterprise?

The Social Enterprise Unit (SE) was launched by the Department of Trade and Industry (DTI) in 2001. In her speech from 26 February 2002, The Rt. Hon. Patricia Hewitt, the Secretary of State for Trade and Industry said: “There is no doubt at all that the potential of co-operatives and social enterprise is very firmly on the Prime Minister's radar screen. And the potential, in particular, of social enterprise to contribute both to our public service reform agenda and to neighbourhood renewal and regeneration is very well understood at the top of Government”. And also: “even though social enterprises might not be organised as worker or customer controlled businesses, social enterprises are close to those they serve, and respect those with whom they work. And in many cases, those whom they serve are also those whom they employ. In spirit, they are close to the principle of democratic member control.”

According to the Department of Trade and Industry: “Social enterprises are businesses with primarily social objective whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.”

Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. By using business solutions to achieve public good, government believes that SEs have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy.

They include local community enterprises, social firm, mutual organisations and large-scale organisations operating nationally or internationally. Understanding social enterprise is therefore about identifying key characteristics common to such businesses rather than defining specific organisational forms. Such characteristics could be:

- A strong drive for financial autonomy;
- A flexible, non-bureaucratic way of working;
- A willingness to take risks and adapt to changing need;
- A close understanding of and commitment to their client groups;
- A commitment to staff development;

- Re-investing profits in the social aims of the business or local community;
- The ability to deliver on social objectives while delivering services.

Government is supportive of social enterprises because it sees them as addressing a number of public policy goals and as having an important role to play in service delivery – for example in areas of health and care and in education and training. They believe that the success of social enterprises is in the delivery of good quality, customer focused and good value services to local communities. They also believe that SEs have a key role in the promotion of social inclusion, that they bring goods and services into areas where others may not want or be able to operate. They provide employment and training opportunities in supportive business environments for hard to reach groups, including people with mental illnesses or disabilities, the homeless or the long-term unemployed.

In July 2002, government launched a three year strategy (Social Enterprise: a strategy for success) setting out a programme of action to work towards this vision. The strategy identifies the issues that directly contribute to the success of the sector and seeks to remove the barriers that prevent its growth and development. The desirable outcomes are:

<p>Create an enabling environment for social enterprise</p>	<p>Government is determined that the regulatory, tax and administrative framework should not hinder the development and growth of social enterprise.</p>
<p>Make social enterprise better businesses</p>	<p>Government is committed to working more closely with training providers to enable the SEs to have access to good quality business advice and training.</p>
<p>Establish the value of social enterprise</p>	<p>Government acknowledges that there is an urgent need for research to determine the exact size, strength and spread of the sector. Also important is to raise awareness and to celebrate the entrepreneurial achievement.</p>

DTI's Social Enterprise Unit (SEnU) has the responsibility for carrying forward the strategy. The role of the SEnU is to:

- Act as a focal point and co-ordinator for policymaking affecting social enterprise.
- Promote and champion social enterprise.
- Take action needed to address barriers to growth of enterprises.
- Identify and spread good practice.

The eight working groups, set up after the establishment of the SEnU and composed of stakeholders and government officials, reported their recommendations as to how the environment for starting and sustaining a successful social enterprise could be improved (February 2002). The Government's strategy was developed from these recommendations and launched on 23 July 2002.

## Current position and ways forward

However enthusiastic the Government are about SEs, there is, as yet, a shortage of research evidence about their effect on public sector services. The data mapping group established by the DTI's SEnU concluded that:

1. It was difficult to determine the number – or economic contribution – of SEs as there have not to date been any comprehensive studies. They concluded that further, more carefully defined, research is needed to map fully the SE sector.
2. A Recent review of the Social Enterprise Strategy made the following key findings:
  - The social enterprise sector is widely perceived to have grown in recent years, but concrete evidence for this perception is limited and fragmented.
  - The environment has become more enabling for social enterprises in recent years, availability of appropriate business support has increased and there has been improvement in quality of business activity within the sector.
  - It is impossible to judge how much of the broad change for the sector can be attributed directly to the effects of the Social Enterprise Strategy.

- The policy rationale for supporting social enterprise remains valid, based on evidence of the sector's ability to contribute to enterprise, service delivery and social inclusion.

In addition to raising awareness of the potential of the SE sector, the report went to identify a number of key factors relating to the future development of SEs including better access to finance; identifying the needs of the voluntary sector; identifying the social impact of SEs; and monitoring of SE development across all government departments.

## Community Interest Companies

In 2005 the government introduced "Community Interest Companies" (CICs) as a business and legal format that would assist in the establishment of SEs.

An organisation wishing to be a CIC can choose one of three company forms: private company limited by shares; limited by guarantee; or public limited company. Applications to become CICs are subject to authorisation by an Independent Regulator. To ensure that they use their assets and profits for the community interest CICs will have some special, additional features:

- They will be restricted from distributing profits and assets to their members.
- To register as a Community Interest Companies a company must:
  - I. adopt a suitable constitution including detailed description of its governance arrangements and
  - II. satisfy (in the opinion of the Regulator) a community interest test, confirming that it will pursue purposes beneficial to the community and will not serve an unduly restricted group of beneficiaries.

As part of the terms of their authorisation CICs are also subject to ongoing scrutiny by the Regulator for CICs and have to meet a number of detailed restrictions and standards which are intended to ensure that they serve the public interest. These include publication of an annual report; and an asset lock and limits upon the dividend payable on shares. More information on the business structures and legal requirements placed upon CICs can be found at [www.companieshouse.gov.uk/promotional/cics.shtml](http://www.companieshouse.gov.uk/promotional/cics.shtml)

## Social Enterprises; Their Place in the Re-provision of Health and Social Care

The government is projecting NHS expenditure to grow and the issue of deficits in the NHS is playing an increasingly important role in driving the reform agenda. Whilst the government appear to consider community interest companies as a convenient, sustainable and alternative means to provide public services and overcome deficits, there is no evidence to suggest that CICs in themselves can achieve that outcome.

Co-operative health provision is well established in other European countries, the USA, Canada, and Japan and is starting to develop here with the delivery of many 'out of hours' primary care services by GP co-operatives, such as SELDOC (case study). Primary Care Trusts are being encouraged through the National Primary Care Development Teams "Engaging Communities" programme to identify and support SE ventures in their local communities.

The White Paper on services outside of hospitals, '*Our Health, Our care, Our Say*', promotes the establishment of Social Enterprises and Community Interest Companies as part of the drive to increase plurality of provision in primary and community care services. In making a commitment to bringing services closer to home, the White Paper suggests that SEs can achieve greater efficiency by increasing flexibility in the way that they deliver services. *Our Health, Our Care, Our Say* gives a commitment to establish a Social Enterprise Unit at the Department of Health and a Director of Social Enterprise post as part of the DH team.

No evaluation has been undertaken to substantiate the Department of Health's view, neither has an analysis been undertaken regarding how best to use the new employment and service options recently created in the NHS and Local Authorities. Nonetheless, the White Paper recommends utilising partnership arrangements and contractual flexibilities already available as a means of establishing new "community care" integrated services.

As we grow older, we each have increasing needs for care and support. As a population we are living longer and the ageing nature of society will impact on the health and social care sector and raise demand for services from older people. Workforce planning and human resource management are therefore critical because one of the biggest challenges faced by all care providers is the retention and recruitment of staff.

Given the support for SEs within the White Paper *Our Health, Our Care, Our Say* with the incentive of set-up funding for aspiring CICs, it seems likely that they will become an increasingly attractive option for

commissioners of primary care and community care services. The White Paper insists that, as businesses, they will provide a more flexible service and that they can respond quickly and dynamically to changing need and consumer preference. No matter whether that view is valid or not, SEs will still need to demonstrate excellence as employers if they are to retain a suitably qualified and skilled workforce.

## Case Studies

A number of social enterprises have been established in recent years to provide health and social care services. Although existing charities and other social enterprises could apply to become Community Interest Companies not all have done so. Some examples of existing social enterprises in the health and social care sector are;

- **Community Action Network** works with a wide range of individuals and organisations involved in the health service to promote and develop a culture of social entrepreneurship within the NHS.

[www.can-online.org.uk](http://www.can-online.org.uk)

- **The Future Health and Social Care Association** supports the vulnerable members of the community by providing training, homes and education.
- **SELDOC** (South East London Doctors Cooperative) represents 90% of all GPs in the boroughs of Lambeth, Lewisham and Southwark, serving 900,000 patients. Aiming to improve the provision of out-of-hours care, the co-op now operates a 24-hour answering service and provides a duty doctor service between 7pm and 7am on weekdays and 24 hour service on weekends and bank holidays.

[www.seldoc.co.uk](http://www.seldoc.co.uk)

- **Sunderland Home Care Associates** is a major service operator for Sunderland City Councils social services department, providing personal care and domestic services to hundreds of people in need.

[www.socialenterprise-sunderland.org.uk/startup.htm](http://www.socialenterprise-sunderland.org.uk/startup.htm)

## Social Entrepreneurs and Entrepreneurial Nurses

“...I believe that in the next few years (existing social entrepreneurs) will be joined by new examples of social enterprise, emerging particularly among entrepreneurial clinicians within primary care.”

Liam Byrne MP (2005), Under Secretary of State for Care Services

The White Paper, *Our Health, Our Care, Our Say: A New Direction for Community Services*, promotes social enterprise as a means of creating new providers of services in primary and community care. Furthermore, the White Paper describes how the Department of Health will create a post of Director of Social Enterprise to enable the development of social entrepreneurs and social enterprises in the care sector. Social entrepreneurs are individuals who organise, manage and assume the risks associated with a business enterprise to benefit others and address issues of social concern. They work primarily by bringing together streams of public funding and charitable donations, though they may also trade to earn income and create social enterprises as not-for-profit organisations that promote community interests and engagement.

As a further development of the social entrepreneur concept, the Department of Health have supported the establishment of “nurse entrepreneurs” through a programme of development in conjunction with the Saïd Business School, Oxford. The RCN has developed a booklet “Information for Would-Be Nurse Entrepreneurs”, which is available to members at [www.rcn.org.uk/members/downloads/info-for-would-be-nurse-entrepreneurs.pdf](http://www.rcn.org.uk/members/downloads/info-for-would-be-nurse-entrepreneurs.pdf)

### RCN Issues

As the government seeks to increase plurality of providers in primary care, we can anticipate increases in the number of social enterprises, nurse entrepreneurs and nurse-led primary care services. In terms of our policy position, the RCN considers that;

- As Community Interest Companies, where Social Enterprises are used to provide health and community services, their governance arrangements must enable fullest input from their staff as members or shareholders.
- These Companies must also ensure that their governance arrangements enable full representation of users, patients and public interests.



- These future Social Enterprises must recognise value and support the development of nursing practice by offering professional education opportunities, career progression, benefits and rewards which are at least equivalent to those within the NHS.
- Where there is an intention to use social enterprise as a model for the provision of NHS services, a full consultation on the proposals and their implications must be undertaken to include staff members, staff side organisations and key stakeholders, including patients and carers.
- In April 2006, the RCN will be publishing the key principles which we believe must underpin the future provision of health services. Whilst supporting proposals for nurse-led primary care services and valuing opportunities for the development of nurse entrepreneurs, we must be assured that where a social enterprise is being established to provide NHS services, future models of provision will meet those RCN principles.
- Agenda for change must be the benchmark for SEs in their role as employers of nurses and they must contribute to the NHS Pension Scheme in that capacity.
- Any development of a Social Enterprise to provide NHS services must enable RCN members to remain in the NHS family and retain national minimum standards in terms and conditions of employment.

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