

Social Enterprise Pathfinders

Stephen Peckham on behalf of the 'Making the Most of Evaluation' research group

Background

The social enterprise pathfinder programme was introduced in 2006 by the Labour Government. This paper provides a brief overview of social enterprises and the pathfinder programme and the evaluation of the pathfinder programme commissioned by the Department of Health following publication of the White Paper *Our health, Our Care, Our Say in 2006*.¹ This paper was prepared as part of a wider analysis of Department of Health Commissioned evaluations of national programmes initiated following publication of the White Paper.²

Social enterprises can be defined as organizations using business methods to address social problems although social enterprise is normally explained as a rational and functional solution to public sector funding and philanthropic resource constraints.³ In addition social enterprise is also said to represent a strategically better option for organizations to fulfil their pro-social mission.^{3,4} However, social enterprises in the UK are not a new organizational form nor do they reflect a new approach. There is a long tradition of co-operative business organizations and voluntary sector agencies providing health and welfare services.⁵ In particular since the 1970s there has been an increasing involvement of voluntary organizations and charities in the delivery of social care funded by local authorities with further growth in both health and social care since 1990 and the commitment in the Community Care sector to encourage voluntary and private involvement in the health and social care sectors. This can be seen as part of the growing shift in the last twenty years to a mixed economy of care and a concern that the delivery of services by State bureaucracies was inefficient and unable to adequately respond to the needs of

individuals. Voluntary, and increasingly, private agencies were seen as more responsive and innovative. These broad ideas about the nature of welfare services and the role of the State are important as they provide the context for the development of alternative approaches to the organisation and delivery of health and social care services and changing structure of health services in England. Social Enterprise organisations are seen as being more innovative and responsive than traditional NHS and other public service organisations.

Following its election in 1997 the Labour Government sought to promote social enterprise as a mechanism for service delivery and community regeneration over the past decade. In 1998 the Government established the New Deal for Communities (NDC) to promote regeneration through partnerships of local organisations including business, voluntary bodies and the private sector.⁶ Then in 1999 the DTI established the Phoenix Fund allocating £29 million between 2001 and 2004 as 'part of the Government's strategy for using entrepreneurship to tackle social exclusion'⁷ followed in 2002 by a joint DTI/ODPM Adventure Capital Fund to invest in 'independent community-based organisations'.⁸ There is continued enthusiasm in policy circles to promote the ideals of social enterprise as a 'third way' to deliver public services to deprived communities where the public and private sectors have failed to do so.⁹ The election of the new government in 2010 has not led to any change in policy. The government's health White Paper, *Equity and Excellence: Liberating the NHS* published in July 2010 supports the continued development of social enterprises through schemes such as the 'right to request' and 'right to provide' for NHS staff and the social enterprise development fund.¹⁰

The Labour Government also launched the 'Social Enterprise Coalition' and created a 'Social Enterprise Unit' to improve the knowledge of social enterprises and, above all, to promote social enterprises throughout the country. Both these have continued

under the new government. Within the same framework, the Department of Trade and Industry¹¹ has defined social enterprise (and also the 'Community Interest Company') organizations driven primarily by social objectives and achieving sustainability through trading but stresses that 'A social enterprise is, first and foremost, a business. That means it is engaged in some form of trading, but it trades primarily to support a social purpose'.¹¹

While most activity in health and welfare has focused on social care mainly funded by local government there has been a long tradition of agencies providing health services in areas such as palliative care, rehabilitation and home

care for example. Before the publication of 'Our health, our care, our say' there had been a growing interest in government in developing new forms of community and social ownership organisations for the delivery of public services involving either the transfer of public services from the state or funding new organizations to develop new welfare services.¹² The inclusion of proposals for social enterprises in 'Our health, our care, our say' was not, therefore, unsurprising and late in 2006 the Department of Health announced a fund for supporting social enterprise organizations and invited proposals. From this 26 'pathfinder projects' were selected.

Box 4-1 Examples of Social Enterprise Pathfinders

SCA Healthcare is an industrial and provident society. It is proposing providing a range of community services including a long term condition resource centre and support to carers and relatives from a community hospital in Southampton.

The Bridge is a proposal to set up a social enterprise to deliver alcohol and substance misuse programmes in London. The service will include residential accommodation, therapy programmes, modular treatment centres, and a back to work programme.

Leicester Homeless Primary Care Service is proposing providing primary medical services to vulnerable patients. Its primary health care centre will be co-located with a 42 bed night shelter and a YMCA drop in centre.

The Open Door is proposing providing a wide range of primary care services for vulnerable people in the Grimsby area, in addition to support into employment, gardening and music therapies, exercise and cooking skills.

DCP is a third sector organisation that will set up a social enterprise in Newcastle to deliver services to people living with dementia, and their carers.

Based in Middlesbrough, the *Developing Partners Project* aims to develop and provide user led training for health workers, and user led research and evaluation of health services.

To support the development of the social enterprise pathfinders the Department of Health established the Social Enterprise Unit in 2007 to lead the Social Enterprise Pathfinder Programme (SEPP). The programme is supporting 26 social enterprise pathfinder projects to deliver health and social care services with total funding of £9m over two years. The

Department also set up the Social Enterprise Investment Fund (SEIF) which provides an additional source of funding of £100 million to further support and encourage social enterprises to enter the market.¹³ This is subject to a separate evaluation to the evaluation of SEPP. The Darzi review confirmed the then Government's support for

expansion of the role of social enterprises in the provision of health and social care and further expansion of social enterprises and community interest companies remains a key policy objective of the Department of Health and current Government. However, a 2009 survey of Primary Care Trusts examining the extent to which they had separated their commissioning and providing functions found that most PCTs stated preferences to become foundation trusts with only 12% stating a preference to develop social enterprise organizations for their provider functions.

Aims

The aims of the SEPP as outlined in 'Our health, our care, our say' were essentially two fold – to provide increased capacity and choice and address inequalities. A key aim was to expand community health services capacity and responsiveness to patients by "...encouraging or allowing new providers, including social enterprises or commercial companies, to offer services to registered patients alongside traditional general practice. Increased capacity – and contestability – will allow people to choose services that offer more convenient opening times, tailored specialist services or collocation with other relevant services." (para 3.11). The White Paper also highlighted current inequalities in service and the need to develop service in areas where services were lacking or by being more responsive to needs than traditional services. The aim was to "...ensure that both new and existing providers are allowed to provide services in underserved areas. Social enterprises, the voluntary sector and independent sector providers will all make valuable contributions in the longstanding challenge of addressing inequalities. The voluntary and community sectors often have strengths and experience in delivering services to those people who are not well served by traditional services".(para 3.43).

The initiative

The Social Enterprise Pathfinders cover a wide range of community health and social activities. The DH advertised in October 2006 for organizations to become social enterprises – these could be new organizations or existing agencies wanting to develop their activities. A key goal was not specifically to establish the social enterprises but for the DH to develop its own role as a social investor supporting the development of new agencies. This is not a new role for government and local authorities and other central government departments have been involved in similar activities for many years. The development of the social enterprise programme was seen as part of a broader initiative in the Department of Health on social enterprise and developing new forms of health and social care providers. The programme was partly in response to commissioners asking for evidence about the benefits of social enterprise organizations. In a sense the pathfinders were in many ways a 'research cohort' with or without the evaluation. The experience of the programme has informed Department thinking on social enterprises and the role of the enterprise investment fund. Two key areas were of interest to the Department of Health. The first was information about the way the organizations worked and what they did and to gain information about the market and market behaviours. The Department ran a selection process for the pathfinder programme. The incentive for organizations to apply was that they could get additional funding from a £1,000,000 start-up fund. The Department held an open tender process for the programme evaluation. Newchurch was the successful applicant. The policy team has worked closely with the evaluation team and they hold regular meetings.

The evaluation

Aims and objectives

The aim of the national evaluation project was to inform future policy towards social enterprises in health and in practice in the NHS and in social

enterprises themselves. The Department was keen to find out the advantages of social enterprises, what they could deliver, what kinds of changes they brought about in local health economies and for service users and how do they affect health care. The research project aimed to evaluate success in meeting the Social Enterprise Programme goals and test assumptions about the ability of third sector organizations to play an important role in delivering health and social care services. It was intended to have a national evaluation right from the very beginning and the policy group sought advice from the Department's Policy Research Programme staff. The policy team were also very keen to get feedback on their own role.

Design

The research involves both a formative evaluation to engage the pathfinders in the design of the research and in sharing learning through workshops and a summative evaluation employing a multi-level framework of evaluation criteria at programme level, local health economy level and the individual social enterprise level. The approach involves examining system level effects and by examining actions against objectives.

Methods

The evaluation used a mixed methods approach including interviews, workshops and focus groups and quantitative methods including analysis of survey data and unit costs. The SEPP evaluation is based on data collection from all 26 (subsequently 25) pathfinder social enterprises with in depth case studies of a sub sample of 6 pathfinder projects. The first stage of the research was to develop the evaluation framework. The framework has a number of broad dimensions – context, organizational capability, contribution (of the SEPPs), impact on local health and social economies, quality (choice, access, risk management, user views) and workforce. There was also an attempt to examine cross cutting issues (such as sustainability, transformation). The research involved an initial telephone survey of all pathfinders followed by case study research and then another survey of all pathfinders.

Evaluation teams findings and conclusions

The final report of the evaluation is mainly descriptive providing details related to the evaluation framework criteria.¹⁴ This provides a good overview of the organization and activities of the pathfinder projects. The report highlights the general supportive attitudes of NHS organizations and the positive views of the pathfinder projects themselves about the benefits of social enterprise. However, there were concerns about whether expected incomes had been achieved and also all but four SEPPs were delayed in setting up due to the complexity of what they were trying to achieve. The evaluation highlighted the need for stronger commissioner support for setting up social enterprises and the then subsequent letting of contracts to them. The evaluation also highlighted the need for additional resources to support the programme. These were considered as key to the success of SEPPs. The evaluation concludes that as 24 of the original social enterprise pathfinders were in existence at the end of the evaluation and that 16 were set up as social enterprises and 12 were trading that this made the programme worthwhile. In particular the evaluation team highlight factors such as gaining local contracts and national recognition as success factors and proof that the social enterprise model is "fit for purpose".

Comments on the evaluation

The evaluation framework is extremely broad and it is not clear how the framework has been applied except in a descriptive way. The evaluation categories have been used as a way of presenting organizational data rather than as a framework for analysis. There is no summary of the data collected or even clarification of the extent or nature of the data. There are no examples of data collected. The discussion is not linked to any concepts or organisational model or framework for analysis. The definition of performance or success is not identified in an explicit way. There is a tendency towards generalization rather than constructive analysis.

Our interpretation of the findings

The report is brief and does not provide an extensive research strategy or methodology. Neither does it discuss how data was analysed and presented. There is little use of qualitative data – rather the report summarises key points without any reference to the type or form of organisation of SEPP. There is no account of what data were collected or how the data were analysed. There is no attempt in the report to link methods, findings and analysis and therefore it is not possible to attribute particular findings to any specific organisational model or specific context. Given this, it is not clear how it is possible to make confident statements about the formation of social enterprises and what they have achieved. Success does not seem to be set against any original objectives for the research. It is difficult, therefore, to be assured that statements about what leads to success have any basis in the data or are explicit conditions related to organisational type and activity.

Other relevant evaluation work

No other reports were identified and no further studies in progress were found. However, the national evaluation report refers to the fact that some SEPPs were being evaluated locally. No information was given about these studies.

Conclusions about the evidence that the initiative achieved its objectives and delivered policy goals

The final report gives assurance to the Department that social enterprises are successful and a suitable organizational model for developing further provider services. While there must have been a substantial amount of data collected during the evaluation it is not clear from the final report what data was collected or how it was analysed. Key success indicators in the final report appear to be about whether the organizations were still in existence and whether they had either achieved social enterprise status or had received contracts for services. There is little analysis of organizational models or reflection on whether the investment put into social enterprises has produced additional benefits. Lack of

clarity about evaluation objectives is apparent given the three fold areas of analysis relating to whether social enterprises work, whether voluntary and third sector agencies can contribute effectively to health and social care services and providing guidance on developing social enterprises. The evaluation does provide some information about the need for better support and resourcing but does not specifically relate this to whether the social enterprises have brought additional benefits. Clearly in the time available any

summative assessment of benefit to service users is difficult – especially as many pilots experienced substantial delays in their development. There is already substantial evidence and experience that third sector organizations can deliver a wide variety of health and social care services pre-dating the social enterprise model. In fact some of the pilots already operated in the voluntary sector prior to joining the pathfinder programme. Also local pilots had different criteria regarding how they might be evaluated in terms of focusing on local context and service developments. In addition, we have noted that the organisation evaluating the social enterprises is also involved in supporting NHS organizations to develop social enterprises. It had been providing consultancy services to local PCTs advising them to develop social enterprise organizational models (e.g. Kingston PCT). Therefore the independence of the evaluation may be open to question. Social Enterprises have continued to increase in number within health and social care delivery will account for some £900 million of NHS expenditure. Seven 'Pathfinder' social enterprises were spun out from the NHS before 2008. Another 20 were established under the 'Right to Request Programme' and a further 30 are will be established later in 2011. Concerns about the cost effectiveness of social enterprises established under the 'Right to Request Programme' has recently been raised by the National Audit Office.¹⁵ However, the government has restated its commitment to supporting future social enterprise development both from within existing NHS health

and public social care services as well as supporting new organisations for the delivery of health social care services.

References:

- (1) Department of Health *Our Health, Our Care, Our Say* Cm. London: TSO; 2006.
- (2) Salisbury C, Stewart K, Cameron A et al. *Making the Most of Evaluations: Overview and synthesis of evaluations of the White Paper 'Our health, our care, our say'*. University of Bristol; 2009.
- (3) Dees J, Emerson J, Economy P. *Enterprising Nonprofits: A Toolkit for Social Entrepreneurs*. New York: Wiley; 2001.
- (4) Emerson J, Twersky F. *New Social Entrepreneurs: The success, challenge, and lessons of non-profit enterprise creation*. San Francisco: Robert Foundation; 1996.
- (5) Lupton C, Peckham S, Taylor P. *The Management of Public Involvement in Health Care Purchasing*. Buckingham: Open University Press; 1998.
- (6) Office of the Deputy Prime Minister (ODPM). Factsheet 9, new deal for communities. www.neighbourhood.gov.uk
- (7) Department of Transport and Industry. *Leading lights: Experiences from the phoenix development fund*. <http://www.berr.gov.uk/files/file37786.pdf>
- (8) Thake S. *Primed for growth: Adventure capital fund baseline report*. www.neweconomics.org/gen/
- (9) Totner A, Lyne I, Ryan P. *Reaching the promised land: Can social enterprise reduce social exclusion and empower communities?* *Education, Knowledge and Economy* 2008; 2(1):1-14.
- (10) Department of health. *Equity and Excellence: Liberating the NHS* Cm7881. London:TSO; 2010.
- (11) Department of Transport and Industry. *Social enterprise: A strategy for success*. http://www.cabinetoffice.gov.uk/third_sector/social_enterprise/?/media/assets/www.cabinetoffice.gov.uk/third_sector/strategy_2002%20pdf.ashx
- (12) Lewis R, Hunt P, Carson D. *Social enterprise and community based care. Is there a future for mutually owned organisations in community and primary care*. London: Kings Fund; 2006.
- (13) *Managing your organisation*. <http://www.dh.gov.uk/en/Managingyourorganisation/Commissioning/Socialenterprise/index.htm>.
- (14) Tribal Newchurch *Social Enterprise Pathfinder Programme Evaluation Report 4 – Final Report* 2009.
- (15) National Audit Office. *Establishing social enterprises under the Right to Request Programme* London: NAO; 2011.

Address for correspondence

Mr Stephen Peckham, MSc.

Reader in Health Policy
Department of Health Services Research and Policy
Faculty of Public Health and Policy
London School of Hygiene and Tropical Medicine
15 - 17 Tavistock Place
London, WC1H 9SH
Stephen.Peckham@lshtm.ac.uk

Disclaimer

This paper forms part of a series arising from the ['Making the Most of Evaluation' project](#) to review evaluations arising from the NHS White Paper 'Our health, our care, our say'. These are independent reports commissioned and funded by the Policy Research Programme in the Department of Health, UK. The views expressed in these publications are those of the authors and not necessarily those of the Department of Health.

Competing interest declaration:

Stephen Peckham and other members of the Making of the Most of Evaluation research group have been and are currently in receipt of grants for research and evaluation from NIHR programmes and they also sit on NIHR grant commissioning panels or boards. All authors have no other competing interests that may be relevant to the submitted work.