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Understanding the Contribution of Social Enterprise to the Social Care Sector: An Exploratory Study

BACKGROUND

Social care services in England are often delivered by private companies that may prioritise profit and low cost over quality of care. An alternative type of organisation is the social enterprise, which is a business with a social mission that reinvests any profits back into that social mission. There are an estimated 5000 social enterprises operating in the adult social care sector in England (SEUK, 2021); however, we know very little about what these care social enterprises are, what they do and therefore what their potential contribution is.

FINDINGS SUMMARY

- Care social enterprises play an important role in increasing the capacity, quality and diversity of the adult social care sector in England.
- The care social enterprise sector remains relatively small and centred around creative day activities that maintain diversity and connect people to their local communities.
- Our findings suggest optimism for social enterprise provision across the whole social care sector, including homecare.
- But they may need more support and recognition from national and local government if they are to flourish.
- Care social enterprises can struggle to evidence their added social value. Evidence is needed to fully understand their outcomes, distribution and impact.

AIMS AND METHODS

Research aim:

To understand the contribution of social enterprises to the adult social care sector in England.

Research methods:

- A realist literature review to understand the existing evidence base on social enterprises in the adult social care sector.
- A mapping of social enterprises in three local authority areas. The mapping identified as many as possible of the social enterprises in each area and gathered additional information on each of them, including services offered, service user groups, size and governance arrangements.
- Stakeholder interviews with 33 policy makers, social care and third sector representatives, trade unions, local authorities (including commissioners), councillors and social enterprise leaders.
- Case studies in five social enterprises, involving interviews with five leaders or senior managers, and focus groups/ interviews with 23 staff.

FINDINGS

1. What is a care social enterprise?

Our research found a highly diverse care social enterprise sector. Our three mapping sites looked very different in terms of their role, presence and co-ordination. A lack of national policy and practice therefore enables a diversity of local approaches, but overall a patchy and uncoordinated presence making it difficult to provide one definition of what they are and explanation of what they do.

Most interviewees did however feel that social enterprises are distinct from other organisational models that deliver social care because: 1. They are independent, and have the flexibility to innovate in their service design and governance structures (including through employee ownership models), making them distinct from public services; 2. They trade and can (and should) make a profit, making them distinct from not-for-profits e.g. charities and the public sector; and 3. They are driven by a social mission into which profits are reinvested, making them distinct from private for-profit organisations. The legal form of the care social enterprises in our mapping varied considerably with around one third operating as Community Interest Companies (CICs), a type of company designed specifically for social enterprises.

What do they do?

Our mapping suggests that most care social enterprises are small and locally based. A relatively small number deliver homecare (10%) or residential care (9%), but our findings suggest optimism for growth in these areas. More than half (51%) provide day support services for people with learning disabilities, mental health problems and/or older people. Most day services are activity based, including horticulture, cafes, arts and crafts, life skills and employment support. Interviewees spoke about social enterprises acting as community 'anchors' that provide social support and connect people into the networks and resources within their local community. Social enterprises are therefore well placed to address the social or prevention side of social care, and in turn support people to remain in their own homes and prevent/delay the need for expensive homecare or residential care services.

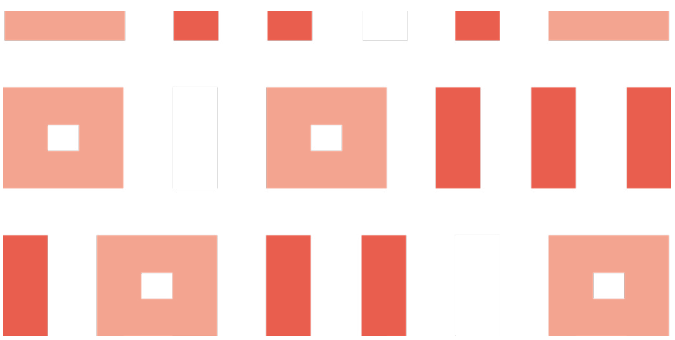
2. What are care social enterprises reported to be doing well?

Building an 'ethic of care': Despite being profit generating organisations, social values are central for care social enterprises. Interviewees spoke about an 'ethic of care' that was most evident in the strong interpersonal relationships between organisational leaders, staff, volunteers and service users. Most people leading and working in the social enterprise case studies were found to be passionate about and value their work, with the delivery of person-centred care being central to their roles.

That's the problem with the lead [for-profit] providers...It's all about time and it's all about revenue, whereas our service isn't. It's very much centred around the people we support...if we don't feel that we can give them that personalised approach, we won't take it on. (Social enterprise staff)

Examples of how social enterprises reinvest their profits:

- Buying minibuses to take people on day trips.
- Setting up cafes and garden centres that are both financially sustainable and offer a safe social space for communities.
- Paying for staff training or a small staff bonus.
- Creating funding pots for staff to use to develop new services/ideas.
- Running user-led disability awareness events in schools.



...They spend [profits] to fund activities [like sports or discos] that aren't covered through [mainstream social services]. So, they operate often in the gaps where the public sector can't deliver or won't deliver.

(Third sector stakeholder)

Staff and service user empowerment: Social enterprise services are often co-designed and co-delivered with staff, service users and communities. The research indicates that people who use care services are often active members on the board of social enterprises, are employed as staff or unpaid volunteers, enabling them to develop services that better meet user needs.

Staff working in social enterprises reported that they felt valued and have more autonomy to make decisions compared to other care organisations they have worked in. Interviewees felt that staff empowerment can result in more creative, personalised and flexible care services, as well as staff that are motivated and satisfied in their work.

There's an atmosphere that I've not come across very often in my working life. You'll find the managers talk to everybody as an equal, including all of our clients, no matter what their disabilities are, which is a really nice feeling.

(Social enterprise staff)

Community responsiveness: Most care social enterprises were found to have strong links to their local area. They employ local people who understand the needs of the community they work in and have the knowledge to help their service users access social support, training and employment opportunities. They are often run by and support disadvantaged and marginalised people e.g. LGBT and BAME groups, who may not otherwise access social care. Social enterprises were also reported to be responsive

to local need. For example, during the Covid-19 pandemic they were able to rapidly adapt their services, including by offering targeted support around domestic abuse or help for people to get food or prescriptions.

The services that a social enterprise can offer are really customised to suit the needs of that individual or problem in their local area…they know the community really well…that's not traditionally been a strength of the public sector. (Commissioner)

3. What might social enterprises contribute to the social care sector?

Workforce capacity and retention: The research suggests that staff ownership and collective decision-making processes are widely used within care social enterprises to enhance staff empowerment. This inclusive working environment was reported to lead to job satisfaction and staff retention. Care social enterprises were also felt to create employment or volunteering opportunities for people who may not otherwise be able to work, including disabled people.

Quality of care: The combination of profits being reinvested back into the service/ community and services being co-designed with staff and users was felt to lead to more person-centred, flexible and responsive care services.

Diversity and choice: Social enterprises are reported to offer choice, including options for more innovative services that are not provided by the state or private sector. Social enterprises are often run by and designed to meet the needs of disadvantaged or marginalised people that may struggle to access mainstream care services.

4. What challenges are care social enterprises facing?

Lack of knowledge and understanding: Interviewees reported a lack of awareness, understanding and even trust of social enterprises, particularly among social workers and commissioners.

Lack of evidence: The 'social' and 'preventative' benefits of services delivered by many care social enterprises e.g. increasing confidence and reducing social isolation were considered difficult to evidence (except through case studies and qualitative stories).

Limited business expertise: Social enterprises are often small and set up by people who have worked in or who have lived experience of social care, but they may have limited financial, IT and business expertise.

Challenging funding environment: The research indicates that social enterprises can be more expensive than private care organisations. Whilst their added social value is sometimes recognised, the financial pressures facing local authorities mean that social enterprises may lose out to a lower cost private providers. A combined lack of knowledge, evidence, funding and business expertise made it challenging for social enterprises to gain recognition and access funding, especially through commissioned services.

Staff burnout: The need to deliver a dual financial and social mission was found to

result in social enterprise staff working long (often unpaid) hours and feeling burnt-out. Whilst there was no evidence of staff leaving social enterprises for this reason, it is a potential risk.

Growth dilemma: Most care social enterprises are small and locally based. Growth may allow them to generate more income and become more financially sustainable, but interviewees felt that growing may lose the personalised and flexible nature of their service. Instead, it was suggested that good practice within social enterprises could be 'scaled out' through sharing and replicating their good practice around the country.

CONCLUSIONS & IMPLICATIONS

This research has highlighted the crucial role that social enterprises could play in increasing adult social care capacity, quality and diversity.

The social and preventative services delivered by care social enterprises not only support older and disabled people to remain independent and do the things they enjoy, but may also reduce the need for expensive homecare and residential care services.

Most of the profits they make are also retained within the social care sector through investment in quality services, staff and the community. However, there is a reported lack of understanding about care social enterprises amongst funders and they also may struggle to evidence their added social value. Whilst a lack of national policy or practice leadership leaves space for local approaches, it has also resulted in a varied and inconsistent presence of care social enterprises.

Implications:

For policy makers:

A national strategy for care social enterprises could be developed to co-ordinate, promote and support the efforts of care social enterprises.

For local authorities:

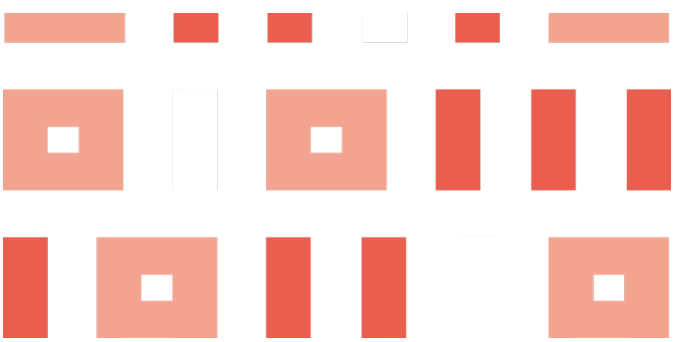
The research identified good practice in Local Authorities that are working collaboratively with social enterprises as key partners to deliver adult social care. Local level financial, business and IT support were found to enable social enterprises to apply for funding, evidence their work and become more financially sustainable. Good practice that is happening locally could be replicated and shared across England.

For social enterprises:

Social enterprises should look to become self-sustaining by diversifying their income base, including through commercial activities, local authority contracts and the direct delivery of services to people who self-fund their care or have direct payments. Networking can help social enterprises raise their profile and stimulate the sharing of best practice.

For researchers:

There is lack of national data on care social enterprises and a gap around evidencing their outcomes that needs to be filled if the potential of social enterprises is to be understood. Social care administrative data collected by local and national government should recognise enterprises and also include social value related outcomes.



"Understanding the role social enterprises play in the care sector has never been more important. As increasing demands on both health and social care outweigh resource, innovation is required to meet the needs of adults requiring social care services. Social enterprises operating in a community or local context often add value to the traditional social care offer.

Strengthening social connections via projects that serve local populations whilst supporting those in need of care provide an opportunity for more inclusive and integrated communities. Social enterprises are perfectly positioned to do this, but we need to understand what works and how to allow sharing of best practice and growth in this sector. This research begins to unpick the key elements of social enterprises already offering care services, what sets them apart from traditional care providers, and how they can continue to offer diverse and economical services."

Kelly Hayward, Project Co-Researcher

Publication

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