Innovative partnerships
Foundation trusts embracing social enterprises
The Foundation Trust Network (FTN) was established as part of the NHS Confederation to provide a distinct voice for NHS foundation trusts. We aim to improve the system for the public, patients and staff by raising the profile of the issues facing existing and aspirant foundation trusts and strengthening the influence of FTN members.

The NHS Confederation is the only independent membership body for the full range of organisations that make up today’s NHS. Its ambition is a health system that delivers first-class services and improved health for all. As the national voice for NHS leadership, the NHS Confederation meets the collective needs of the whole NHS as well as the distinct needs of all of its parts through its family of networks and forums. The FTN is one of these.
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Social enterprises are currently enjoying significant support, as they are seen as a means of achieving Government objectives such as competition, choice, greater public engagement, increased accountability, service transformation and innovation in a socially responsible way.

The post banking crisis has also fuelled public interest in the social enterprise sector, which is seen as trustworthy and community-centred.

Foundation trusts should view social enterprises as partners in improving the delivery of both health and non-healthcare related services. This publication explains what social enterprises are, and why foundation trusts should collaborate with or set up social enterprises. Case studies demonstrate how some forward thinking foundation trusts have already done so to achieve their business objectives, whilst supporting the corporate social responsibility agenda and achieving wider, community benefits.
What is social enterprise?

Social enterprises are not characterised by a legal or organisational form but by a social ethos.

They are entrepreneurial businesses with primarily social objectives, whose surpluses are principally reinvested for their identified social purpose; in this they are comparable to foundation trusts.

Many are set up to tackle a social or environmental need. Similarly to foundation trusts, an important differentiator for social enterprises is the emphasis on ownership and governance. The best social enterprises have a strong focus on the needs of service users, the experience to tackle difficult social issues and an ability to be flexible, offer joined-up services and innovate. Social enterprises’ particular strengths include getting close to and providing services for hard-to-reach groups in local communities.

A social enterprise is: “an enterprise that is owned by those who work in it and/or reside in a given locality, is governed by registered social as well as commercial aims and objectives and run cooperatively with the emphasis on personal, environmental and social benefit.”

Many commercial businesses would consider themselves to have social objectives, but social enterprises are distinctive because their social and/or environmental purpose is absolutely central to what they do – their profits are reinvested to sustain and further their mission for positive change. 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.

The social enterprise sector is diverse and encompasses cooperatives, development trusts, community enterprises, housing associations, football supporters’ trusts, social firms and leisure trusts, among others. As a result, social enterprises use a wide variety of legal forms; some incorporate as companies while others take the form of industrial and provident societies. From July 2005 social enterprises have also been able to register as community interest companies. The legal form adopted is ultimately dependent on the organisation’s aims and objectives.

1. Freer Spreckley in 1978
Social enterprises range from local and community-based organisations to national and 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. 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.

Social enterprises can provide a wide range of goods and services. Well known social enterprises include Café Direct, The Big Issue, the Eden Project and Jamie Oliver’s Fifteen, but there are many other social enterprises operating in a wide range of industries from farmers’ markets and recycling companies to transport providers and childcare. According to a DTI survey in 2005, health and social care services is the largest category of trading activity for social enterprises. It was the principal trading income source for 33 per cent of respondents, followed by education at 15 per cent.

The vast majority of social enterprises exist to help particular groups of people either through providing employment or providing goods and services. The most common groups helped are those with disabilities, young people, the elderly and people on low incomes. Nearly a quarter have environmental objectives – most notably recycling.

A key feature of social enterprises is the generation of employment opportunities, including training of people with learning difficulties and mental health problems. The creation of employment opportunities is often stated as an explicit goal. Social enterprises can create a short-term stepping stone for people into permanent employment within a wider community.

Over half of social enterprises are located in the most deprived areas, and are more likely than the general business population to be found in urban areas. Whether an explicit objective or not, they play a role in urban regeneration.

Many of them are complex organisations with multiple social and/or environmental objectives, and a range of sources of income. Government data released in 2006 (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 per cent 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. Due to the current economic climate, it is likely that this figure is now even higher. Therefore, it seems timely for foundation trusts to consider aligning themselves with this sector.
Foundation trusts and social enterprise

Foundation trusts clearly share many of the qualities of social enterprise.

Entrepreneurial, public benefit corporations with local accountability and commercial freedoms but the values and behaviours of the NHS, foundation trusts are closely aligned to the mutual sector and can in fact be considered a form of social enterprise themselves.

Social enterprises can be:
• partners in innovation
• partners in designing services
• campaigners for change.

Many foundation trusts are taking seriously their responsibilities as leaders within the NHS and using their economic powers for public benefit to their local communities. Examples of these are highlighted throughout this publication.
Why should foundation trusts collaborate with social enterprises?

Corporate social responsibility (CSR)

Many organisations have significant accountabilities to their stakeholders that go beyond what they need to deliver. At its simplest this means meeting the reasonable expectations that stakeholders have of corporate organisations to act as ‘good citizens’ and to take their social and environmental responsibilities seriously.

As the sector grows and develops, foundation trusts themselves will want to play a broader role in supporting local communities and businesses as part of their role as public benefit corporations. Some of the suggestions for involvement by foundation trusts in CSR in collaboration with social enterprises include:

Role in the local/regional economy

- local procurement of goods and services – potentially from social enterprises
- rapid payment terms for small businesses such as social enterprises
- directing capital investment to local businesses, including social enterprises, linked to achieving some of the national 'big ideas' such as improved energy efficiency, reducing carbon footprints, single-sex accommodation, and increasing the proportions of single room accommodation.
“NeuroResponse embodies personalisation of care, increases choice, reduces the burden of long-term conditions and keeps patients out of hospital.”

University College London Hospitals NHS Foundation Trust and NeuroResponse

Role as employer

- rehabilitation, back to work and step-down work-based schemes for patients and service users, particularly in mental health, through social enterprises, including offering a variety of apprenticeships, internships, volunteer opportunities and non-vocational training for school leavers and people coming into industrial and unskilled patient care roles.

Preparing for future health requirements

- anticipating the public health benefits of interventions, through the medium of social enterprise, to reduce the impact on acute and mental health admissions resulting from, for example, the consequences of fuel poverty and poor nutrition and weight and alcohol related problems.

Environmental responsibility

Sustainability and the CSR agenda are becoming key priorities and objectives within foundation trusts. Social enterprises have a critical role to play in tackling climate change – both in informing, mobilising and educating individuals but also in supporting foundation trusts in achieving their goals, such as reducing the carbon footprint by providing specialist support. Whilst foundation trusts rank the highest in terms of sustainability performance, by collaborating with social enterprises foundation trusts can achieve even greater successes in this area.

Connecting with communities and service users

An important characteristic of social enterprises is how they connect with communities and service users. Many social enterprises have particular knowledge of, sensitivity to, and expertise about the communities in which they work. As a result they may be better placed to engage with and meet the needs of the communities they work with, including people from disadvantaged, excluded or vulnerable backgrounds.
Many social enterprises 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. Others 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 have been established by expert professionals working with groups that are marginal, for example ex-offenders, the homeless and substance misusers.

In many 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, and their independence allows them to build more trusting relationships with service users. This is an opportunity for foundation trusts to actively engage with patients on patient-centred service design and to integrate with social enterprises in order to deliver an enhanced patient experience which commissioners will also find valuable.

Providing integrated care

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 their services, often resulting in uniquely tailored and designed service packages, which foundation trusts can engage with to improve their service offering and further embed quality patient experience outcomes. One such offering might include the provision of integrated care through step-up and step-down services; social enterprises offer an opportunity, in both acute and mental healthcare, for foundation trusts to provide joined-up, integrated, seamless care.

Engaging with the local population

Social enterprises are generally smaller in scale and closer to the populations they serve, reaching under-served markets. Therefore, they potentially have a role to play in supporting foundation trusts engage with their communities, membership, delivery of local accountability and in shaping services.
“Service users talk of how the physical activity impacts favourably on their mental health. This, combined with the social aspects of working with others, has been of great benefit.”
Norfolk and Waveney Mental Health NHS Foundation Trust and Sotterley Care Farm

**Entrepreneurialism and innovation**

The ability to take risks and be entrepreneurial is integral to social enterprise. A combination of public service ethos with the entrepreneurial drive of a business approach, together with independence from Government and private shareholders and being outside of any single public service body, allows 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 greater flexibility in how they can develop and deliver services to address the wider determinates 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. As the case studies in this publication show, this is something that some foundation trusts are capitalising upon for positive gain to their patients.

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.

**Empowering staff**

Engaging with employees, either as members or owners of the organisation, is often key to social enterprises, for example through the election of representatives to the board of directors, staff or stakeholder councils and clinical governance committees.

Given that their roots are in the cooperative movement, staff empowerment and involvement and staff development are things that many social enterprises value. This includes involving staff in the decision-making process and in designing services, as in foundation trust service line management.

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. Social enterprises are very much in tune with foundation trusts’ vision for staff empowerment, recognising that a more motivated and empowered staff team results in a better, higher quality and more cost effective service.
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Why buy from social enterprises?

Foundation trusts can realise wider economic, social and environmental benefits for their communities through procurement activities.

They can do this by:
- operating a mixed economy of suppliers, including small firms, social enterprises, minority businesses and voluntary and community sector groups
- stimulating markets and using buying power to drive innovation.

Social enterprises may offer better value for money than other suppliers by:
- meeting more than one objective with the same expenditure
- having a competitive advantage in delivering particular goods and services
- delivering innovative solutions.

Whether they are delivering a contract for energy saving light bulbs (as proposed at Lincolnshire Partnership NHS Foundation Trust), tackling unemployment or cross-subsidising cafés, social enterprises frequently deliver multiple outcomes across a wider range of objectives, as demonstrated by the case studies in this publication.

Efficiency

A strategic approach to securing wider social and environmental benefits from procurement can actively contribute to other key strategies and targets, for example the efficiency agenda. The Office of Government Commerce notes that: “Efficiency does not equate to lowest cost and there should therefore be no conflict between the efficiency agenda and environmental and social issues in purchasing.” Where foundation trusts take a holistic approach to social, environmental and economic factors, they can deliver significant benefits in terms of value for money. This is, again, evidenced through the case studies showcased in this publication.

A competitive advantage

In some cases, social enterprises may simply have a competitive advantage in the delivery of particular goods and services. For example, many social enterprises have particular knowledge of, sensitivity to, and expertise about the communities in which they work. As a result, they may be better placed than competitors to engage with people from disadvantaged or excluded communities or with communities who would particularly benefit from a high level of trust between provider and user.
Setting up a social enterprise: organisational forms

Setting up any new business model is not easy. It requires dedication, commitment, clear vision and strong leadership.

Setting up a social enterprise means taking NHS values and applying the principles of business and enterprise to achieving these values for patients and communities in an effective and efficient way. Ultimately, it is about innovating and improving services, and the organisational structure, governance arrangements and funding should support this.

Setting up a social enterprise can act as a catalyst to encouraging a creative culture; bringing people together from different parts of the organisation on the basis of complementary skills and providing them with the freedom to develop and test new ideas. They can give people something that they can believe in, generating a genuine feeling of ownership amongst staff.

Foundation trusts need to think about why they want to set up a social enterprise – is it in order to access particular types of funding? Is it to take advantage of the current popularity of the model? Is it because there is a passion for the model within the organisation or by an individual? Whatever the motivation, it is important that leadership, determination, resourcefulness and commitment to take forward a social enterprise and to achieve the business and social aims exists.

Further detail on carrying out an options appraisal to determine whether to set up a new business model, including a social enterprise, can be found in the recent FTN publication, *Form following function: getting the structure right for foundation trust business models*, which is available at [www.nhsconfed.org/ftn](http://www.nhsconfed.org/ftn)

**Which legal structure?**

Social enterprise encompasses a wide range of models and there is no ‘one size fits all’ approach. There are a variety of organisational forms that can be used by a social enterprise, depending on the activities being carried out, how the organisation is going to be managed and who it serves. These include:

**Community interest company (CIC)**

A CIC is a legal form created specifically for social enterprise. It is designed for the pursuit of community benefits, has the attributes of a company limited by shares or guarantee and is additionally required to satisfy a ‘community interest test’. Its social objective is ‘regulated’, ensuring that the organisation cannot deviate from its social mission and that its assets are protected. For more information on CICs, contact the CIC regulator: [www.cicregulator.gov.uk](http://www.cicregulator.gov.uk) and see the FTN publication, *Form following function*.

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3. Since 1 October 2009, the law relating to CICs has been updated. A summary of changes is attached at Appendix 3 to this publication and full details can be found at [www.cicregulator.gov.uk](http://www.cicregulator.gov.uk) and [www.businesslink.gov.uk](http://www.businesslink.gov.uk)
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"We can deliver more direct patient care and make a real difference to their quality of life."

The Blackpool Experience

Companies limited by guarantee or shares

These are the most common legal structure for businesses and are often considered to be the most flexible, particularly companies limited by guarantee. Companies limited by guarantee are usually non-profit distributing and often combined with charitable status; members play a role similar to shareholders and profits are retained within the company to be applied in accord with its purpose. Members’ liability is limited to the amount paid on shares or by guarantee. Whilst they can ensure they have a social mission written into their Memorandum and Articles of Association, this is not regulated. Companies limited by shares have to date not been a widely used model for social enterprise.

Industrial and provident society (IPS)

This is the usual form for cooperatives and community benefit societies, and is democratically controlled by the members in order to ensure their involvement in the decisions of the business.

Group structures and charitable status

Tax is an important consideration for some organisations where the retention of surpluses is essential, particularly if they can’t take on equity. In these cases the tax breaks associated with charitable status can be an important factor. Charitable incorporated organisation is a form that became available in 2008. It is a separate legal entity with a constitution consisting of members who may have no liability or liability limited to a maximum amount.

What type of structure is right?

Foundation trusts will need to carry out their own analysis to determine which business model is appropriate. For a summary of legal structures, please see Appendix 2. For more detailed information on these legal structures, please see the FTN publication on business models – Form following function – which is available at www.nhsconfed.org/ftn

Health and social franchising

For foundation trusts that have already set up or are working with social enterprises, the next step may be to think about expanding the model. One method for doing so is social franchising.

Social franchising is a new social enterprise concept, developed by the UK Social Franchising Network. It is one means for foundation trusts to expand social enterprises that they have already established. Although social franchising is based upon techniques employed in the private sector, it tends to apply to a broader range of replication approaches, such as licensing or partnerships and joint ventures, to build networks around a common proven formula.
“The Trust has benefited from the experience and knowledge of third and social enterprise sector partners in accessing funding and developing innovative service models.”

Lincolnshire Foundation Enterprises

Social franchising involves taking commercial practice to achieve social goals. Basically, it involves a social enterprise setting up a company to replicate or franchise its business idea. Usually this company is partly or totally owned by its social franchise members. In most cases, the social franchisor does not charge the potential social franchisee for their support (although they may work with them to raise development monies) but does take a share of the turnover or profit the new social franchise makes when it operates. Thus the social franchisor only makes money if its members make money, and sector specific development model.

Successful social enterprise replication and franchising rely on a set of fundamental principles. These are:

- adoption of suitable sectors of the economy to colonise
- replication of a successful and proven business and social enterprise model
- injection of quality business support, financial backing, time and money
- picking people and organisations – finding the ‘entrepreneurial team’
- identifying the key components of replication (geography, brand, systems, product, approach) – identifying the social franchise offer
- clarity of relationship constantly and clearly communicated; ability to enshrine mutuality between all stakeholders
- creation of businesses where increase in size is a mutual benefit.

This set of guiding principles has resulted in the development of a number of successful social franchises across Europe. An example that is perhaps the best developed social franchise is Care & Share Associates Limited (CASA), the UK’s leading employee-owned homecare social enterprise. It is viewed by the Department of Health and others as a trail-blazer in health/homecare social enterprise franchising and replication. CASA is one illustration of how social franchising techniques can be employed by foundation trusts to rapidly increase their social enterprise models.
Conclusion

Foundation trusts share many similarities with the social enterprise sector – they are focused on local accountability, have an emphasis on ownership and governance, have a strong focus on the needs of patients/users and hold similar values and objectives.

It is clear that foundation trusts and social enterprises have much to benefit from each other. Foundation trusts can make good use of the links that social enterprises have with local communities to engage with their populations; improve their service offerings by partnering with social enterprises to provide integrated care and rehabilitation services; and utilise the experience of social enterprises in tackling climate change and environmental issues to deliver on the sustainability agenda.

Meanwhile, foundation trusts can offer social enterprises scale and support through their corporate social responsibility agenda, including a commitment to using their buying power to drive innovation; the use of varied procurement practices such as operating a mixed economy of suppliers; by directing capital investment to local businesses, including social enterprises; and through creating local partnerships.

Foundation trusts are also beginning to recognise the benefits of setting up social enterprises as a way of innovating and improving services and delivering their business objectives.

Social enterprises offer foundation trusts many opportunities, as the case studies in this publication demonstrate. Recognising and acting upon these requires vision; motivational and inspiring leadership is crucial. In addition, clinical drive and engagement is central to achieving goals, and an understanding and agreement of common goals by all parties is vital to the success of any partnership.

For further details, please contact Mitali Begum, Commercial Advisor, Foundation Trust Network, at mitali.begum@nhsconfed.org
### Appendix 1: Case studies

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It is not easy to bring a social enterprise into a hospital setting. But when a patient says “thank you for the great treatments which have made a real difference to me,” a clinician knows that their efforts have been worthwhile.

This comment is typical of what cancer patients at Barnsley Hospital NHS Foundation Trust (BHNFT) have said about the treatment that they have received from the social enterprise Access to Acupuncture (A2A).

The partnership between BHNFT and A2A is an example of what can be achieved when the vision of NHS employees is combined with an external organisation that is not driven by the profit motive. It has required both partners to demonstrate a real commitment to patient care, determination and more than a little guile to make the initiative work.

“A partnership for patient benefit and patient choice”
The relationship began in 2006. Haematology clinical nurse specialist at BHNFT, Sue Brown, was treating ‘Helen’, a woman in her early 50s who was suffering from cutaneous lymphoma. After months of physical suffering on the chemotherapy ward, Helen was also losing her identity and self-esteem due to the decline in her appearance. Sue recognised this psychological dimension of her patient’s pain. She became determined to find a form of treatment that would help to ease it.

A traditional clinician, Sue had always been sceptical about complementary therapies. However, she had recently started to have treatment from acupuncturist Rebecca Speight. She began to wonder if Helen might respond positively to this form of treatment. Helen indicated that she would be willing to try it. Because of the legal complexities of an external practitioner delivering a service within the hospital, internal approval had to be granted by senior management. Rebecca helped to secure this approval by attending meetings with the trust.

It has required both partners to demonstrate a real commitment to patient care, determination and more than a little guile to make the initiative work.
Merely gaining approval for the treatment did not solve the problem of funding it. Helen’s acupuncture treatment was not available on the NHS and so funding was sought from two local cancer charities – Barnsley Cancer Aftercare and Little Foxes. Barnsley Cancer Aftercare – a group of former breast cancer sufferers – would eventually donate over £20,000 to the service. Though necessary to get things moving initially, Sue realised that this form of funding was not sustainable in the longer term.

Helen was so pleased with Rebecca’s acupuncture session she agreed to more. Her positive feedback proved vital in ensuring that other cancer sufferers would receive the same opportunity. Although a number of other patients began to receive the service, Sue recognised that despite this success the service needed to be mainstreamed so that more patients could benefit.

The model of care had to move beyond solely using an external organisation. This formalising stage took many months and required Sue and those supporting her to maintain enthusiasm during periods when little progress appeared to be made.

In the meantime, acupuncturist Rebecca had formed a social enterprise, Access to Acupuncture, along with other colleagues. This enabled a more formal contracting relationship to be put in place with the trust. It also sent a clear signal that any profits made from this area of work would be retained within the enterprise to enhance the service offered to patients.

After much time and effort a persuasive business plan was developed which in time helped convince the trust to employ a complementary therapist on site. NHS Barnsley made a commitment of some £100,000 with the aim of providing an equitable complementary therapy service that encompasses all cancer specialities within the trust.
Lesson 2

Be prepared to play a long game and to knock the barriers down or find a way round them

Despite these successes, both partners continue to have ambitious plans. Sue and the team at BHNFT continue the push to expand the service beyond the palliative setting and into the acute. The trust recognises that social enterprise is a key way to sustain quality and the innovative aspects of patient care. As Sue says: “This work has reinforced my belief that we must always try to see things from the patient perspective – listening and acknowledging what is important to them.”

Access to Acupuncture are also developing their range of services. They are working with the Teenager and Young Adults Unit in the Institute of Oncology at Leeds St. James’s Hospital. In addition, they have a contract with Sure Start to address stress and long-term sickness in both parents and staff. They also have a partnership with the School of Human and Health Sciences at the University of Huddersfield. Dr Chris Low, Social Enterprise Lead in the school, is very impressed with the social enterprise: “They are very committed to widening access to their high-quality service. We aim to be their critical friend and are delighted to be offering advisory support to them.”

This case highlights that while the drive and vision for service improvement has to come from within the NHS, the means to deliver this improvement may best be achieved through a partnership with social enterprise. This partnership worked because the partners had a common goal and a determination to work together towards that goal. Patient benefit, patient choice.

Lesson 3

Choose your partners carefully, you could be together for quite a while!
To visitors to the Becklin Centre – Leeds Partnerships NHS Foundation Trust’s (LPFT) adult acute inpatient site – Buster’s Café is just a good place to eat, drink and chat, but to patients and staff it is proving to be far more than that.

Buster’s Café is a partnership between LPFT, Broomby (social firm development agency) and Accent (PFI partner) that provides employment and volunteering opportunities for people disadvantaged in the labour market because of their experience of mental health problems.

The café provides a welcoming environment for patients, visitors and staff. The range of customers – from children visiting their parents to consultants meeting over coffee – represents the diverse mix of people working in and using our services.

People with experience of mental health problems have an opportunity to apply to work in the café and gain work experience either as a volunteer, on placement or as a paid member of staff.
Since it opened in 2007, the café has steadily increased its turnover and now employs six staff, five of whom have mental health issues. As they gain qualifications and grow in confidence this friendly team provides a positive expression of hope and recovery both to people using our mental health services and to our staff.

This initiative arose out of the trust’s vocational strategy and associated work to improve vocational opportunities for people who use our services, as well as improving the recruitment and retention of people with mental health problems in our organisation. In line with vocational services for people with severe mental health problems, we are also piloting vocational leads in clinical teams and an employment specialist as well as aiming to become an exemplar employer through joining the Mindful Employer scheme.

The commissioning guidance recommends that social firms are an important part of offering genuine employment opportunities to people disadvantaged in the labour market who may benefit from additional support.

The opportunity for developing the social firm arose from the closure of the previous café due to consistent financial losses over a period of years. We believed there was an opportunity to deliver the café in a different way that would increase customers and meet the needs of people who use our services more effectively.

We recognised that we had no inhouse experience of social firms and that we didn’t know if the café could actually become viable. We therefore commissioned a social business consulting agency to undertake a feasibility study of running a café at three of our inpatient sites. The study surveyed and interviewed a wide range of service users and staff as well as assessing the turnover and profits of the existing café.
The feasibility study told us that the café at the Becklin Centre could be viable with some initial pump priming from the partners involved.

Since opening the café, we have been delighted with the level of commitment that the café staff have shown in getting the business up and running. They have worked positively and supportively with each other’s different strengths and vulnerabilities. They have quickly developed their catering skills and have provided a very welcoming atmosphere in the café which has been commented on by customers – many inpatients have made a point of coming to say goodbye when they are discharged.

Our trust board approved a one-year pilot and the café is continuing to develop two years on with plans to expand to a second site.

Challenges

We have had to overcome a range of challenges to get the café up and running:

- Managing relationships between partners
  Buster’s has to manage relationships with the PFI partner and the trust on a day-to-day basis in addition to their customers. The cultural challenges for a small business operating in a large institution have been considerable and have required commitment on all sides. We have had an operational group running from the outset to ensure there is dedicated time to discuss and resolve issues as they arise.

- Supporting staff
  Managing the different needs of the staff group is crucial to the quality of their experience and continuation of their employment; this requires an additional level of understanding and experience from the catering manager. The manager needs to combine keen business understanding and skills, together with excellent people management skills. He has to constantly balance the needs of the business with those of the staff team – recognising their limits whilst also presenting realistic challenges that enable individuals to grow.

- Meeting customer needs
  As a small business, Buster’s has to make shrewd business decisions about food options. This is not something that customers are necessarily sensitive to. Working on the right balance between offering sufficient choice and profitability is a challenge that we continually review and develop.
Benefits

Inpatients have a friendly café area to spend time away from the ward and meet with their visitors; access to affordable food that offers an alternative to that on the ward; and an opportunity to be in a more ordinary environment with a diverse mix of people.

The café staff offer a positive role model for inpatients and others who may be further away from the labour market, and have the ability to build positive relationships with people based on an understanding of their situation.

People with experience of mental health problems have an opportunity to apply to work in the café and gain work experience either as a volunteer, on placement or as a paid member of staff. They have a supportive environment where any personal issues they have will be accommodated, and there is scope to work flexibly. This is significantly increasing their confidence, self-esteem and employment options for the future. Buster’s is now on the employment map for supported employment services in Leeds and has made links with Step Project, Working Minds, JobCentrePlus, Touchstone, Mencap and Leeds City Council.

LPFT as an organisation is building knowledge and experience through this innovative pilot and is considering other options for delivering services through a social firm route. We are currently in the initial stages of exploring possibilities for gardening and maintenance services. Both Broomby and the trust have been approached by other NHS organisations from across the country who are keen to learn from our experience and develop similar initiatives.

Trust staff can eat at the café knowing they are contributing to a business that provides social returns for the people that they are employed to support and care for.

One staff member said: “the staff are always so positive and helpful, the food is great and they’ve created a buzzing environment.”
Nurse Led Therapy Unit – Bispham Hospital Rehabilitation Unit

The staff in the Trust’s Nurse Led Therapy Unit (NLTU) became aware of the social enterprise model through their Directorate Manager, the Deputy Director of Nursing, and with the launch of the Darzi Review wanted to explore the opportunity to become a social enterprise. The project is led by the Deputy Director of Nursing.

The NLTU first opened its doors as a 20-bed unit at South Shore Hospital in 2003, offering a service to patients who no longer require treatment in an acute hospital but still require nursing care. It is a 40-bed intermediate care facility providing step-down from acute inpatient beds and step-up directly from primary/community care, to the residents of the Fylde Coast. The unit makes a significant contribution towards reducing inpatient length of stay and preventing unnecessary admissions to acute care, especially in patients with chronic long-term conditions who tend to be very high intensity users of healthcare services.

“The Blackpool Experience” supports and encourages the leadership development and empowerment of all staff to engage with the ownership, design and delivery of the services that they provide.
The Unit is operationally managed by a matron and is supported by a multi-disciplinary team of staff, including nurses, healthcare assistants, physiotherapists, occupational therapists, a GP, pharmacist and a social worker.

In its first 12 months the Unit treated more than 250 patients with a variety of needs – ranging from people with a newly diagnosed or chronic illness to those adapting to new medication or who require active rehabilitation. Over the past six years the service has grown and in 2006 the Unit moved to the Bispham Hospital site and the number of beds doubled from 20 to 40.

The NLTU has been one of Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust’s greatest success stories; this case study shows what some of the staff and patients think of the service.

The social enterprise model was seen as an opportunity to build upon the service and meet the future business aims and objectives of the trust by benefiting from social enterprise capacity for, and experience of, innovation.

“The NLTU has been a huge success story. I have watched it develop from a 20-bed unit to a 40-bed unit and the staff grow with it. We have a great integrated team of nurses and therapists who all work towards the same vision for our patients – to get them home and be able to live as independently as possible.”

Matron – Jackie Rayworth
The Blackpool Experience

(supported by Blackpool Enterprise Social Enterprise Solutions)

Aims and objectives

- Deliver efficient and effective seamless intermediate care rehabilitation services to primary and secondary care, social services and the private sector at a competitive price, ensuring value for money, patient choice and satisfaction
- Expand the health community’s service base
- Reduce cost and increase patient satisfaction
- Create a surplus to reinvest in developing and improving services
- Demonstrate social return on investment by supporting local community development
- Fulfil the foundation trust’s role as a public benefit organisation through working in partnership with social enterprises
- Improve the Trust’s reputation

“I wasn’t very mobile and was worried about how I would cope. I have had physiotherapy and the support of occupational therapy and I am now able to walk better with the help of a frame. They have also arranged some help from social services for when I go home. The care is excellent, it’s like being in a five star hotel.”

Patient – David Brophy

The Nurse Led Therapy Unit team
Legal structure

The proposal is to establish the NLTU (Intermediate Care) as a social enterprise community interest company (CIC) limited by guarantee. It is proposed that the CIC will be established in shadow form from 1 November 2009, with a view to going live on 1 April 2010. The trust is currently working with the NHS Northwest System Management Team to agree an assurance system and process.

Employees

There are currently 47.80 wte staff within the multi-disciplinary team. NHS terms and conditions will apply under TUPE transfer of existing staff to the social enterprise CIC.

Challenges

Foundation trusts are not eligible to apply to set up social enterprises under the ‘right to request,’ which applies only to primary care trusts. Therefore, policy and procedure has had to be painstakingly explored and influenced.

“I have worked here for five years and have loved every minute of it. Patients come into the unit and maybe they can’t walk very well and are worried about how they are going to cope at home. To watch them leave the unit with more confidence and be back to how they were before they became ill is just fantastic.”

Healthcare assistant – Sarah Pettigrew

<table>
<thead>
<tr>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approvals – the foundation trust board may not approve the business plan and proposal to establish the NLTU as a CIC limited by guarantee; the foundation trust membership following consultation may not be in favour of the proposal; the overview and scrutiny committee may not follow the proposal.</td>
</tr>
<tr>
<td>The Department of Health may not agree to grant approval of the Direction 7 (2) which allows all existing employees to transfer their NHS Pension rights to the social enterprise.</td>
</tr>
<tr>
<td>If the contract for the existing service has to go out to open tender there is a danger that the contract could be lost to another competitor.</td>
</tr>
</tbody>
</table>
The Blackpool Experience

(supported by Blackpool Enterprise Social Enterprise Solutions)

“I moved to the NLTU after working on acute wards as I wanted to get more involved in helping patients get fit for going home. I feel that we can deliver more direct patient care and make a real difference to their quality of life. When patients come in here they often think they will never be able to go home, so to watch them walk out of here after a short stay with their confidence and independence back is great. I am really excited about us being a social enterprise.”

Staff nurse – Charlotte Kelly

Benefits

- A big improvement in staff morale and involvement; palpable excitement and fast and furious generation of ideas for improving patient services, care and satisfaction – real ownership of the service and understanding of how it works and the part that they play in its success.

- Staff more resource aware – for example, turning lights off, not leaving computers on stand-by, using the correct bag for waste disposal, cutting back on the stationery order etc.

- Greater awareness of the importance of customer care.

- Reduction of length of stay, increase in patient satisfaction and increase in activity.

- One of the healthcare assistants is learning to drive at the age of 54 years because she wants to become part of the outreach team. She says that “it is the hardest thing I have ever done”.

“I am 89 and have had problems with swelling in my legs and have struggled to walk. The staff have helped me to walk better and do things for myself and I am now looking forward to going home. Everyone has been very good.”

Patient – Martha Stevens
Thoughts for success

- The key is really believing in the social enterprise; that it is achievable and will be successful.
- Motivational, inspirational leadership is crucial – you can’t be afraid to push the boundaries and risk challenging the status quo.
- Madness – “It is almost unemployable people who want to do this.” (Martin Kinsella, 3rd July 2009)
- Tenacity – quick to recover from setbacks and keep on trying.

“I think social enterprise is a great idea and it is exciting to be involved in being one of the first health units in the country to move forward with this.”

Staff nurse – Charlotte Kelly
Lincolnshire Foundation Enterprises (LFE)

(Lincolnshire Partnership NHS Foundation Trust and Social Enterprise)

LFE provides a formal link between four organisations that enables us to respond innovatively to opportunities to attract funding into the county that can benefit people receiving mental health services from LPFT, as well as promoting positive mental health more widely in Lincolnshire.

There are a number of strands, the primary purpose being establishment of a brokerage that networked with existing organisational structures to host new services.

LFE is a strategic partnership to establish a mental health endowment which will enable people with mental health difficulties to be appropriately supported to enable them to access a range of green activities and, when appropriate, employment opportunities.

A formal organisational envelope was considered unnecessary and a potential encumbrance as the proposal to develop the strategic partnership had been formally presented to governing executives and become ratified before Foundation Enterprises became operational. Ultimately, it is probable that new social enterprise organisations will be established, although the precise legal form is currently not known.
The four partners in developing this new model are:

- Lincolnshire Partnership NHS Foundation Trust (LPFT) – a provider of services to people who experience secondary tier mental illness
- Lincolnshire Community Foundation – Lincolnshire’s leading grant-making trust
- Hill Holt Wood
- Lincolnshire Community Bank.

Listen to social entrepreneurs – they are a rich source of innovative thinking and advice

**Rationale/objectives**

In considering the rationale and objectives for LPFT, reference was made to the principal and other purposes of the Trust as set out in the constitution. The rationale and objectives for LPFT include to:

- benefit from social enterprise capacity for, and experience of, innovation
- benefit from social enterprise capacity to attract income to support the Trust’s principal purpose
- strengthen preventative programmes to ensure Trust services are targeted at those who most need them, and support is available to promote discharge at the earliest appropriate opportunity
- thrive in a market stimulated by world-class commissioning, including:
  - cost effectiveness – opportunities for ‘upstream and downstream’ savings, new income streams, added value
  - being responsive to the Putting People First agenda – personalisation, individual budgets, well-being care pathway that promotes recovery and ongoing support
- achieve healthcare standards:
  - C22 – cooperating and working actively with other organisations to “promote, protect and demonstrably improve” health and reduce health inequalities
- show Trust support in achieving the Sustainable Community and Local Area Agreement objectives, as reflected in comprehensive area assessment findings
- fulfill the Trust’s role as a public benefit organisation through broader support of social inclusion, for example establishing specific projects and actions to achieve the Socially Excluded Adults Public Service Agreement (PSA16), particularly regarding employment, education, training, social and other activities
- strengthen the Trust’s position in taking new business opportunities by establishing new business relationships and models
- deliver positive benefits to the Trust’s reputation
- develop organisationally and environmentally sustainable business models.
Lincolnshire Foundation Enterprises (LFE)

LFE provides a formal link between four organisations that enables mental health services to respond to all opportunities to attract funding into the county that can benefit people receiving high-end mental health services for LPFT.

LFE brought the following three organisations together and provided the services of a consultant to prepare and submit a proposal to EcoMinds that would develop a new service and be a flagship project for that funding stream.

- **Lincolnshire Community Bank** – a community-led project hosted by Lincolnshire Community Foundation, comprising community leaders and associates that aspire to build endowment as an alternative to a dependency on cyclical grant aid.

- **Hill Holt Wood (HHW)** – Lincolnshire’s leading social business and a national exemplar in the innovative use of ancient woodland for green activities.

- **The Social Enterprise Coalition (SEC)** – the national lead organisation representing a wide range of social enterprises, regional and national support networks and other related organisations. The SEC includes a health brief in its development portfolio.

LFE provides a brokerage to network with other organisations and projects. An example of what a brokerage can offer mental health services is set out below.

The outline business model for LFE was conceived by the Lincolnshire Community Foundation (LCF) in 2008, which created a partnership between LCF and LPFT that was ratified by governing executives before becoming established.
Big Wood
This is an EcoMinds funded project (made possible as a result of the LFE partnership) to provide an eco-burial service in ancient woodland. It will build an eco-endowment, the interest on the endowment will perpetually fund green activities for people experiencing mental distress.

Hill Holt Wood will host and operationally manage the scheme. Lincolnshire Community Foundation will set up and manage a ‘burial trust’, market the development of natural burial and build the endowment that will provide the sustainable funding into the future for people with mental health difficulties.

People with mental health difficulties will be supported by designated rangers (trained in woodland crafts, teaching and client support) to open community access to 40 acres of green space and to produce a range of green memorials that can be purchased by bereaved families.

Thirty people experiencing mental health problems will use the service each year for three years.

Three new staff will be employed as designated mental health specialist rangers (two staff in year one with a volunteer progressing to paid employment in year two). They will:

- provide appropriate support for the key target group to engage in green activity
- be responsible for supporting the mental health eco-group to grow
- receive feedback and formally record aspirations and expectations of people involved in project activities.

It will build an eco-endowment, the interest on the endowment will perpetually fund green activities for people experiencing mental distress.
Lincolnshire Foundation Enterprises (LFE)

Examples of potential future service development

Potential future service developments include:

- at Hill Holt Wood:
  - the possible establishment of ‘Pustinia’ accommodation, that is, a place where anyone seeking solace would have a place of peace and privacy. This is often (though not exclusively) through prayer. People who are experiencing grief or other intense emotional distress could be helped by having reflective time, supported spiritually and psychologically on site
  - a range of activities being developed (including voluntary work, woodworking etc) which the Trust’s service users may be able to access
  - plans to establish an artists’ studio with a residential cottage on site. LPFT service users may be able to utilise this facility

- gardening for tenants of social landlords in North Kesteven, undertaken by HHW volunteers and learners (learners are aged 14 to 19) to repair and tend gardens, with a view to also growing vegetables. Mental health service users could potentially benefit both as volunteers and as tenants

- inpatient units’ food to be grown on site with patients’ involvement. A possible second stage would be for the project to expand into managing other people’s gardens (similar to above)

- procurement opportunities such as energy-saving light-bulbs.

Challenges:

- identifying potential funding streams in order to establish new services to generate an income for the mental health endowment

- the long lead-in time.

Risks:

- low take-up of eco-burials

- referrals are insufficient or inappropriate for the project

- the interest rate remains low in a flat economy frustrating endowment growth.
Benefits

From the perspective of a specialist mental health foundation trust we have established a formal partnership that has so far attracted into Lincolnshire £250k which will benefit our patients in the short to medium term (three years’ funding) by the provision of a new service.

Secondly, in the longer term we have established a health and well-being endowment with a specific area of funding designated to support our patients in the long term through endowment interest.

The projected benefits of the Big Wood scheme include:

- green activity for people experiencing mental and emotional distress
- employment opportunities
- eco-burial for bereaved families
- public access to ancient woodland
- managed sustainable green space
- achieving EcoMinds objectives:
  - improve local environments, open spaces and the countryside whilst making them more accessible and relevant to people’s needs
  - create a greater sense of community ownership of the local environment, with better collaboration between communities and the voluntary and statutory sectors
  - improve social, economic, and environmental sustainability.

In addition, the Trust has benefited from the experience and knowledge of third and social enterprise sector partners in accessing funding and developing innovative service models.

Recommendations:

- be clear about the fit with the Trust’s business model
- be flexible, with a focus on achieving the health, environmental and other benefits
- be patient... it can take a long time! Develop and sustain relationships over time
- listen to social entrepreneurs – they are a rich source of innovative thinking and advice
- apply appropriate due diligence with any potential partners.
NeuroResponse

Anyone who is unsure what innovation and social enterprise can bring to the NHS to improve the lives of patients and staff and cut costs should continue reading.

Bernadette – the first nurse to be appointed an NHS Multiple Sclerosis (MS) nurse consultant in the country – has worked with patients with MS for over 20 years.

Now, with the support of her trust – the National Hospital for Neurology and Neurosurgery (NHNN), part of University College London Hospitals (UCLH) NHS Foundation Trust – and Health Launchpad at the Young Foundation, Bernadette is creating a social enterprise called NeuroResponse.

NeuroResponse consists of three parts:

- **NeuroDirect** – offers a telephone triage/advice line staffed by expert MS nurses
- **NeuroMail** – offers email advice to GPs from a consultant neurologist
- **NeuroView** – offers a video link for a patient to an expert neurology team
NeuroResponse means:

- more control for patients over their own lives and greater choice
- less time wasted by patients and staff
- high-quality care available when it is needed
- significantly lower costs.

At present, if a person with MS thinks they may be in difficulty and wants to seek telephone help, he or she will normally hear a recorded message and receive a response some time later. GPs seeking a consultant’s advice still rely mainly on correspondence by letters (email is relatively under-used in hospital care). And patients with MS may have to make a long journey for a regular check-up that reveals little or no change.

NeuroResponse offers:

- expert telephone support for patients
- an instant email answer for GPs seeking professional help (on average, GPs see only two to four cases of MS a year)
- a video clinic in a patient’s home territory that saves time, travel, inconvenience and costs.
NeuroResponse continues to be piloted. In a year’s time it hopes to have proven its worth, not least to commissioners. It embodies personalisation of care, increases choice, reduces the burden of long-term conditions, keeps patients out of hospital and endorses the Government’s enthusiasm for social enterprise.

Bernadette first developed the idea for NeuroResponse during a social entrepreneurship course at the Said Business School. “I didn’t know what a social entrepreneur was but I looked at the list of skills required and I thought, I can do that. I’d never have thought of myself as a nurse entrepreneur but here I am. And if I can do it, so can others.”

Bernadette is creating NeuroResponse as a social enterprise because it will seek to generate revenues and profits, just like a normal business, but will then reinvest all profits in expanding the range and scope of the services available. For example, NeuroResponse intends to branch out into other neurological conditions such as Parkinson’s and epilepsy, and also seeks to expand its range of services to provide a broader lifestyle offer encompassing vocational, social and leisure services. As a social enterprise, there is no obligation to return profits to shareholders.

The aim is to launch a tried and tested NeuroResponse by 2010 as a social enterprise, with Bernadette, UCLH and Health Launchpad as partners. The three have already worked closely together for over a year – the support of UCLH proving vital. For instance, it is matching the £150,000 invested by Health Launchpad at the Young Foundation. NHNN has also freed up Bernadette’s time so she can work on the development of NeuroResponse; provided office space; recruited extra MS nursing staff and built NeuroResponse services into nurse and consultant neurologist work plans. Bernadette has worked closely with commissioners in developing the business plan and will be in continued contact with them throughout the pilot to ensure that the service meets their requirements.

Bernadette has been strongly supported by UCLH Foundation Trust and Health Launchpad at the Young Foundation. Health Launchpad associate, Mike Estill, has worked with Bernadette to develop her business plan, organise several pilots and gain the necessary technology and investment, including financial backing.
Key learning points

Tips for people interested in following Bernadette’s path include:

- the need for individuals to have passion and drive
- the importance of someone with a good idea seeking out business support and mentoring early
- having a third party presence, such as Health Launchpad, to maintain the momentum of the project
- the importance for the would-be entrepreneur to understand that their venture has to have something that attracts senior management – such as saved costs, help to meet targets, increased revenue, as well as patient satisfaction.

Other key enablers have been the crucial support from NHNN (particularly from Jackie Sullivan, business manager); from James Thomas, UCLH head of ICT; and from Alan Thompson, Professor of Neurology. In addition to senior management, the nursing team has also provided significant endorsement. Mike Estill’s mentoring throughout the development of the venture has boosted Bernadette’s confidence and further honed her natural ability as a social entrepreneur.

According to figures from the MS Society, professional NHS care for a patient with MS can cost up to £25,000 on and soon after diagnosis. Early calculations indicate that significant savings could be generated by the use of NeuroResponse.

“MS hits young people especially hard. If NeuroResponse helps to improve the quality of their lives then we would have achieved something that really matters. That’s what social enterprise is all about – giving something back. This is just the beginning of a radical change in health and social care.”

Bernadette
NHS MS nurse consultant
In discussion with Stockport Metropolitan Borough Council (MBC), the social care lead and the trust’s executive director of nursing and integrated governance, agreement was reached to explore the opportunity to develop a social enterprise scheme.

In November 2007, Oasis Café was opened in the entrance to the mental health unit at Stepping Hill Hospital, Stockport.

Oasis Café has been formed using a community interest company process, with the trust, Stockport MBC and Bubble Enterprises (a not-for-profit company) as equal partners.

The café offers employment and volunteering opportunities for service users and carers, with all of the products sourced from companies who also offer employment opportunities for vulnerable individuals.
Who was engaged and how?

The trust engaged fully with local user and carer organisations, with Stockport User Friendly Forum leading consultation on the use of the space as part of the ‘Enhancing the Healing Environment’ project to develop a garden adjacent to Oasis Café. This set the direction of travel to develop a café in the main entrance.

The trust and Stockport MBC interviewed a number of not-for-profit companies to combine the provision of a café with employment opportunities to bring together the health and social care statutory sectors with the not-for-profit sector, to benefit individuals and the wider community.

The café offers employment and volunteering opportunities for service users and carers, with all of the products sourced from companies who also offer employment opportunities for vulnerable individuals.
The trust’s deputy director of finance has, as part of the set-up of the café, engaged with Stockport MBC’s finance and legal service to ensure that both organisations’ standing financial instructions are adhered to and have been updated and amended to reflect the complexities of this innovative partnership arrangement.

**What is innovative about the project?**

The project:

- brings together the statutory and not-for-profit sectors to benefit vulnerable individuals and the wider community
- provides real employment opportunities that are based on the recovery model of care and has provided individuals with a stepping-stone to employment
- supports the development of a social enterprise scheme which is a transferable model and can expand
- is a high-return, low-risk model.
What are the outcomes of the project?
Outcomes include:
- employment and volunteering opportunities for service users and carers
- the support of a model of recovery and social cohesion
- the reduction of stigma
- the development of new ways of working between statutory services and the not-for-profit sector
- a successful social enterprise company.

How is it making a difference to clients?
The project:
- provides employment and volunteering opportunities
- enables long-term unemployed people to move back into full employment
- provides a facility to open up the mental health facilities to the whole of the district general population, thus reducing stigma and improving social interaction
- supports other social enterprise schemes which provide services to Oasis Café
- is an example of the recovery model in practice
- is a positive outcome of user-led consultation on developing new services.

The project is making a difference to clients by providing employment and volunteering opportunities and enabling long-term unemployed people to move back into full-time employment.
A highly acclaimed care farm project in Suffolk has helped people with severe mental health problems to recovery and employment – while easing isolation among farm staff.

The Sotterley Care Farm project represents an outstanding example of successful partnership working between the farm and Norfolk and Waveney Mental Health NHS Foundation Trust.

It used the Suffolk farm’s 2,500 acres of arable land, and more than 600 acres of woodland, to promote physical health and wellbeing, and also to develop general work and life skills.

The project was inspired by a fact-finding trip to Holland in 2008. Sari Kelsey, team manager at South Waveney community mental health team, and Doeke Dobma, a community support worker, were among clinicians, local farmers and rural officers who visited eight care farms in Friesland.

The trip reinforced Dutch research indicating that care farming has a positive influence on mental health through exposing people to nature and reconnecting them with the land.
“Many service users within our own rural area wanted work on the land, but could not find it,” recalls Sari. “Care farming seemed an excellent way forward, so Doeke and myself ran a stall at the local farmers’ market. We hoped to attract interest in providing work experience opportunities to our service users. The farm manager from the estate saw the stall, and it took off from there.”

“Their confidence has also risen and they have taken on training courses they had previously felt unable to attempt.”
Initially, the farm allowed a group of volunteers, under Doeke’s guidance, to tackle manually intensive conservation tasks on a trial basis. The farm manager was impressed, and agreed to pay Doeke’s wages for the day that the volunteers were present.

As the project developed there were many positive outcomes. “Four service users are now working within the rural economy, having struggled to gain access previously,” said Sari. “Their confidence has also risen and they have taken on training courses they had previously felt unable to attempt.

“Service users talk of how the physical activity impacts favourably on their mental health. This, combined with feeling useful, having a reason to get up, and the social aspects of working with others, has been of great benefit.”

“The farm manager has been very flexible, and Doeke has put a lot of energy into galvanising the group,” said Sari. “They have tackled tree-planting, ditch-clearing, thistle-clearing and hedge maintenance. There have been no extra costs – initially we ring-fenced a day of Doeke’s time to set the project going. Now that day is paid for by the farm.”
The project involves the farm manager delegating tasks for the group to choose from – although Doeke can decline tasks which he feels may be too much for the group. “The farm manager has been very flexible, and Doeke has put a lot of energy into galvanising the group,” said Sari. “They have tackled tree-planting, ditch-clearing, thistle-clearing and hedge maintenance. There have been no extra costs – initially we ring-fenced a day of Doeke’s time to set the project going. Now that day is paid for by the farm.”

Challenges included launching the project with no extra funding, and the complexities of statutory service delivery. Doeke’s energy and enthusiasm, and the farm manager’s willingness to work with the trust, have been vital.

The project’s success saw it named as a finalist in the Health and Social Care Awards 2009. Additional benefits to service users have included social inclusion and the stigma-challenging effect of service users working within their own community.
Appendix 2: Legal structures for social enterprise, at a glance

This is a rough guide to the legal structures most commonly associated with social enterprise. However, there is a lot of law on each of the legal structures described below and foundation trusts should seek legal advice before adopting any of them.

<table>
<thead>
<tr>
<th>Legal structure</th>
<th>Summary: most typical features</th>
<th>Ownership, governance and constitution</th>
<th>Is it a legal person distinct from those who own and/or run it?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unincorporated association</td>
<td>Informal; no general regulation of this structure; need to make own rules.</td>
<td>Nobody owns: governed according to own rules.</td>
<td>No: can create problems for contracts, holding property and liability of members.</td>
</tr>
<tr>
<td>Trust</td>
<td>A way of holding assets so as to separate legal ownership from economic interest.</td>
<td>Assets owned by trustees and managed in interests of beneficiaries on the terms of the trust.</td>
<td>No: trustees personally liable.</td>
</tr>
<tr>
<td>Limited company (other than community interest company)</td>
<td>Most frequently adopted corporate legal structure; can be adapted to suit most purposes.</td>
<td>Directors manage business on behalf of members. Considerable flexibility over internal rules.</td>
<td>Yes: members’ liability limited to amount unpaid on shares or by guarantee.</td>
</tr>
<tr>
<td><a href="http://www.companieshouse.gov.uk">www.companieshouse.gov.uk</a></td>
<td></td>
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<tr>
<td>Community interest company (CIC)</td>
<td>New “off-the-peg” limited company structure for social enterprise with secure “asset lock” and focus on community benefit.</td>
<td>As for other limited companies, but subject to additional regulation to ensure community benefits.</td>
<td>Yes: members’ liability limited to amount unpaid on shares or by guarantee.</td>
</tr>
<tr>
<td><a href="http://www.cicregulator.gov.uk">www.cicregulator.gov.uk</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial &amp; provident society (IPS) (co-operative)</td>
<td>For bona fide co-operatives that serve members’ interests by trading with them or otherwise supplying them with goods or services.</td>
<td>Committee / officers manage on behalf of members. One member, one vote (regardless of e.g. sizes of respective shareholdings).</td>
<td>Yes: members liability limited to amount unpaid on shares.</td>
</tr>
<tr>
<td><a href="http://www.fsa.gov.uk/Pages/Doing/Info/MSR/">www.fsa.gov.uk/Pages/Doing/Info/MSR/</a></td>
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<tr>
<td>Industrial &amp; provident society (IPS) (community benefit society (BenComm))</td>
<td>Benefit community other than just own members and have special reason not to be companies.</td>
<td>Like co-op type, but new legislation provides option of more secure form of asset lock.</td>
<td>Yes: members liability limited to amount unpaid on shares.</td>
</tr>
<tr>
<td>Charitable incorporated organisation (CIO)</td>
<td>First ready-made corporate structure specifically designed for charities.</td>
<td>Similar to company but with different terminology (e.g. for “directors” read “charity trustees”).</td>
<td>Yes: members either have no liability or limited liability.</td>
</tr>
<tr>
<td><a href="http://www.homeoffice.gov.uk/comrace/active/charitylaw">www.homeoffice.gov.uk/comrace/active/charitylaw</a></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Can its activities benefit those who own and/or run it?</td>
<td>Assets &quot;locked in&quot; for community benefit?</td>
<td>Can it be a charity and get charitable status tax benefits?</td>
<td>Differences in the law as it applies in Scotland or Northern Ireland?</td>
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<td>--------------------------------------------------</td>
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</tr>
<tr>
<td>Depends on own rules.</td>
<td>Would need bespoke drafting to achieve this.</td>
<td>Yes if it meets the criteria for being a charity.</td>
<td>No specific differences.</td>
</tr>
<tr>
<td>Trustees/directors no, unless trust, court or Charity Commission permit.</td>
<td>Yes (if trust established for community benefit).</td>
<td>Yes if it meets the criteria for being a charity.</td>
<td>No, subject to differences between English and Scots trust law.</td>
</tr>
<tr>
<td>Yes (but no dividends etc to members if it is a company limited by guarantee).</td>
<td>Would need bespoke drafting in articles (which could be amended by members).</td>
<td>Yes if it meets the criteria for being a charity.</td>
<td>Scotland: no. Northern Ireland: separate but similar legislation.</td>
</tr>
<tr>
<td>Yes, but must benefit wider community as well. Can pay limited dividends to private investors.</td>
<td>Yes, through standard provisions which all CICs must include in their constitutions.</td>
<td>No, but can become a charity if it ceases to be a CIC.</td>
<td>Scotland: no. Northern Ireland: legislation not yet in place.</td>
</tr>
<tr>
<td>Yes, but should do so mostly by members trading with society, using its facilities etc, not as a result of e.g. shareholdings.</td>
<td>Would need bespoke drafting in articles (which could be amended by members).</td>
<td>No – would have to be constituted as community benefit type of IPS.</td>
<td>Scotland: no. Northern Ireland: separate (but similar) legislation.</td>
</tr>
<tr>
<td>Must primarily benefit non-members; asset lock applies.</td>
<td>Yes (asset lock only survives dissolution if new statutory form of asset lock adopted).</td>
<td>Yes if it meets the criteria for being a charity.</td>
<td>Scotland: no. Northern Ireland: legislation not yet in place.</td>
</tr>
<tr>
<td>Members: no. Charity trustees: only if constitution, court or Charity Commission permit.</td>
<td>Yes.</td>
<td>Cannot be anything but a charity, and must meet the criteria for being a charity.</td>
<td>Scotland: separate (but similar) legislation and Regulator. Northern Ireland: legislation not yet in place.</td>
</tr>
</tbody>
</table>
Appendix 3

Changes to CIC regulation

Since 1 October 2009, the law relating to community interest companies (CICs) has been updated. The main changes are that:

- A CIC will be able to convert to the asset-locked form of a community benefit society (a form of industrial and provident society)
- A Scottish charity will be able to convert to a CIC.

The amending law will also:

- Remove requirements relating to alternate directors and casting votes
- Add a ‘reasonable person’s’ test to the ‘section of the community’ aspect of the community interest test.

Alternate directors and casting votes

From 1 October, the chairman of a CIC will no longer have the right to have a second or casting vote in the case of an equality of votes at a board meeting.

In addition, an alternate director will no longer have the right – in the absence of their appointer – to have a separate vote on behalf of their appointer in addition to their own vote.

Reasonable person’s test

In order to satisfy the community interest test, a CIC must show that a reasonable person might consider that its activities are being carried out to benefit either the community or a section of the community.

Currently, a group of people may be a section of the community if they have an easily identifiable common characteristic which sets them apart from other members of the community.

From 1 October, a group of people will be regarded as a section of the community not only if it meets the current test but also that a reasonable person might consider that they constitute a section of the community.
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Foundation Trust Network, 2009

*More for your money: a guide to procuring from social enterprises.*
Social Enterprise Coalition, 2006

*Rising to the challenge: social enterprises delivering services for children, young people and families.*
Family & Parenting Institute/Social Enterprise Coalition
Further resources

Social Enterprise Coalition
www.socialenterprise.org.uk

Co-operatives UK
www.cooperatives-uk.coop

CIC Regulator
www.cicregulator.gov.uk

Business Link
www.businesslink.gov.uk

Companies House
www.companieshouse.gov.uk

Social Enterprise Unit

Forth Sector
www.forthsector.org.uk

The Charity Commission
www.charity-commission.co.uk

Office of the Third Sector
www.cabinetoffice.gov.uk/third_sector

Association of Chief Executives of Voluntary Organisations
www.acevo.org.uk