

# UNITE BRIEFING ON SOCIAL ENTERPRISES

**The ConDem government wants the biggest social enterprise business section in the world – i.e. as many NHS services as possible to be privatised and turned into ‘social enterprise’ businesses.**

**But the privatisation of NHS services is not a given and can be challenged. Unite is leading a national political campaign against the destruction of our NHS and in favour of the type of NHS that will best meet the needs of everyone – an integrated, comprehensive, universal, publicly owned and accountable NHS free for all. But that campaign will not succeed unless we defend our NHS at a local level.**

## WHAT IS A SOCIAL ENTERPRISE?

‘Social enterprise’ can be a fairly wide term and there is no fixed or rigid description, with social enterprises taking many different organisational forms. Broadly though we can say they are businesses that trade for a stated ‘social aim’.

## HOW WILL ‘SOCIAL ENTERPRISES’ DELIVER HEALTHCARE?

Underpinning NHS reform policies in recent years has been the aim of breaking up the NHS in England from a national, integrated health service into a series of separate business units competing against each other.

The idea is that competition will improve service. Different healthcare service providers competing against one another for contracts and income will have to improve quality, personalising and tailoring health care services to patients and service users. Social enterprises have been promoted as an organisation within this wider context that also helps to improve services by involving staff in the running of the services they are delivering.

Recent reforms turned Primary Care Trusts (PCTs) into ‘commissioning’ bodies – contracting others rather than directly provide services themselves. Now PCTs will be abolished and instead groups of GPs will be handed £70-80 billion – most of the NHS budget – to contract healthcare services for their patients from “any willing provider.” In other words from the private sector and ‘third sector’.

This ‘commissioning’ function, or contracting, will itself be contracted out to a private management or health company such as McKinsey, Bupa and others. The business development director at the private multi-national health company Tribal has said the government plans “could lead to the denationalisation of healthcare services in England.”

## THE ‘RIGHT TO REQUEST’ A SOCIAL ENTERPRISE IS SET UP AND THE VIEWS OF STAFF

As part of the drive for more social enterprises the new ConDem government is going to extend the ‘Right to Request’. Primary and

community care staff have already had a ‘right to request’ to set up a social enterprise business to provide either a specific health service (for example, Health Visiting or Speech and Language Therapy) or all of a PCT’s health and community services. The PCT board would then consider the request and award a contract to the newly established social enterprise.

We are waiting for the details of exactly how the ‘right to request’ will be extended and how it will operate in an environment without PCTs and SHAs.

What has happened over the past year, and acts as a stark warning, is that Unite members have reported that a great deal of time and money was spent telling staff they had this ‘right’ and greatly encouraging them to use it, and downplaying the many positive aspects of remaining in the NHS.

The desire of a senior manager, or a small handful of people, who wish to set up a social enterprise may be at odds with the majority of staff who do not wish to be pulled into a private social enterprise company and out of the NHS. Unite therefore believes there should be a requirement to have a staff ballot.

## STAFF BALLOT

Unite campaigned in each workplace where a social enterprise business was proposed for a staff ballot to take place. In some cases PCTs shamefully refused. In many instances where staff ballots did take place the views of staff were clear – in Luton a ballot of all staff affected found that 97% were opposed to transferring out of the NHS, but management tried to continue pushing staff to transfer. Transferring staff to a social enterprise business without conducting a ballot, or flagrantly disregarding a clear ‘no’ vote goes against the purported ethos inherent in social enterprises of staff participation, engagement and empowerment. If there is not even a commitment to ask and respect the views of staff about something as important as transferring their employment, what is the likelihood of staff being able to participate in meaningful decision making further down the road?

## DON'T DESTROY OUR NHS!

Social enterprise businesses and competition are being widely touted as the way to achieve the goal of personalised, tailored health care services as though they are inherently better than the NHS. **We disagree.**

The refrain has been that local services will be subject to local decision making; local groups of GPs will decide what organisations should be contracted to deliver health services to meet the health needs of their patients. This obscures what is actually taking place – the privatisation of most of the NHS, leaving only a logo behind, through the accumulative impact of local services being transferred to the private sector.

Even when social enterprise businesses are initially established with the best of intentions by former NHS staff the social enterprise will have to bid for contracts in an increasingly competitive and hostile environment against large, multinational companies.

There are many reasons why Unite is opposed to the privatisation of our NHS and the creation of social enterprises. Here are some of the key reasons;

- **Cost**

Privatised healthcare tends to cost more - the break up of NHS services into lots of different private sector competitors operating in a market is a huge financial drain. This competitive market needs to be 'managed' and has a large number of transaction costs, such as legal fees in drawing up and monitoring contracts, invoicing and billing for services, advertising for patients and service users and money spent on trying to win contracts. As private organisations social enterprise businesses and private health care providers will have to pay VAT on certain aspects which is an additional cost. Professor Allyson Pollock has estimated that the marketised healthcare system may cost up to £20 billion a year – this is wasted money that should be spent on patient care.

- **Long term public health needs but short term contracts**

There is an inherent contradiction between the aim – and need – to develop healthcare services that invest in public health initiatives that will not bear financial fruit for many years and a brutal short-term competitive market where contracts are renewed every few years. There is a risk that companies who don't generate profits will go bust. What happens to the health services they were supposed to provide then?

- **Competition not cooperation**

We don't think that high quality holistic healthcare can be delivered to people, families and communities through a competitive market. Unite has previously cited examples from our Not-for-Profit sector membership where competitive tendering among children's charities hindered the sharing of best practice and knowledge. A business will not share innovative practice with others as it will lose its competitive advantage and risk losing its income and contract, therefore threatening the future survival of the company.

To attract patients and clients to a service – and therefore generate an income stream – organisations will have to spend money on marketing and advertising. There is then a further incentive to 'cherry pick' and prioritise treating those patients and users with the least complex needs, who will be the most profitable.

- **Accountability**

Accountability suffers when private involvement increases – 'commercial confidentiality' makes it impossible to scrutinise public spending because the information is not available. Turning health services over to private companies means that increasingly holding organisations to account means ensuring contract compliance. If a change of organisation is demanded to deliver on new goals set democratically by governments or councils, this can only be done by re-negotiating contracts.

## STAFF INVOLVEMENT NOT TRANSFER OF EMPLOYMENT

Staff should be more involved in the running of healthcare and community services and participate in decision making concerning the services they deliver. But that can happen inside the NHS – it does not need the wholesale transferral of services and employment out of the public sector.

When a social enterprise business, or any 'third sector' or private business, is awarded a contract to provide healthcare services staff, will no longer be employed by the NHS. This would mean Agenda for Change terms and conditions would not necessarily be adopted by the new organisation – indeed the government has stated in the White Paper there is support for "individual employers...to determine pay for their own staff". The quality of a service depends upon the experiences and encounters patients and service users have with staff – privatisation and the break-up of national collective bargaining threatens an erosion in the number of staff, their terms and conditions and the resources available to those staff. Staff who choose to work in the NHS do so because of the ethos behind the NHS – this ethos is missing when companies are driven by the need to maximise profits.

## THE NHS THAT WE WANT TO SEE

Unite believes that holistic care, where barriers between services continue to be broken down, can be best delivered in a universal, comprehensive, publicly owned and publicly accountable NHS.

Investing in involving staff, allowing staff to participate in decision making about the services they deliver and developing leadership amongst health care workers does not require privatisation. It requires a well-resourced NHS where investment is used wisely and staff are motivated. Good quality, personal healthcare and community services do not come from privatisation – they come from staff having sufficient time to spend with, and working for, each service user. Instead this comes from manageable workloads and appropriate ratios of staff to service users.

**For more information on how to get involved in defending the NHS look at [www.unitetheunion.org/unite4ournhs](http://www.unitetheunion.org/unite4ournhs)**

## TOGETHER WE CAN KEEP OUR NHS

