

IMAGINE PUBLIC SERVICES WHERE **EVERY PENNY** SPENT IS USED FOR **PUBLIC GOOD**

E3M

High quality public services that meet communities' needs, delivered by organisations dedicated to the people and places they serve, through transparent partnerships where profits support more people...

...it's no dream: **this is the "social enterprise" difference** in public services. Social enterprises:



Provide community-first solutions that people need

Instead of imposing "one size fits all" services, social enterprises **innovate** and deliver **collaboratively** to **maximise resources**.



Are effective and people-centred

Address **complex needs** and deliver **preventative** services as well as **exceptionally high quality support**, all with **flexibility and responsiveness**.



Are rooted in places

Understand the **specific circumstances of the communities** they are **part of** and **build resilience** there.



Reinvest profits for purpose

Profit is never extracted, sent to offshore tax havens or private equity, it is **reinvested** back into communities and used to further **public benefit**.



Empower and grow productivity

Value the participation and potential of their people, creating **great jobs and opportunities** in communities and fostering **productivity**.



Exist to serve

Their mission is their **purpose**. They address major challenges, including the **cost-of-living** crisis, **climate** emergency and achieving greater **equity and inclusion**.

“

The social enterprise difference in public services is real, measurable and, most importantly, results in better outcomes for people and places.

”

People want and need social enterprises to deliver more of our public services.



Social enterprises, co-operatives, mutuals, leisure trusts, employee-owned businesses and trading charities deliver public services with people and places at their heart:

Case studies

The social enterprise difference in health, children's social care, rented housing, support for people with complex needs, community leisure facilities, early years care and other services:



e3m.org.uk/cases

Data and evidence

In health and care commissioning, for example, social enterprise:

- Boosts opportunities to deliver on local priorities
- Addresses health inequalities
- Supports local economies



e3m.org.uk/data

Book

- Contributors have worked in central and local government, the NHS and leading social enterprises
- Will support readers to maximise good outcomes for people and places



e3m.org.uk/vitalising-purpose-book



What are social enterprises?

They ARE:

- ✓ **Purpose-driven:** they exist for public benefit, service and social justice – their mission is their priority
- ✓ Surplus- or profit- making and **use their profits to deliver** more of their mission, cross-subsidise services for more and disadvantaged people, prevent challenges, reinvest in communities and reduce demands on public money
- ✓ Efficient and entrepreneurial: can **lead and drive** innovation; deliver **high quality** and preventative services
- ✓ **Transparent** and **accountable** in governance, demonstrating public benefit across diverse structures from social enterprise to co-operative, CIC, community benefit society, leisure trust or trading charity
- ✓ **Proven:** evidence shows they are **resilient** and **sustainable**, often outperforming other business models

They are NOT:

- ✗ Entities which prioritise shareholder return over societal or environmental consequences
- ✗ **Extractors**, like some big businesses happy to **take public money** but owned offshore, paying minimal tax, and more likely (according to independent research) to be delivering poor quality services
- ✗ **Constrained by** rigid processes which prevent innovation
- ✗ **Opaque** corporations using the language of social value, or complex trading structures, while maximising the costs they charge to deliver “people-last” public services
- ✗ **Risky:** social enterprises have **better** survival rates than **PLCs** and **private businesses**



They are the FUTURE: The **public**, many **commissioners**, and many professionals in health and social care, local government and public finance **want and expect a bigger role for social enterprises in public services.**

Responding to the challenges on our public services

There are **record pressures** on our health, social care and children's services; and those covering homelessness, housing, domestic abuse, education, employment and training, criminal justice and support.

Resources are stretched. Demand is escalating. The **market has failed** many people-centred services. **Extractive models** are stripping away assets, minimising resources and creating bigger problems for vulnerable people and service providers.

Traditional approaches, such as outsourcing with the same processes used to buy goods or IT contracts, are failing the public. Read more at: e3m.org.uk/vitalising-purpose-book.



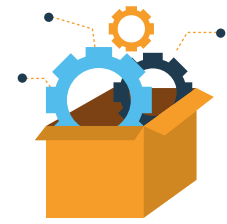
So what's **stopping** social enterprises from delivering more services?



Awareness and perceptions about social enterprises: too often we are viewed as small, less professional or more poorly resourced than corporates and the private sector, none of which is accurate



“Social washing” – contracts being awarded to companies that **“game the system”** promising social value outputs which they could never attain or simply don't achieve yet are never held accountable for



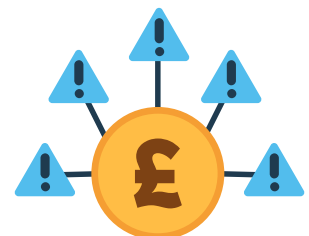
Commissioning and procurement **processes**: services don't need to be bought in the same way as goods and comestibles



Understanding that the social enterprise, **public benefit partnership** model is distinct from in-house delivery or outsourcing and leads to no loss of control or accountability



Scoring for social value often **penalises bidders** which exist **entirely** for social value against those adding it for their bid



Arcane, **prescriptive, transactional or short-term contracts** which exclude many social enterprises yet leave commissioners at the mercy of extractive outsourcing

To ensure public services are delivered effectively, the next Government must:



Recognition, approach and guidance

- » **Recognise** public benefit is wider than financial scores attributed in social value frameworks
- » **Develop** and publish new Guidance on relational models for public service commissioning under the new procurement act
- » **Extend** training for commissioners and procurement departments so innovative practices like collaboration, co-design, partnerships, grant subsidy, co-investment and asset transfer are no-longer underused or ignored

Social Value Act

- » **Expand** the mandate of the Social Value Act to measure and demonstrate social value created and penalise bidders which don't deliver
- » **Adopt** social value or public benefit imperatives so commissioners can choose and exclude potential partners based on organisations' purpose, use of profit, employment practices and commitment to paying UK taxes
- » **Reform** scoring mechanisms which incentivise "social washing" and penalise purpose-aligned partners

Contracts

- » **Use** more "reserved contracts" for purpose-aligned partners
- » **Remove** some public services from market competition entirely when it is clear the market fails to provide adequate quality
- » **Introduce** / use open book accounting and more transparency in contracts
- » **Make** more contracts simple "practical working agreements"
- » **Require** bidders for public contracts to publish details of UK tax paid

Social Investment

- » **Develop** the UK's social investment market to unlock more long-term, patient capital and new forms of social investment
- » **Include** social enterprises, co-operatives and leisure trusts in the development of local industrial / economic / equity / health and wellbeing strategies, and in the co-design of services
- » **Enable** purpose-aligned partners to pay their staff and supply chain fairly by committing to fund services properly
- » **Reform** social investment tax reliefs

Imagine **every pound spent** on social care, education, homelessness, housing, domestic abuse, public health, leisure and culture, employment and training, transport, criminal justice, children's, and other services went into **maximising quality** and **benefitting communities**.



It's happening, but not enough. The benefits are proven. Let's unleash the social enterprise difference.

CASE STUDIES, EVIDENCE, RESOURCES AND MORE: www.e3m.org.uk

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