



Rt. Hon. Matt Hancock MP
Secretary of State for Health and Social Care
39 Victoria Street
London SW1H 0EU

Xx April 2021

Dear Secretary of State,

I am writing to you to raise concerns about procurement decisions being made within the NHS and the impact on social enterprises.

My members have been engaging with officials at the Department for Health and Social Care as well as NHS England on the implementation of the White Paper, NHS Long Term Plan and NHS England's legislative proposals put forward last year. In many parts of the country, social enterprises have been taking the lead in championing integration of services and greater levels of collaboration between different parts of local systems. During COVID, social enterprises have stepped up running vaccination centres, caring for the sick in the community and helping those who traditionally struggle to access health services.

Overall, social enterprises are supportive of the direction of travel towards greater levels of collaboration, with a focus on driving better quality outcomes for patients, tackling health inequalities and increasing the social value of public spending.

However, the proposals have been interpreted by some parts of the system as a message from DHSC and NHS England that they should take services away from social enterprises and bring them back 'in house'. This is regardless of the quality of the services provided by the social enterprise, the social value of those social enterprises and the value to the taxpayer.

This vision of integration is in opposition to the NHS Long Term Plan which encouraged the NHS to continue commissioning social enterprises and community interest companies to provide services. The Long-Term Plan referenced the innovation of the sector and the need for ICSs to support these organisations to address health inequalities. It also goes against existing government policy which still seeks to support the creation of new staff-led social enterprises within public services.

Unfortunately, the White Paper did not reference social enterprises and the role of the sector in providing services and the legislative proposals put forward by NHS England did not provide sufficient clarity on the role of social enterprise providers within local systems. By focusing exclusively on statutory providers and not referencing social enterprises, some ICSs have interpreted the proposals within the White Paper as a call to reduce the number of social enterprises supplying services within local systems.

This is not just a theoretical concern. We have already seen contracts taken away from social enterprises, despite being rated Good by the CQC, from social enterprises



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and given to statutory providers. This is despite the significant value that they have added to communities and patients.

In London, we have heard reports that leaders within ICSs there believe that the government wants them to cut down the number of providers, including social enterprises, as part of the integration agenda. Integration is being defined by some as the merger of organisation and the reduction of diversity. A future where only statutory providers deliver services.

In the next 12 months we are aware of at least £97m worth of contracts held by social enterprises up for review, around 1/10th of the sector's total contracts. Decisions will be made on these contracts before the NHS White Paper and legislative changes have yet to be considered and agreed by Parliament.

We are deeply concerned that without clarity from DHSC and NHS England about the role of social enterprises within the future of health and care services that many ICSs will bring contracts in house, believing that to be the outcome wanted by policy makers.

As a former Secretary of State responsible for social enterprises you know the value that these organisations add to the NHS and have been a champion of the sector. Research has found that social enterprises working in the public sector have seen productivity increases of around 4% a year, compared to just 0.3% a year in the rest of the public sector. In terms of outcomes, social enterprises in health have an average CQC rating between Good and Outstanding, compared to their peers who have an average between Requires Improvement and Good demonstrating that these are better run than other providers. Social enterprise models are more financially sustainable, with 92% of social enterprises making a surplus, compared to 52% of NHS providers which recorded a deficit in 2018/2019 before COVID.

A targeted intervention from DHSC and NHS England could help to prevent the loss of valuable social enterprises from the system. To stop this, we recommend:

- All contracts for social enterprise providers are extended till April 2023, at a minimum, to ensure that no decisions on service provision are made before Parliament has agreed any legislative changes and statutory guidance has been published;
- A statement from you as Secretary of State and the Chief Executive of NHS England in support of social enterprises as providers within the health system and that integration does not mean only using statutory providers – this could be in response to this letter;
- Working with Social Enterprise UK to organise an event for ICSs to discuss the future role of social enterprises and help get the right message out to the wider system.





Patients, communities and the taxpayer will suffer if we lose social enterprises as providers of services. Without action over the next year, this is highly likely. I hope that we can work together to ensure that this does not happen.

Kind regards,

Peter Holbrook CBE
Chief Executive
Social Enterprise UK



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