



National Audit Office

Department of Health

Establishing social enterprises under the Right to Request Programme

Detailed Methodology

JUNE 2011

Detailed Methodology

1 This document outlines the methods used in our examination.

Scope

2 This National Audit Office report assesses the value for money demonstrated by the Department of Health (the Department) in establishing social enterprises under the Right to Request Programme (the Programme). It examines: the support provided by the Department, as well as its objectives for the Programme; the arrangements put in place by Primary Care Trusts (PCTs) to ensure the delivery of services by spun out social enterprises; and, the risks to achieving sustained value for money from the Programme.

Methodology

3 This document provides a detailed description of the methodology of our report, *Establishing social enterprises under the Right to Request Programme*. A summarised version is available in Appendix One of the main report. The methods we used for this study were:

- a survey of commissioners and social enterprises;
- interviews with key staff;
- case studies of spun out social enterprises and their associated commissioning body; and
- a review of key documents.

4 The main elements of our fieldwork took place between November 2010 and January 2011.

Survey of commissioners and social enterprises

5 We conducted three web-based surveys of commissioners and social enterprises. The surveys were sent out in December 2010 and were open until mid January. One survey was sent to PCT commissioners involved in the Right to Request Programme; one to commissioners in Local Authorities; and one to social enterprises that had spun out of the health or leisure and culture sectors.

6 The surveys were designed to assist our evaluation of the level and nature of services that have been spun out in order to understand the barriers commissioners face in achieving value for money, the critical success factors that must be in place in order to secure value for money, and the decision to spin out. It also provided an understanding of more detailed aspects of the spin out, such as the degree to which PCTs and Local Authorities retained or transferred significant assets and liabilities, and contract values and terms.

7 The survey of PCT commissioners was sent to all 55 PCTs involved in spinning out services to social enterprises. The Department provided details of all PCTs involved in the Programme. Eleven responded giving a 20 per cent response rate. The survey was sent to all PCTs participating in the Programme as it was practical to contact the whole, reasonably small, population.

8 The survey to local authorities was sent to all 349 bodies, with acknowledgement that some authorities would not have had experience of spinning out services. The purpose was to understand the extent to which there are any barriers to spinning out to social enterprises and mutuals at a local government level. Twenty-four out of 349 local authorities responded giving a response rate of 7 per cent.

9 The survey to social enterprises was sent to organisations in the health sector spun out of PCTs and to leisure and culture social enterprises spun out of local authorities. At the time of the survey, some of the PCTs had not advanced sufficiently in the Right to Request process to have an established social enterprise for us to contact. Therefore, out of 55 PCTs involved in spinning out to social enterprises, there were only 11 social enterprises to whom we could send the questionnaire. Of these 11, six responded giving a response rate of 55 per cent. We identified our survey population for leisure and culture social enterprises by consulting with the Social Enterprise Coalition and SPORTA (the representative body for social enterprise within culture and leisure in the United Kingdom). Seventy-six organisations were identified that best met our definition of a spun out social enterprise from a local authority in the leisure and culture sectors. Eighteen out of 76 responded giving a response rate of 24 per cent.

10 We followed up survey responses through face-to-face and telephone interviews with senior staff involved in the spinning out process. The purpose of these interviews was to understand in greater detail the contracting arrangements between PCTs and social enterprises, and responsibility for liabilities and rental arrangements for major assets such as buildings, land and equipment. We were able to speak to nine PCTs, three health social enterprises and six leisure and culture social enterprises.

Interviews with key staff

11 We conducted semi-structured face-to-face and telephone interviews with commissioners and other key staff at four PCTs and two Local Authorities who were involved with the decision and process of spinning out services to a social enterprise in the health or leisure and culture sectors. The purpose of the interviews was to gain an understanding of: the decision to spin out; what commissioner's see are the benefits of social enterprises; the main challenges and critical success factors of the spin out; key aspects of the contract between the PCT and the spun out social enterprise; and, the treatment of assets and liabilities.

12 We conducted interviews with senior staff at two pre-Right to Request spin-outs and two launched Right to Request spin-outs. The purpose of the interviews was to understand the social enterprises' perspective of the spin out including: the main challenges and success factors; the case for spinning out; and, the contractual arrangements with the commissioning body. We also interviewed senior staff at two leisure and culture spin-outs to gather similar information and to provide a perspective on spinning out from a different sector.

13 We interviewed key staff at the Department's Social Enterprise Unit to understand: the support framework in place for the Right to Request Programme; the Department's view of the main challenges and success factors around spinning out; and, the reasons for Right to Request proposals not going ahead. We interviewed key staff at the Social Investment Business, which administers the Social Enterprise Investment Fund on behalf of the Department, to understand the level and type of funding provided to Right to Request spin-outs.

14 Finally, we interviewed key staff to gain their perspective on spinning out at a number of third party organisations working with social enterprises and mutuals such as the Social Enterprise Coalition, which provides best practice guidance and training, and informs government policy in this area, and Local Partnerships, which provides investment appraisal and support for service transformation.

Case Studies

15 We conducted six case studies of spun out social enterprises (four health and two leisure and culture) and their associated commissioning body. We selected four of the more established social enterprises (two health and two leisure and culture) and two of the first Right to Request social enterprises to launch.

16 The purpose of the case studies was to examine in greater depth the arrangements in place when spinning out and the main challenges and success factors from the perspective of both the commissioning body and the social enterprise. Our analysis allowed us to present specific examples of aspects of spinning out in our report.

Review of key documents

17 Our review included strategy documents, minutes from decision-making groups, option appraisal documents, contracts with spun out social enterprises, and business transfer agreements. The purpose of our review was to inform our understanding of the strategic objectives of the PCT's and the basis of decisions to approve the spin out of services to a social enterprise. It also allowed us to understand how strategic objectives and the benefits sought by spinning out are articulated in individual contracts with social enterprises. This review also informed our understanding of the degree to which assets, liabilities and risks are transferred to spun out social enterprises.