

Health and Social Care Committee  
Inquiry into residential care for older people  
RC81 – Wales Co-operative Centre



**National Assembly for Wales Health and Social Care Committee  
Inquiry into Residential Care for Older People**

**Date: 30 May 2012  
Response from: Wales Co-operative Centre**

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## **About the Wales Co-operative Centre**

The Wales Co-operative Centre helps co-operatives, social enterprises, community groups and voluntary organisations.

For 30 years, we've given a guiding hand to emerging and established organisations by providing responsive, reliable and flexible support.

Mainly funded by the European Regional Development Fund and the Welsh Government, we are dedicated to working with organisations and communities to tackle social, digital and financial exclusion in Wales.

We help communities develop businesses or projects that value people and the environment as much as profit.

## Introduction

The National Assembly for Wales Health and Social Care Committee is currently undertaking an inquiry into Residential Care for Older People in Wales. In response to a request to submit evidence, we have prepared a short paper on co-operative and social enterprise models, drawing on examples in Wales and the UK, in the residential sector. Also included are alternative models of care provision for older people provided by co-operative or social enterprise businesses.

The evidence provided is in response to the inquiry's terms of reference on two particular points

To examine the provision of residential care in Wales and the ways in which it can meet the current and future needs of older people, including:

- new and emerging models of care provision;
- the balance of public and independent sector provision, and alternative funding, management, and ownership models, such as those offered by the cooperative, mutual sector and third sector, and Registered Social Landlords.

The paper begins with a consideration of why co-operative and social enterprise business models have a role to play in residential care and other care services designed for older people. An example is provided of a co-operative residential care operational during the early years of 2000. This is followed by a number of examples of co-operatives and social enterprises currently operating in the wider social care sector.

Today, in the UK, there is not one co-operative residential care home that we have identified. In the last decade, a consumer co-operative, the West Midlands Co-operative Society (now The Midcounties Co-operative) owned and managed four care homes for older people. In 2005, it sold its business to a private company. The reason for doing so pitted the rate of public funding for care against its co-operative principles. The society did not want to run a business based on paying its staff the minimum wage. It wanted to offer a service of quality for its many stakeholders including residents, their families, advocates and employees too.

Co-operatives are well placed to run residential care for older people. A consideration of the co-operative approach as an alternative model of care can draw on past lessons learnt. This will help shape appropriate policy and the economic environment necessary for the model to thrive. If provided with pump priming investment, it would find an operational model that allows a society to generate a sufficient surplus to reinvest, while securing wider stakeholder engagement and participation.

Wales Co-operative Centre is working with Welsh Government, local authorities and other organisations such as Welsh Social Enterprise Coalition and Social Firms Wales, to consider the role of co-operatives and social enterprises in the delivery of social care. It was instrumental in co-ordinating a series of seminars last year working with third sectors providers to discuss the opportunities and challenges for the sector in expanding their services.

Our role is not to promote externalisation. We do not get involved in these political debates. However, we do believe that there is an opportunity for co-operatives and social enterprises to deliver more of the services that are currently provided in the private sector.

## Co-operative approach to care services

The care sector for older people has been the subject of heated debate in government and the media. Recent news stories have shown the suffering of vulnerable people at the hands of carers they are dependent upon. A number of factors highlighted in the debate include staff retention and turnover, wage levels, skills and training, terms and conditions of employment and empathy with clients.

There is a growing mood that resources invested in care services should be spent on care and not distributed to shareholders<sup>1</sup>. Co-operatives are businesses based on values and principles. In the care sector the co-operative model removes private equity investment from public service delivery. This benefits many stakeholders including recipients of care, the staff delivering the care and the wider community.

We believe that the challenges of providing care for older people can be addressed using co-operative models. The co-operative movement is convinced that the idea that people working together, for mutual support, bring benefits above the sum of the individual parts.

Co-operatives are involved in care for a mixture of three reasons:

- To provide values-based and valued care
- To provide employment
- To build the strength of communities

Models of care can differ but all have the same characteristics:

- Staff have a greater say in the way the business is run including employment policies
- All the organisations have a legal form that gives limited liability to any individual
- All have a democratic process that enables stakeholder views to be reflected. The balance or mix of stakeholder varies significantly between the models, but most have a majority of service users
- Most create the opportunity for friends and supporters families to contribute expertise towards the running of the organisation
- All are democratic, encourage active citizenship and contributing to democratic renewal

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<sup>1</sup> Self-managed Care - a co-operative approach, Co-operatives UK, 2009

- Tensions over charges, pay and performance can be managed collectively rather than individually
- Constitutions generally restrict the distribution of profits. (add reference)
- Profits are re-invested for the benefit of all stakeholders both employees and customers

The fundamental difference between a social enterprise care business and the private sector is its “triple bottom line”. There are three broad criteria by which the success of a social enterprise is judged, its financial performance along with its environment and social impact. Since it is responsible to stakeholders not shareholders the business goals tend to be sustainability and not pure profit.

## Case studies

### 1. Residential care for older people

#### **West Midlands Co-operative Society**

##### **A decade on: Reflection on the residential care homes for older people**

The West Midlands Co-operative Society (now The Midcounties Co-operative) is a retail co-operative society owned by its customers. During the early years of the 21st century it owned four older people residential care and nursing homes in the region.

A telephone interview with Steve Ridler, Group General Manager-Commercial for The Midcounties Co-operative, provided the following information and insight on its former business.

The care homes were established as a trading arm of the co-operative society. Any customer of the society could be a member of co-operative care homes including residents, relatives of people living in the homes and staff. Members would elect the board of directors at the annual general meeting. Eight people would be elected from the community and four from the staff group.

The homes were traditional residential or nursing homes, but with administration and development support provided by the central co-operative society business. The residential homes created significant business synergy with its portfolio of services. However, the care homes were sold at the end of 2005 to Mimosa Healthcare.

West Midlands Co-operative Society faced a number of challenges:

- Substantial investment required in each care home
- Achieving the necessary economy of scale for residential care
- Fee levels set by local authorities for the residential care of older people
- The will to pay care home staff more than the minimal wage
- Issues associated with outsourcing e.g. local authority pay structures and personnel costs
- TUPE issues i.e. the prohibitive maintenance of rates of pay and pension for staff transferring into the business.

#### The financial cost of residential care homes

The cost of properties suitable for residential care was a key issue. The financial outlay at the outset was a significant investment. Servicing the cost of the capital was a significant challenge. It is notable that the sale and leaseback arrangements of the Southern Cross model caused the business to collapse.

### Economy of scale

The capital cost involved in residential care was a prohibitive challenge. There was a need to own larger properties alongside a need to meet the economy of scale. The society owned four properties, though on reflection, Steve Ridler stated that a desired number would be 12 homes as a minimum. In a case study published in 2002, all the society's surpluses were being invested in the development of existing homes, but simultaneously the priority was an expanding network of care homes.

In comparison with the modern day The Midcounties Co-operative childcare service, childcare facilities have grown from six separate locations in 2010 to 46 by mid-2012, stretching almost the length of the UK.

### Role of local authorities

The level of fees paid by a local authority is an issue for any model of residential care services provided either by the private sector or a co-operative. The fee rates are particularly pertinent to co-operative providers because of its underpinning values and principles. A co-operative will invest in people via a living wage, career development and training opportunities. Private businesses tend to pay the minimum hourly wage rate and recruit staff with the minimum vocational qualification.



## 2. Extra care residential schemes for older people

Another example of a social enterprise residential care model is the ExtraCare Charitable Trust. Extra care has established itself as a model for older people requiring daily care, but who wish to be based in their own homes. The ExtraCare Charitable Trust offers an alternative service to care homes and operates across the west-midland counties of England.

The trust operates 12 retirement villages and 17 smaller housing developments. It provides 3,111 homes for over 3,500 older people. The housing schemes are set in wider ExtraCare communities that provide health and social care, leisure facilities alongside social activities. It has a total staff of 1,500. It aims to provide homes for all older people including those who only have a minimum state pension income. It manages a chain of 60 charity shops run by over 4,000 volunteers.

Although extra care is a thriving model it requires further investigation. Initial research suggests the core seven principles that underpin a co-operative business, joint ownership and democratic control of the business particularly for the benefit of residents and staff, are not fully realised in extra care models.

In the ExtraCare Charitable Trust five-year strategy (2011-2016) strategic actions include:

- “Improve resident involvement in the Trust’s governance”
- “Incentives to support staff and their families... have all helped to account for a significant reduction in staff turnover”
- “It has become clear that the Charity needs to demonstrate that its villages are doing more to engage with the wider communities in which they are located”.

Research into extra care schemes in Wales has also revealed limited involvement of residents and staff in the management of the business. A co-operative approach to extra care would ensure a democratic process for stakeholders of the service.

There is an opportunity for the Welsh Co-operative Centre to work with existing and future extra care schemes to enable a multi-stakeholder approach in their governance arrangements.

### **3. New and emerging models of care for older people offered by co-operatives or social enterprises**

The following four short case studies present an overview of the values and operations of care businesses in England and Scotland that are employee owned. Although not residential care, we have included these case studies in order to present a picture of the wider role of co-operatives and social enterprises in the delivery of social care.

#### **Highland Home Carers**

Established in 1994, Highland Home Carers is an employee owned company providing a flexible, quality home care and support service in the Highlands. It specialises in providing home care for any person who may need support due to a physical or mental disability, learning disabilities, injury or age. The commitment is to allow individuals to remain in their own homes, with assistance, so that they can maintain their lifestyles and retain their independence, as long as they choose to do so.

This is a values-based company underpinned by four fundamental principles:

- Promoting a sensitive, flexible, professional service
- Promoting a sense of belonging within the company
- Maintaining privacy and confidentiality
- Respecting rights and promoting equality

#### **Stewartry Care**

Stewartry Care is the largest independent provider of personal health care at home in Dumfries & Galloway and the largest employee owned company in the south of Scotland.

It provide services to enable people to continue living in their own homes and maintain their chosen lifestyle for as long as they wish, regardless of any illness, disability, care or health needs they may have. It prides itself on the quality of service provided to both clients and employees.

It believes employee ownership is good for all company stakeholders and lists benefits for employees and clients alike. For its employees it is about empowerment as owners of the company, security that the business will not be sold, opportunity to stand as a director or trustee and a greater investment in the business and its services.

Employee ownership benefits clients as they have a highly motivated team directly responsible for their service, knowledge that staff are empowered and a reassurance that the company will remain locally owned and run for the benefit of local people.

### **Sunderland Home Care Associates (SHCA)**

SHCA is an employee-owned social enterprise which provides home care packages and care services for people in Sunderland. It is structured so that people always come first. The core value of the organisation is that staff are motivated by caring for clients and not by making money. In its founder's words "people before profit".

The company, established in 1993, has more than 360 members of staff who are shareholders and who all take an active role in running the organisation. They deliver around 9,000 hours of care per week to approximately 600 clients including washing, bathing, assistance during the night, preparing meals and washing up.

As an employee owned social enterprise, staff members play a vital role in the decision-making process as shareowners in the company. This means profits are spent on service improvement or towards rewarding staff. The unique structure means that staff have the opportunity to participate in democratic general meetings and help set the organisational budgets as well as employee pay and conditions. SHCA prides itself on providing well-trained and motivated professional caring team. All staff members have extensive training opportunities, studying up to NVQ level 4, to ensure clients receive the best care possible.

### **Care & Share Associates (CASA)**

CASA is a ground-breaking social franchise organisation, which oversees a family of social care providers based on the pioneering social enterprise, SHCA. Franchise companies are employee owned social enterprises with a strong focus on people. The franchise companies exist to enable people to live as independently as possible through the provision of domiciliary care and self-directed support.

As a values-based business its belief in mutuality, participation and high quality care is instilled across the workforce. CASA group has a track record of providing skilled, compassionate and reliable workers since 2004. It aims to recruit and retain a committed workforce providing a better care service for its clients. As a franchise stakeholder, it is responsible for the finance and funding of the companies, as well as ensuring that legislation and regulations are followed.

A further value is a commitment to sustainable employment, reducing inequality and minimising environmental degradation. CASA companies target areas of high unemployment during recruitment drives and seeks to use other social enterprises in its supply chain.

## **Conclusion**

As a co-operative development agency, the Wales Co-operative Centre's mission is to develop sustainable businesses and strong inclusive communities, by working co-operatively. We are eager to support the growth of new models of care including co-operatives, mutuals and social enterprises. Each type of business has a role to play in the caring for older people.

We believe there is strong evidence that co-operatives and social enterprises can deliver both value for money and a higher quality of care for older people in a residential setting. With the outlook for the economy, public finances and population demographics set to 'challenging', the unique contribution of co-operatives and social enterprises to Wales' care services must be considered.

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