



## Briefing paper

# *'Elder Action Programme the potential role of member controlled enterprises'*

## Preparation of our evidence to the Welsh co-operative and mutuals commission

In contributing to the recent Welsh Government Strategy for Older People third phase consultation we referred to a Co-operative Elder Action Programme. Before presenting evidence to the Commission we would value the views of a range of organisations with an interest in the delivery of quality person-centred services required by older people, including social care, well-being, health and housing. Our questions are structured around the Commission's terms of reference and we would **welcome your views over the next two weeks**, either in written form (e-mail [david\\_smith45@tiscali.co.uk](mailto:david_smith45@tiscali.co.uk)) or verbally by telephone: (01633) 266781. Within six weeks we will provide feedback.

### 1.1. Consider the evidence for supporting the co-operative and mutual sector in Wales

It is crucial to understand that MCEs:

-  Exist to serve their members and are community based
-  Are independent, self-governing enterprises
-  Need to concentrate upon delivering the outcomes that their membership want
-  Are not bound by any doctrinaire approaches

It is important not to limit the entry of different models for service provision. It is also essential that providers are engaged in the long term. This means they must be viable and embrace a 'stewardship' model. (See [www.M-cEnterprise.org](http://www.M-cEnterprise.org)).

-  Existing methods of delivering social services have considerable weakness because they are not always designed to meet the needs of the client group. Investor-driven models are the least likely to deliver the required outcomes because of their focus upon profit maximisation. Local authority delivery has certain weaknesses, even if modified using the Co-production (1) approach as pioneered in Scotland, because services will be under threat whenever overall local authority budgets are cut.
-  Consumer based co-op models are unlikely to be robust enough because of the fact that the client/user groups are among the most vulnerable. With providers using either a worker co-op format, or as a service provided by a retail consumer co-operative providing childcare service, or even charity-based, there is no

guarantee that the focus of the enterprise will be upon meeting the needs of the client/user group.

- ☞ The most appropriate form of co-op/mutual for social service delivery is likely to be one where the purpose of the enterprise is the delivery of a quality service at an affordable cost, and where membership is based upon a community of interest rooted in this common purpose.

This can be called a multi-stakeholder model, however, this term can suggest that the various stakeholders are competing for their share of the cake. What is needed is much more of a 'community model' which can unite all of the players (clients/users, professionals, carers, other workers and volunteer community supporters) and unite them around a common purpose. To be precise we prefer call these Member Controlled Enterprises (MCE's), although they can also be called Social Co-operatives.

What further evidence can be produced from other countries? See, for example, the evidence we commissioned and which Jean-Pierre Girard presented to the Health and Social Care Committee Residential Inquiry on 8 February 2012.

In Emilia Romagna and Quebec, respectively 87% and 50% of social services are provided by Social Co-ops. In the former there is a strong tradition of local inter-co-operative trading, with co-operatives being kept to a human scale, and then others being established and federated to support one another. Research undertaken in Northern Italy identifies a positive correlation between community well-being and the density of Co-operative organisation.

- ☞ In Quebec, over a 15-year period, 101 Social Economy Enterprises have been created, of which 47 are co-operatives. Between them in 2007 they provided 5.1 million hours of service to over 76,000 people, employing 6,000 staff, with an annual sales of \$C 106 million. Assistance provided included home and personal care.  
<http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=1309>

## **2. Consider the existing business advice for the co-operative and mutual sector and provide suggestions on how this might be strengthened**

- ☞ It is not in fact traditional 'business' advice that is required, but rather help in understanding the 'enterprise model', human organization, leadership development and member co-operative education to provide the knowledge and skills that will empower the members to deliver upon their purpose. In recent months, as we engage in a process of community development, this has been our experience to date. (Co-op News, 29 January – February 12, 2013).
- ☞ We need to refer to the history of support for co-ops & mutuals in UK and internationally and the failure of the generalist UK national CDA, initiated in late 1970's, and some regional 'top-down' efforts both in the UK and beyond.
- ☞ The sub-sector-specific Scottish Agriculture Organisation Society has been most successful because it focuses upon agriculture & rural issues. Likewise,

the Plunkett Foundation now successfully focuses upon rural community development, eg, rural community shops, of which there are now over 350.

- ☞ We conclude that support needs to be sector-specific. This point was also made by the founder of the Italian Social Co-op Movement in the Social Co-ops workshop we organised at Co-operatives United, 30 October 2012 (Co-op News, October 2012).
- ☞ From a study visit to Sweden undertaken by David Smith in June 2011, we know they have separate local County development agencies, which form part of an effective national network mutually supporting each other. In this way they are able to optimise local engagement and available resources, supported by community development.

### **3. Identify specific areas that might be targeted for additional support by the Welsh Government**

- ☞ We start from the assumption that most care services, are best provided within the community rather than in higher cost institutions.
- ☞ Providing a 'positive public policy framework' for co-ops, including 'public – social partnerships' and other forms of member-controlled enterprises.
- ☞ Providing a 'positive public policy framework' for the exchange model of assessment (of need and service delivery) within the National Outcomes Framework. A personal outcomes approach such as the Scottish Government's Talking Points would support the MCEs focus on meeting the needs of members. It would also provide a method of establishing benchmarks (item 6).

### **4. Consider best practice and evaluations that may be available**

- ☞ It may be possible also to draw upon other sectors in the UK with similar requirements as the social care sector, e.g. friendly societies pre- and post NHS, Miners' welfare organisations.
- ☞ Evidence from Co-production approaches to public service delivery would appear to support our contention that services are best provided within the community, and that this approach has the capacity to reduce costs.

### **5. Set out a vision for the co-operative and mutual economy in Wales**

- ☞ Co-ops, mutuals and other forms of member-controlled enterprises need to become the enterprise models of choice in many sectors but especially in the social care/services sector. Member education and leadership development will be the key to developing a sustainable and independent co-operative movement. This would also support the development of a more active and productive democracy - the 'enabling state' model supported by the Carnegie Trust and New Economics Foundation, among others.

## 6. Identify and establish benchmarks

- It is important that any benchmarks established should not be limited to the volumes of turnover and measures applicable to profit-driven businesses, and in particular, not focused upon market-share, by enterprises simply bearing a label that implies that it is a co-op or mutual. Instead we need benchmarks which measure the achievement of the required outcomes, and whether or not co-ops and mutuals are really member-controlled, and truly responsive to the needs of their members whilst providing value for money.

Note (1) Co-production is an approach to public-service delivery which is based on equal and reciprocal relationships between professionals, service-users, carers, and their communities. We believe that MCEs provides a much clearer definition to the general public of what we mean by the use of the term 'social co-operative', which we have pioneered in Wales through organising international visits by Jean-Pierre Girard and John Restakis in 2012.

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