

Summary:

Social Co-operatives
a Democratic Co-production Agenda for Care
Services in the UK

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Summary

Hardly a month goes by without another horror story in the press and media about a disturbing state of affairs in our health and care services. The prosecutions at Winterbourne View, the massive collapse and public sector rescue of Southern Cross are symptomatic of a national care service system in crisis. Is there a democratically accountable ownership model for health and care services that could make a difference? Quite simply, could the active membership and co-operative governance of workers, service users, volunteers and family members rebuild public trust in care services and put an end to cruelty and neglect through an ownership transformation solution by stakeholders that is socially inclusive? These fundamental questions are the focus of this study.

This report reviews best practice in the co-operative health and social care services; and through a comparative review, draws lessons from international experience of relevance to the UK. In a growing number of countries from Europe to Canada and Japan, diverse co-operative models of social care are expanding and developing creative new systems of accountability with dynamic forms of inclusive community membership and ownership.

The Development of Co-operative Care

In 1980, Alex Laidlaw, Secretary General of the International Co-operative Alliance, called for co-operative sector innovation in care and welfare services. Even prior to this the Italian co-operative movement has been at the forefront of innovation in the provision of social and health care services. During the fiscal crisis of the late 1970s, they pioneered a Social Solidarity Co-operative system that enabled workers, volunteers, service users, family members and providers of co-operative capital to become member stakeholders in the governance and ownership of care services. A rather different but also successful programme of innovation has developed in Japan, especially over the past thirty years. Setting up effective and distributed institutional structures in both Italy and Japan has been crucially important.

New Italian legislation in 1991 fostered national expansion through the introduction and active promotion of flexible and multi-stakeholder legal structures supported by an enabling fiscal and policy framework. Alongside active partnerships with a growing number of local authorities, these strategically oriented changes opened the gateway for a renamed 'social co-operative' movement to take off.

What makes social co-operatives unique is that they both celebrate and prove that 'small is beautiful' and they do so through dynamic forms of associative democracy. Most Italian social co-operatives have fewer than 30 worker-owners and less than 100 other stakeholder members. Remarkably they are able to maintain a human scale and operate efficiently by innovative systems of co-operative consortia that enable many local social co-operatives in a town or city to share back office services, pool training, transfer knowledge peer-to-peer and engage in joint tendering and bulk purchase of goods and supplies.

This collaborative economy system has enabled small to become powerful. To maintain and diffuse this system of local resilience and diversity, each new social co-operative has a mutual aid obligation to set up another. This additional 'social solidarity' enterprise mission has helped expand the network governance system. Through a practice known in Italy as the 'strawberry patch' principle, each social co-operative is obliged to put out a runner and thus plant horizontally at least one offspring.

The international evolution of multi-stakeholder care co-operatives

The success and strong growth of the model in Italy since 1991 demonstrates its potential. Today there are more than 14,000 social co-operatives in Italy delivering a wide diversity of care services. The sector has now come of age with a work force of over 400,000, an annual turnover of more than €9 billion and service provision to over five million people.

Recognition of Italian success has been spreading across Europe and similar care co-operative models have been developed, albeit with changes and adaptations, in Portugal, France and Spain and, in somewhat different ways, in Finland, Poland and Hungary as well. Greece has recently passed legislation to follow suit. Quebec in Canada was in fact the earliest adopter of the multi-stakeholder model from the mid-1990s.

The development of care co-operatives in the UK since 1990 has been slower but good practice is evident. Indeed some co-operatives in the UK are delivering home care services at scale. Care and Share Associates (CASA) has expanded into a number of regions in England through a social franchise pathway. The Childcare Co-operative and the Foster Care Co-operative are also highly successful and have spread nationally.

General Practice (GP) co-operatives expanded to provide national coverage between 1995 and 2004 but restructuring changes introduced since then has led to a drop in their market share. Notwithstanding this set back, in some cities and other regions, GP co-operatives are widening their stakeholder base and adapting to change. South East London Doctors' Co-operative (SELDOC) is a good example and provides a service for the boroughs of Lewisham, Southwark and Lambeth.

A number of local authorities are investigating co-operative care solutions or experimenting with micro-providers like Community Catalysts in Nottinghamshire. Additionally, large multi-stakeholder mutuals in community health services have emerged since 2011 in West London, Kent, Essex and Lincolnshire.

The growing UK policy interest in models of co-production is at present in need of a democratic legal structure to deliver stakeholder ownership and shared governance systems. Much can be learned from good practices developed by disability rights organisations.

Key qualities of social co-operatives

Social co-operative multi-stakeholder models across are a unique and dynamic form of democratic social enterprise. They are spreading across Europe and have their roots in the Social Solidarity Economy movement that has been strong for decades in Italy and southern Europe. Social co-operatives in Italy have a strong track record and have shown how to scale up co-production and embed this in genuine and democratic forms of mutual ownership and governance. This review has found that there are several key developmental issues and challenges where strategic guidance is vital to position a social co-operative agenda so that it is primed for success in England, Wales and other parts of the UK.

First, the involvement of multiple stakeholders in the ownership and governance of co-operatives is not straightforward. How to balance sometimes conflicting areas of interest poses major management challenges. Experiences with these models in Italy and Japan over more than 30 years and in Quebec for more than 15 years can be drawn upon for guidance.

Second, collaborative partnerships are crucial to success both with local government and other commissioning bodies but also with co-operative capital investment partners ranging from social banks to community development finance institutions.

Third, digital technology, volunteer involvement and social currencies can be used creatively to reduce organisational and management transaction costs and to mobilise the co-delivery of services. The Seikatsu Co-operatives in Japan and Elder Power in Maine, USA offer exemplary best practices.

Fourth, co-operative consortia enable co-operatives to collaborate effectively, procure jointly, secure social finance, pool risks, share research & development and replicate services more rapidly. Aligning these institutionally through distributed and interdependent co-operative structures is a sine qua non to expand nationally.

Fifth, open source information, action-learning set education and the fostering of a 'social solidarity' culture of collaboration can facilitate peer-to-peer knowledge transfer and cultivate the development of horizontal forms of economic and associative democracy.

Sixth, care quality marks need to be developed to certify, maintain and enhance standards. Involving stakeholders in the ownership and governance of social and health care services enables transparency, accountability and trust to be built. Low-cost social accounting metrics like Prove It and the Balance Scorecard can measure well-being, aid ongoing improvements of service and build credibility.

The opportunity for developing a new co-operative model for the UK

The report spells out in considerable detail a positive, practical and democratic agenda for collaborative action to develop social co-operatives for care and health services as well as other sectors, including employment for ex-offenders. Legal changes may not be necessary as existing worker co-operative, community benefit society and multi-stakeholder legal models in the UK for social co-operative should enable strategic implementation to be advanced. Some bespoke multi-stakeholder co-operative models have also been developed in recent years.

The current policy interest in co-production could become just a passing "fad" without the membership and ownership structures needed to embed and empower citizens. Social co-operatives are a proven model to learn from and if adopted can ensure that current best practice in social innovation in the UK can develop strong roots and empower communities over the long term.

It is essential to recognise that social co-operatives are a distinctly democratic form of social enterprise. The International Co-operative Alliance has agreed a set of legal principles. The report indicates how existing forms of social enterprise and voluntary services could be converted into social co-operatives. France, for example, has developed a framework to enable this to happen. There is a crucial requirement for an enabling policy agenda (including tax incentives, mutual guarantee societies and co-operative capital systems) to be co-developed by key stakeholders and backed by government. The recommendations in the report are drawn from both UK and international best practice and can help frame what is required for the implementation of a national strategy for social co-operatives to thrive and to flourish in the years ahead.



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