

## Industry Case Studies

<b>National Health Co-op Ltd (formerly West Belconnen Health Co-op Ltd)</b>
<b>Country:</b>
Australia
<b>Legal structure:</b>
Community owned
<b>Social purpose:</b>
To provide quality general practice and health services that are affordable for the local community.
<b>Overview:</b>
<p><a href="#">West Belconnen Health Co-op Ltd</a> was established by community members to address concerns about the lack of affordable GPs and health services in a disadvantaged outer metropolitan area of Canberra.</p> <p>It began in 2004 when a group of community members assessed the community needs and interest in a co-operative. With the support of an ACT government grant and management consultant advice, the committee tested the viability of the co-operative model. The set-up of the Co-op was completed through a partnership between the community, governments (Australian and ACT) and businesses.</p> <p>Viability of the centre is achieved through bulk-billed Medicare rebates, fee-for other services and rental income from co-located services.</p> <p>The Co-op has also formed service delivery partnerships with organisations that provide complementary co-located and off-site health and community services.</p> <p>The governance arrangements include oversight by a board of 7-9 members elected at AGM, with day-to-day management undertaken by the CEO and Operations Manager.</p> <p>NHC now has more than 24,000 patient owners (representing nearly 7% of the ACT population), 24 medical staff and 24 administrative and clerical staff. Since the opening of the original site in 2010, 5 more sites have been developed. Their membership is growing at a rate of more than 10% per quarter.</p>
<b>Comparative advantage:</b>
<ul style="list-style-type: none"><li>▪ Shared risk and reward</li><li>▪ Trusted service provider due to the fact that it is community owned</li><li>▪ Built on strong values and principles</li><li>▪ Enhances community cohesion</li></ul>

<b>Sunderland Home Care Associates</b>
<b>Country:</b>
United Kingdom
<b>Legal structure:</b>
Employee owned
<b>Social purpose:</b>
To offer care in the community and improve access for vulnerable members of the community.
<b>Overview:</b>
<p><a href="#">Sunderland Home Care</a> provide a range of services including in-home personal care, domestic help, support for students, and other specialist support for those in the community in need of complex and intensive support. It began in 1994 and is now owned by over 300 care workers from the local area.</p> <p>As a result of the ownership model, staff play a significant role in decision-making. They take part in democratic general meetings and help to set budgets, pay and conditions.</p> <p>All profits made are reinvested into the business to provide a better service or to train and reward staff.</p> <p>Sunderland Home Care has been recognised by several awards for social innovation and entrepreneurship.</p>
<b>Comparative advantage:</b>
<ul style="list-style-type: none"><li>▪ Shared risk and reward</li><li>▪ Democratic governance structure</li><li>▪ Reinvestment of profit builds trust in the community</li></ul>

<b>Australian Independent Living Enterprise (AILE)</b>
<b>Country:</b>
Australia
<b>Legal structure:</b>
Employee owned
<b>Social purpose:</b>
To provide home support services to assist elderly people to live independent, healthy and happy lives in the community of their choice.
<b>Overview:</b>
<p><a href="#">Australian Independent Living Enterprise</a> (AILE) is a social co-operative that is owned by the workers and was recently registered under the Co-operatives Act 1992 (N.S.W) (June 2013).</p> <p>AILE believes that the poor service delivery and inadequate client care is directly related to the poor quality of the home care jobs. The employee owned co-operatives model in the United Kingdom, Canada and the United States have proven it is possible to achieve consistent, reliable home care for clients by improving the terms and conditions of the aged care/community care workforce through training, increased wages, better work practices and a supportive working environment.</p> <p>AILE provides equitable distribution of income generated, training and support services, effective marketing strategies in order for the enterprise to meet its objectives.</p>
<b>Comparative advantage:</b>
<ul style="list-style-type: none"><li>▪ Shared risk and reward</li><li>▪ Democratic governance structure</li><li>▪ Reinvestment of profit builds trust in the community</li></ul>

## Case study: Policy context in the United Kingdom

In the United Kingdom, the potential for co-operatives and mutuals to deliver public services was highlighted in the 1990s by a number of high profile successful mutual organisations such as Greenwich Leisure Limited. This potential was reinforced by increasing recognition of the roles for social enterprises in delivering public services – where co-operatives and mutuals were seen as a major force in a sector which placed emphasis on achieving both social and commercial goals.

The emergence of Public Service Mutuals (PSMs) can be traced back to a Labour government policy – the ‘Right to Request in Health Services’ – which encouraged and supported the spinning out of services and teams to independent employee-owned social enterprises.

The incoming Coalition government explicitly recognised the roles for co-operatives and mutuals in their Programme for Government, which was restated in the 2011 Open Public Services White Paper where PSMs were identified as one option for ensuring that there was a diversity of service provision. The fundamental premise of the White Paper was that every public service has the potential to be delivered outside of government. This premise was the basis for a series of policies which have led to a rapid expansion of PSMs. The policy levers included:

- Right to Provide / Request: providing public sector employees the right to take over the delivery of services – releasing the enterprising and entrepreneurial skills of public sector employees.
- Community Right to Challenge: providing communities with a mechanism to take over control of the delivery of local services such as libraries.
- Community interest companies: Some of these social enterprise deliver public services or community benefit, a new legal form for social enterprise – the community interest company (CIC). CICs can be used by co-operatives and have an asset lock so that CICs will always benefit communities. An example of a CIC is provided below – the City Health Care Community Interest Company.
- Academy Schools: the creation of new schools and the conversion of existing schools to independent status, which can include community ownership and governance.
- Payment by Results, Payment by Outcomes and Social Impact Bonds: new funding mechanisms which focus on early intervention and breaking the cycle and where there are high levels of accountability e.g. justice and children services.

The commitment to this strategy is reflected in the establishment of a dedicated unit within the Cabinet Office to promote these policies which also provides a significant amount of tangible capacity building material (<http://mutuals.cabinetoffice.gov.uk/>).

<b>City Health Care Partnership Community Interest Company</b>	
<b>Country:</b>	
	United Kingdom
<b>Legal structure:</b>	
	Employee owned
<b>Social purpose:</b>	
	To provide accessible and quality community health and integrated social care services to the local community.
<b>Overview:</b>	
	<p><a href="#">City Health Care Partnership Community Interest Company</a> (CHCP CIC) began in 2010 as an independent health services provider separate to the commissioning organisation, National Health Services (NHS) Hull. It currently provides services to over a half a million local people and employs approximately 1500 people. The company aims to minimise the need for acute care in hospital through early interventions, community-based treatment and promotion of healthy lifestyles.</p> <p>As a result of the ownership model, employees have greater sense of belonging, accountability and influence over future planning.</p> <p>All profits are reinvested into services, staff and the communities in which CHCP CIC work.</p> <p>The company is also involved in running other business (e.g. City Health Pharmacy Ltd, a retail, care home and wholesale pharmacy business) and is one of four shareholders in Albion Care Alliance CIC, a national alliance of like-minded organisations offering an alternative to the traditional 'for profit' sector. CHCP CIC also has a Foundation which enables further support for local communities.</p>
<b>Comparative advantage:</b>	
	<ul style="list-style-type: none"> <li>▪ Shared risk and reward</li> <li>▪ Democratic governance structure</li> <li>▪ Reinvestment of profit builds trust in the community</li> </ul>

### ***Scale, scope and impact of Public Service Mutuals***

In July 2013 there were 71 PSMs employing 35,000 people and delivering over \$2 billion of public services (Boston Consulting Group 2013). Public Service Mutuals are being established across a wide range of policy areas in the UK including:

- Health –primary care, mental health, hospice
- Disability – independent living
- Human services – care services
- Emergency Services – fire services (see Cleveland Fire Brigade Service case study)
- Education – schools, adult education, vocational skills

- Justice – probation services
- Leisure – sports centres
- Housing – pathways in to social housing

<b>Cleveland Fire Brigade</b>
<b>Country:</b>
United Kingdom
<b>Legal structure:</b>
Employee owned
<b>Social purpose:</b>
To protect local communities and enhance their quality of life by providing statutory fire services and related services.
<b>Overview:</b>
<p><a href="#">Cleveland Fire Brigade</a> (CFB) exists to deliver emergency fire and rescue services in five local councils. Rather than limiting their service offering to emergency fire and rescue, the CFB have diversified into a wide variety of emergency prevention, protection and response services. The organisation is driven by the desire to make a positive difference to the quality of people’s lives rather than just emergency protection. Hence CFB has become involved in community issues such as health and well-being. This includes offering services such as youth engagement programmes and health promotion initiatives.</p> <p>CFB have been nationally recognised as being high performing and have achieved significant performance improvements (e.g. 64% reduction in property fires).</p> <p>The success of CFB is a result of their deep understanding and management of local risks. CFB also use community partnerships to gain a common understanding of community needs, build mutual capacity and gain economies of scale.</p>
<b>Comparative advantage:</b>
<ul style="list-style-type: none"> <li>▪ Shared risk and reward</li> <li>▪ User centred design</li> <li>▪ Holistic and integrated service delivery</li> </ul>

There is now evidence of a well-established process of emulation where once one Public Sector Mutual has been established in a policy area, then it provides the template for other localities to follow suit, for example, probation services.

A report by Boston Consulting Group in 2013 “found clear evidence that mutuals are improving service quality and driving innovation” and that three thousand new jobs have been created. The report focuses on the need to attract “social and private capital investments to ensure long-term sustainability” (BCG, 2013).

**Table 1- Attributes of co-operatives and mutuals that lead to their comparative advantage**

Key attributes		Outcomes	Value creation	
Member ownership and incentives – employees and/or customers	Engaged employees Low levels of absenteeism	Increased productivity	Commercial value	Co-creation of commercial and social value for public service
Long term strategy and business planning	Talent retention and recruitment Long term job security	Increased economic resilience		
Member and community interest and resources	Re-investment of surpluses and / or increased member value	Affordable high quality services		
Democratic governance and transparency	Empowered employees	Employee wellbeing	Social value	
Stakeholder engagement Transparency and accountability	Strong customer relationships Proximity to customers Responsive to consumers	Increased consumer confidence Trust		
Social purpose and concern for community	Service innovation Customer centric design	Appropriate “right” services		

**Table 2- Responding to challenges**

Challenge	Response
Currently there are no policies in Australia comparable to the 'right to provide' and 'community right to challenge' in the UK.	<p>The National Commission of Audit and state public sector reform initiatives provide the opportunity to assess the merits of these types of policies in Australia.</p> <p>There are, however, some innovative mechanisms which could be adapted; for example, the NSW government has a process to receive unsolicited bids e.g. Transurban F3 to M2 Link.</p>
A large proportion of public services are already outsourced to not-for-profit organisations and businesses, so there is little scope for public sector 'spin outs'.	<p>The research has identified a number of components of the government apparatus at both national and state levels – which suggests that there are opportunities for UK-style 'Public Sector Mutuals'.</p> <p>The research has also identified the potential for large not-for-profits to 'spin out' parts of their organisation – especially where there is either the risk of closing a service or a social enterprise opportunity to exploit.</p>
Lack of awareness of the option to use co-operative and mutual legal forms and organising models instead of not-for-profit and business legal forms and models.	<p>The establishment of the BCCM and the proposed Taskforce and Green Paper will serve to increase awareness across all stakeholders groups including professional services such as lawyers and accountants who advise not-for-profits and social enterprises.</p> <p>A key aspect of this will be the identification of successful organisations and the preparation of case studies.</p>
Underlying preference for traditional outsourcing and privatisation mechanisms.	<p>The emergence of social impact bonds and payment by outcomes mechanisms suggest that innovation can provide the basis for transformation. There may be opportunities to trial alternatives at a modest scale. For example, the retail components of Australia Post, especially in remote and marginal communities, may present an opportunity for community ownership – using a co-operative structure.</p>
A lack of infrastructure to encourage and support public service mutual initiatives relating to advice,	<p>The growth of public service mutuals in the UK has been facilitated by a combination of support agencies and funding mechanisms. If the case for public service</p>

funding and access to capital.	mutuals is made, then a key aspect of implementation will be the establishment of this infrastructure.
One or two organisations will not address the scale of the problems facing public service delivery.	Successful models such as that created by West Belconnen Health Co-op can provide the base for either organic growth into neighbouring areas or wider expansion through social franchising, through identification of other localities and host organisations.
There may be lines of resistance from key stakeholders including trade unions.	Transformational change will always create lines of resistance; however, the nature of resistance is often based on a lack of awareness and evidence. Establishment of the proposed Taskforce and preparation of a Green Paper will provide an opportunity to identify these lines of resistance, apply a critical lens to the available evidence and engage the full range of stakeholders.

