

Reshaping ownership within adult social care

A policy and practice guide



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Centre for Local Economic Strategies (CLES)

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Introduction

How we spend our public money matters deeply. It should flow through our economy to maximise social value in the form of opportunities for local enterprises, the creation and maintaining of good jobs with decent terms and conditions, and the advancing of zero carbon objectives.

Over the last 30 years, Britain has shifted from having a market economy to being a market society where large swathes of public services are outsourced to the private sector.

Within adult social care, local authorities have become strongly reliant upon large providers who extract wealth from the care system,¹ wealth that could otherwise be used to generate social value, providing additional benefits for citizens and the state.

Across the political spectrum, there is now widespread support to shift ownership models within adult social care and to bring care homes, for example, back under state control.² Nevertheless, despite some progressive councils who are looking seriously at challenging the status quo, this represents the exception and not the norm.

This absence of progressive action is in part a consequence of austerity and of a lack of money in the sector. Yet the problems here go much deeper.

A logic of austerity and commercialisation now permeates the public sector. The spending of public money is understood first and foremost as a commercial market transaction. Civil servants and local government officers, schooled in the notion that cost is the key proxy for value, are duty bound to ensure the much-prized “value for money”. The widespread use of a New Public Management (NPM) approach has produced a generation of technocratic public servants who understand how to keep the current system running, but are not well placed to consider that a radical shift is required – one which demands a complete overhaul of who owns and delivers adult social care.

In response, we need to re-animate the demand of decency for service users over dividends for shareholders. We need to return to a system where the default position is state delivery of services in conjunction with alternative models of ownership, such as community businesses, social enterprises, co-operatives and the like.

¹ Birrell (2020). Social Care: Old Money. Tortoise Media. [Read](#).

² Gulliver (2020). End the scandal: nationalize care homes. Camden New Journal. [Read](#).

This requires resolute political action at a national level to provide a substantive new funding settlement,³ and a concrete vision to reform the adult social care sector.⁴ It also requires a wave of new local practice and political action. To this end, this publication provides both a policy and practice guide for local government.

In **section one**, we offer an analysis of the policy context within adult social care with a view to arming local politicians with a realisable vision to advance alternative models of ownership. In essence, the intention should be to reshape adult social care markets so that services are run by the state in conjunction with a plurality of providers who augment existing core service – helping to minimise the extraction of wealth, whilst providing choice and control for service users. We argue that a community wealth building approach provides the appropriate policy and practice framework that is needed here.

In **section two** we highlight examples of where progressive activity is taking place – in Newham, Wigan, Knowsley and Co-operative Care, Colne Valley – to provide inspiration for other commissioners and policymakers to adopt similar practices.

Finally, in **section three**, we offer three key recommendations to address how this progressive practice could be scaled-up and amplified further, despite the challenging national policy context. In summary, these recommendations are as follows.

- 1) **Position adult social care as a key sector within a progressive local economic strategy.** The commissioning and delivery of adult social care has a significant economic and social impact and is the largest element of local authority expenditure. It should therefore be positioned as a key sector within local economic planning activity.
- 2) **Support alternative models of ownership within adult social care through progressive local economic development practice.** CLES's notion of community wealth hubs should be utilised to support the development of generative organisations in the local care economy (social enterprises, co-operatives, community businesses etc.) which could, in turn, be used as an alternative to large extractive providers.
- 3) **Explore opportunities for more insourcing.** Adult social care is not a singular service that can easily be repatriated back into public ownership, nor is this necessarily desirable given the nature of the service area. Nevertheless, facilitated by the current low cost of borrowing over a 20 year period, councils should consider where it may be feasible to pursue insourcing opportunities, for sub-sectors such as nursing and residential care, in their respective localities.
- 4) **Greater use of ethical care frameworks.** Adult social care employs around 1.52 million people in England alone. As a form of social licensing,

³ House of Lords (2019). Social care funding: time to end a national scandal. Economic Affairs Committee. [Read](#).

⁴ Stanley, Buller and Lawrence (2021). Caring for the earth, caring for each other. Common Wealth and CLES. [Read](#).

we need to see wider use of ethical care frameworks to ensure good terms and conditions for care workers such as the payment of the real living wage.

1. Context: a vision for progressive practice

The failure of the adult social care system has been cruelly exposed by Covid-19. We've seen one in 20 care home residents dying from the virus,⁵ with dedicated, low paid staff risking their lives to care for them.

Whilst much of the blame for care home deaths during the early stages of the pandemic may have been attributed to hospitals discharging patients into residential care, whilst infected with the virus,⁶ the problems go much deeper. Underfunding, financialisation and outsourcing to offshore corporates has created a system that is deeply antithetical to the needs of long-term care.

In 1979, 64% of residential and nursing home beds were still provided by local authorities or the NHS; by 2012 it was 6%. In the case of domiciliary care, 95% was directly provided by local authorities as late as 1993; yet, by 2012 this figure stood at just 11%.⁷

This shift, from state to private ownership, has led to the exploitation of the care sector by corporate giants, using offshore tax havens hidden behind opaque corporate structures. Lurking behind the provision of care homes, for example, lies the world of global finance, in which some of the country's most vulnerable citizens have become a source of profit for billionaire owners, hedge fund operators and private equity barons.⁸

Recent research based on a forensic analysis of accounts of care homes has indicated the depth of the crisis resulting from private equity ownership: overall, of a total annual revenue of £15bn, 10% (or £1.5bn) leaks out of the sector in rent, dividends, interest, debt repayments and management/directors fees.⁹

With a different ownership structure, this is money that could otherwise be spent on improving care, as well as more supportive terms and conditions for low paid, undervalued staff.

Yet, as we now argue, there can be no one size fits all approach to adult social care. Whilst CLES believes that state delivery of public services ought to be the default, it

⁵ Tapper (2020). Calls for national care service as crisis leaves homes in critical state. The Observer. [Read.](#)

⁶ Lovett (2020). Coronavirus: Government throwing 'lit match into a haystack' by discharging Covid patients to care homes. The Independent. [Read.](#)

⁷ Centre for Health and the Public Interest (2013). The future of the NHS? Lessons from the market in social care in England. [Read.](#)

⁸ Birrell (2020). Social Care: Old Money. Tortoise Media. [Read.](#)

⁹ Centre for Health and the Public Interest (2019). Plugging the leaks in the UK care home industry: Strategies for resolving the financial crisis in the residential and nursing home sector. [Read.](#)

is not necessarily feasible or appropriate for all elements of service delivery to be delivered inhouse.

The role of the VCSE sector

After a growing number of outsourcing failures, a number of councils across the country are starting to insource services.¹⁰

Nevertheless, the current adult social care market, particularly in England, has features which inhibit any simple shift back to state ownership.¹¹ Most notably, there is no singular compact service that can be easily repatriated. What we have is a multifaceted service, with different subsectors, that are delivered by “a multiplicity of fragmented, competing providers”.¹²

Moreover, the context surrounding the commissioning and delivery of adult social care has shifted dramatically since the establishment of the post-war welfare state. Since the 1950s, there has been a move from institutional to community care due to the belief that this improves the quality of life of older and disabled people.¹³

As a result of this shift, we have seen the introduction of policy mechanisms such as direct payments which are paid by a local authority to individuals who are assessed as requiring community care services and are deemed willing to accept and able to manage the payments alone or with assistance.¹⁴ Direct payments are viewed as a major step towards the devolution of power and resources towards disabled people.¹⁵ They provide a “unique”¹⁶ and “potentially revolutionary”¹⁷ challenge to the historically unequal relationship between the providers and receivers of care.

Most recently, the Care Act (2014) places new duties on local authorities to facilitate and shape their market for care and support, with a particular focus on person centred care and an emphasis on direct payments as the preferred mechanism for personalised care and support. As such, councils must ensure that their markets are sustainable, diverse and offer continuously improving and innovative services.

Here then, the voluntary, community and social enterprise (VCSE) sector has a key role to play in the delivery of services such as adult social care. It is therefore entirely appropriate for commissioners to seek to involve the many organisations

¹⁰ Goodwin and McInroy (2020). Outsourcing could work if it went to companies who value people over profit. The Guardian. [Read](#).

¹¹ Hudson (2019). Commissioning for change: A new model for commissioning adult social care in England. Critical Social Policy. [Read](#).

¹² Ibid.

¹³ Thane (2009). Memorandum submitted to the house of commons' health committee inquiry: social care. History and Policy. [Read](#).

¹⁴ Department of Health (1996). Community Care (Direct Payments) Act: Policy and Practice Guidance. London: Stationary Office.

¹⁵ Spandler (2004). Friend or foe? Towards a critical assessment of direct payments. Critical Social Policy. [Read](#).

¹⁶ Glendinning (2000). Buying independence: Using direct payments to integrate health and social services. Bristol: Policy Press.

¹⁷ Glasby and Littlechild (2002). Social work and direct payments. Bristol: Policy Press.

and individuals who, whilst not directly part of local government, are equally passionate about public values and offer a unique contribution to the delivery of public services. To insource all aspects of adult social care would therefore sever this vital link.

Nevertheless, whilst building stronger and deeper relationships with the VCSE sector is a key part of building an inclusive care economy, there should be limits to the outsourcing of services to the VCSE sector.

Consider the response from a Clinical Lead for Addictions within the Leeds and York Partnership NHS Foundation Trust, which has seen increased outsourcing to the VCSE sector in the 2010-2020 austerity period.

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“What we are left with is an under-resourced, overworked third sector and a service that cannot respond as effectively to the complex needs of its patients. Though organisations across the country do tireless work, they are not adequately trained or supported to treat the increasingly complex population.”¹⁸

”

In short, the VCSE sector is not – and never should be – a replacement for the local or national state. With our public services stretched to breaking point and with the economic and social crises stemming from Covid-19, the idea that hard pressed communities can or should provide a substitute for the state must be continuously challenged. We should be wary of any slippery slope in which services are outsourced to the VCSE sector as a cost cutting exercise – contributing to the weakening and hollowing out of the public sector. Not only would this threaten to mask the reality of the brutal cuts to services we’ve seen over the last 10 years, but it also threatens the scrutiny and accountability that can only be guaranteed by the democratic oversight that the local state provides.

¹⁸ Brittain (2019). Austerity Kills, the breakdown of substance misuse services and the race to the bottom. The Campaign. [Read](#).

A community wealth building approach

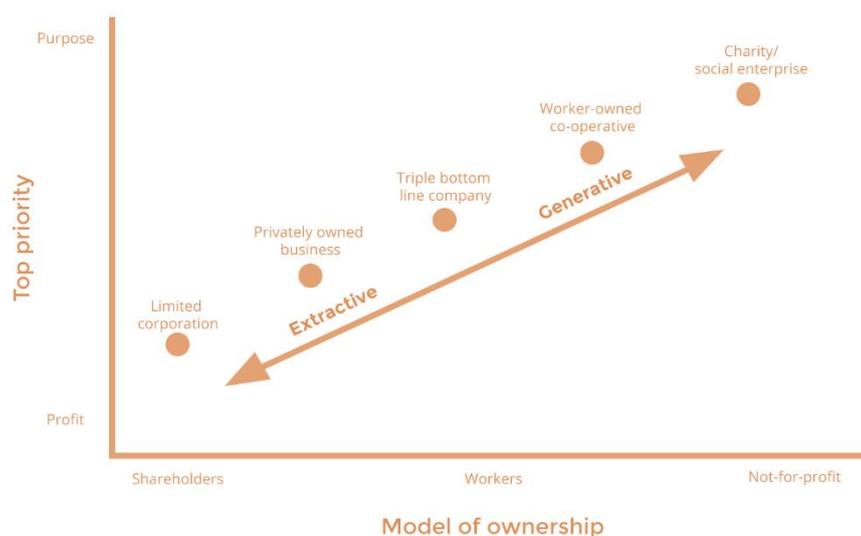
For CLES, what we should be aiming for is balance. In essence, the intention should be to reshape adult social care markets, so that services are run in conjunction with a plurality of providers who augment existing core services and help to minimise the extraction of wealth, whilst providing choice and control for those service users. We argue that a community wealth building approach provides the policy and practice framework to do this.

Community wealth building aims to reorganise and control the local economy so that wealth is not extracted but is instead broadly held and generative, rooted locally, so that income is recirculated, communities are put first and people are provided with opportunity, dignity and well-being.¹⁹

Fundamentally, and particularly in relation to public services such as adult social care, the aim should be one of ensuring that any provider involved in the delivery of services is as locally generative as possible.

By “generative”, we are referring to businesses with more democratic and plural forms of ownership such as co-operatives, community businesses and social enterprises. These ownership models enable public spending to be retained within the local economy. Increased local spend creates jobs, contributing to a multiplier effect which in turn creates additional jobs via increased demand for local goods and services. The more money spent in a local area the higher the multiplier effect.²⁰ Figure 1 sets out how businesses with forms of ownership in which purpose is prioritised over profit are more likely to generate wealth for local economies.

Figure 1. Extractive vs generative



¹⁹ CLES (2019). Community wealth building 2019: theory, practice and next steps. [Read.](#)

²⁰ NEF Consulting (2014). Local Multiplier 3 (LM3) Pilot Project for RWE. [Read.](#)

As such, a progressive public service marketplace should ideally comprise a blend of the following kinds of ownership model:

- inhouse delivery – e.g where the service is delivered by the local state;
- worker ownership – e.g. co-operatives;
- community ownership – e.g. community business, social enterprise and CICs;
- local private ownership that supports a triple bottom line – namely, a concern for the wider community, the environment and workers, alongside the pursuit of profit.

But this of course begs the question as to what is the right kind of blend between these different models? More specifically, what should be the balance between local state delivery of services and the involvement of local generative providers?

Given the history of how an adult social care service may have developed over time, in a particular locality, the state may play more of a role in some areas and less in others. Some councils in the UK, in the south west for example, have forged close links with co-operatives and mutual enterprise on the understanding that they can add distinct social, economic and environmental value to the delivery of services. In other words, the local state may play a greater or lesser role depending on the particular context within a given locality.

Nevertheless, CLES would argue that the design and delivery of adult social care should adhere to the following two principles.

- 1) As far as possible, commissioners and policy makers should be trying to minimise the presence of extractive providers in local care markets and, instead, utilise local generative alternatives who maximise social value.
- 2) Services should be transformed to facilitate innovation and meet service user needs. This may call for some shift towards community delivery (local charities, co-operatives, CICs and community businesses etc). However, decisions should be guided by the need for choice and control for service users and not the need to make cost savings.

We recognise that adhering to these principles in the current policy context is a significant challenge. Years of chronic underfunding, coupled to outsourcing practice that has largely been guided by considerations around value for money, means that we cannot just change the system overnight.

The difficulty of this context notwithstanding, however, there is innovative practice occurring in a number of local authorities across the country. Taken together this practice offers something of a blueprint as to how alternative models of ownership can be pursued across different adult social care sub sectors.

2. Lessons from practice

With a view to exploring how local authorities can apply these principles in practice, we now present applied learning from Newham, Wigan Knowsley and Co-operative Care, Colne Valley.

Newham

In Newham, there is a strong commitment to community wealth building, which has been enshrined within the Council's overarching economic strategy.²¹ This pledges to unleash the potential for local generative business and the VCSE sector to play a leading role in the local economy to drive a fairer and more prosperous Newham. As such, this brings a political economy lens to commissioning decisions within adult social care, with a commitment to utilising local generative providers where possible and where there is a service user need for some shift towards community delivery.

Insourcing day opportunities

In pursuit of this aim, Newham has recently insourced part of its day service opportunities, which were previously provided by a local authority trading company. Nevertheless, this wasn't about bringing every element of its day opportunities back inhouse, it was about taking a strategic overview to determine which aspects should be run by the Council and which should be delivered by the VCSE sector.

Although a local authority trading company is not extractive in the same way that a for-profit private enterprise would be, the Council felt that insourcing day opportunities would enable greater innovation and flexibility for shaping how the service could be developed in the future. The intention here was to improve the quality and accessibility of local services helping the Council to address complex needs across different adult social care subsectors.

In this, the Council wanted to go back to basics and focus on providing the best possible service for different types of service users, who's desired service outcomes are very different. By speaking to service users and asking them what outcome they are trying to achieve for themselves, the Council will be able to rationalise which elements of the service should be building-based and delivered by its inhouse team and which elements should be delivered by small neighbourhood based VCSE organisations.

²¹ London Borough of Newham (2019). Community Wealth Building: For a fair and inclusive Newham. [Read.](#)

For those with more complex needs, the type of care required is always likely to be building-based. However, for other service users, there is a recognition that being supported by services that are located out in the local community is far better aligned to their desired outcomes. For example, for young working age adults in receipt of day opportunities, outcomes tend to be about preparing for independence and work opportunities in the community. For people with dementia, it's about maintaining well-being through socialisation in the form of activities such as singing.

Here then, the VCSE sector is able to provide a more bespoke and personalised service. For example, the Council has commissioned Newham New Deal Partnership to run "memory cafés" and "music for the mind" sessions in Stratford and East Ham. These sessions provide opportunities for people with dementia, and their carers, to meet in an informal and social environment in their local community. In light of Covid-19, the Council has also worked in partnership with the provider to deliver these sessions virtually, developing a network of "digital buddies".

In line with its community wealth building aspirations, and as part of this commissioning arrangement, the Council insisted on the service paying the London Living Wage.

Market shaping within homecare

The homecare sector, particularly in England, is the most fragmented element of adult social care services. Across the UK there are nearly 700,000 people in receipt of domiciliary care from over 10,000 different regulated providers.²² These range from large national for-profit organisations to small locally based SMEs and not-for profit providers.

Within this fragmented market, councils such as Newham are acting as strong market shapers, by seeking to control, in effect, the type of organisation that has access to their market.

Consequently, Newham have moved to a patch-based service that is broken down into eight community neighbourhood areas. They have then lotted their contracts and specified that providers can deliver only one lot each.

Furthermore, the Council have specified that providers must have a good knowledge of the community's geography, facilities and services and must operate from an office in Newham. They are required to actively recruit care workers who reflect the Borough's diverse population, specifically in relation to gender, culture/ethnicity and language. They, again, are required to pay their workforce the London Living Wage and to adhere to the principles of the UNISON ethical care charter.²³

²² UK Care Home Association (2019). An overview of the domiciliary care market in the United Kingdom (2019). [Read](#).

²³ UNISON (2013). UNISON's ethical care charter. [Read](#).

In practice, this creates a strong disincentive for larger more extractive providers to enter the market. As a result, Newham now have locally-based small SMEs delivering their home care who are required to operate there with a concern for the wider community and workers, alongside the pursuit of profit.

Local state intervention within supported accommodation

Like many councils, Newham has struggled at times with the quality of its service provision for rough sleepers, as well as some of its supported accommodation services. In certain instances, there have been issues with poor quality housing, coupled to poor service provision, leading to poor outcomes for service users.

With a view to breaking this cycle, the Council spotted an opportunity to purchase two properties – one to provide services for rough sleepers and the other for service users with a dual diagnosis of mental health and substance misuse issues.

The buildings have been purchased off the back of a business case that uses the enhanced housing benefit, to which both types of service user are entitled, to secure a loan. In turn, the housing benefit covers the loan repayments and provides a surplus that can then be used to partly offset the cost of the service provision.

By owning the building, the council is ensuring that any surplus is going back into the service rather than it being extracted by a private landlord, or a for-profit, registered social landlord.

It also enables the council to have greater oversight as to the service that is being delivered inside the building and to again focus more on service user outcomes.

Wigan

Like Newham, Wigan has a strong commitment to community wealth building. The Council's approach builds on the underlying conviction of the much-celebrated Wigan Deal – that power should be shared with citizens and solutions co-designed. However, this goes beyond enabling community power as a key tenet of public service reform. Instead, it is about strong partnering with the community to build community ownership within the commercial economy to counteract wealth extraction. Like Newham, Wigan Council have also undertaken market shaping within home care, introducing an ethical homecare framework based on good terms and conditions for workers and encouraging the proliferation of small local providers whose mission goes beyond the pursuit of profit.²⁴

Developing local CICs

In addition, the Council have rationalised their day service opportunities to be less building-based and have encouraged the development of community-based

²⁴ Wigan Council (2020). Growing an economy that works for all the people of our borough. [Read](#).

services, which, for many service users, are more aligned to their desired outcomes.²⁵

Here the Council have taken a pro-active approach, stimulating the local market and encouraging the development of a series of community interest companies (CICs) to provide services. Whilst the Council closed a number of its day centres, it deployed its business development team to support day centre staff to make the transition into setting up a series of local CICs. This included helping them to access support from the Community Investment Fund, which is designed to support community based social enterprise and charity work across England. In some instances, the Council also provided loans to assist with cash flow. A managed process was used to shut down the centres and they were only closed when the new market was deemed to be ready and could transition into service provision by the newly formed CICs.

Knowsley

In real terms, Knowsley Council has been the hardest hit local authority in the country from the government's funding cuts over the last 10 years. Nevertheless, there is a strong intent within the Council to advance adult social care in line with the two principles outlined above:²⁶ that commissioners and policy makers should be trying to minimise the presence of extractive providers in local care markets; and, that services should be transformed to facilitate innovation and meet service user needs, calling for some shift towards community delivery.

Unlike many local authorities, Knowsley has resisted the drive to outsource and still has significant amounts of inhouse provision, covering day services, respite, shared lives, supported accommodation and reablement services.

It also has a strong intention to engage local generative providers, to minimise wealth extraction, with a deep commitment to harness the power of the local economy to realise its aims.

Direct payments and supported living

In sectors such as its supported living service, and in line with its ambition to encourage more small and local providers to enter the market,²⁷ the Council is moving away from block contracts and making greater use of direct payments to stimulate the micro provider market. For example, the Council is currently exploring how it can make more use of personal assistants to give service users a more flexible and bespoke package of support. Personal assistants can help with a wide range of tasks including accessing services in the community, parenting roles, as well as work training and educational activities. As such they offer the potential

²⁵ Goodwin, Burch, and McInroy (2020). A progressive approach to adult social care: How markets can be made and shaped by policymakers and commissioners. CLES. [Read](#)

²⁶ Ibid.

²⁷ Knowsley Council (2020). Knowsley Adult Social Care: Market Position Statement 2020-2025. [Read](#).

for service users to develop and flourish in ways that the traditional model does not.

Social growth teams and micro funding

With respect to the Council's ambitions, a key enabler here is its social growth team that works with the local third sector infrastructure body – One Knowsley – to support local community groups, charities and CICs to play a role in service delivery, helping to formally constitute them and offer training where required. The team has also undertaken a mapping exercise, facilitated by a dedicated 12 month fixed-term post, to look at the assets that the Council has available to enable the delivery of things like an alternative to traditional day services for those with less complex needs.

As one Council representative explained, the social growth team takes a bottom-up approach where it says to the community, "come to us with your ideas, with what you are trying to achieve". To help bring ideas into fruition, the Council has a micro fund offering grants of up to £500 to support the development of new ideas and get small organisations off the ground. Crucially, such funds are being deployed in a targeted way to address any capacity gaps with respect to local generative organisations providing an alternative to traditional service provision.

Co-operative Care, Colne Valley

In response to the challenges facing the adult social care sector, particularly around quality of service and terms and conditions for care workers, a group of local people in the Colne Valley, West Yorkshire have established a multi-stakeholder social care co-operative. The co-operative is now starting to deliver domiciliary care and community support services after receiving its CQC registration in late 2020.

The co-operative aims to bring together people needing care and support, their families, care workers and community volunteers to work as respected equal members of a dynamic and democratic enterprise. It will ensure that staff are valued and supported, with favourable working terms and conditions, quality training and the opportunity to contribute to decision making. Operating on a not-for-profit basis, with a flat structure, the intention is to eventually use financial surplus to improve services and invest in the staff and volunteers.

The aspiration is for the co-operative to comprise a mixture of service users who are receiving direct payments from the local authority, as well as those who are self-funded.

Kirklees Council are strongly supportive of this initiative and there are currently discussions underway to make the co-operative one of their preferred suppliers of home care services.

3. Scale and amplification

The examples from practice described above highlight the way in which councils can start to move towards a more progressive adult social care service.

By adopting innovative commissioning techniques, framed by a community wealth building approach, it is possible to move from a system that favours wealth extraction towards one that promotes more locally generative forms of ownership. And – crucially – it is possible to do so in such a way that promotes choice and control for service users and avoids passing the buck to hard pressed communities.

But how else can we scale and amplify the learning described in the previous section? Whilst a substantive new funding settlement is sorely needed,²⁸ further progressive action that connects care to local economic policy and practice is also required. To this end, we offer the following recommendations for local policymakers.

Recommendations

1) Position adult social care as a key sector within a progressive local economic strategy

Adult social care is the largest element of local authority expenditure. In England alone, local authorities spent over £17bn on adult social care in the last financial year.²⁹ The significance of the adult social care sector should be supported by local economic planning, and harnessed as part of a progressive local economic strategy. Care should be positioned as a key sector in relation to employment and local business support, with a commitment to developing a new wave of co-operatives, social enterprises and community businesses. Furthermore, the distinctively human dimension of care as a service must be recognised – where increasing productivity beyond a certain point would lead to deterioration in quality.³⁰

2) Support alternative models of ownership within adult social care through progressive economic development practice.

The kind of work that Wigan and Knowsley have done to develop generative organisations within their local care markets, ought to be replicated elsewhere. In

²⁸ House of Lords (2019). Social care funding: time to end a national scandal. Economic Affairs Committee. [Read](#).

²⁹ Ministry of Housing, Communities and Local Government (2020). Local Authority Revenue Expenditure and Financing 2020-21 Budget, England. [Read](#).

³⁰ Stanley, Buller and Lawrence (2021). Caring for the earth, caring for each other. Common Wealth and CLES. [Read](#).

addition, this approach could find greater scale through more targeted and ambitious local economic development practice.

Building on a commitment as part of a progressive local economic strategy, this could be achieved through the utilisation of a community wealth hub.³¹ CLES has developed the idea of a community wealth hub with a view to repurposing local business support landscapes with increased connectivity to third sector infrastructure support bodies and wider neighbourhood and place-based working. In this, the intention is to support the growth and development of generative organisations in the local economy (social enterprises, co-operatives and community businesses etc).

Specifically, a community wealth hub would look to develop an eco-system of financial, technical and social support to enable generative organisations to flourish. These hubs should include the following.

- Services that provide wrap-around advice and support to generative organisations.
- The alignments of funding streams to support the development of new generative organisations to supply target sectors such as social care.
- Business support for the development of the co-operative sector to assist in establishing more organisations like Co-operative Care, Colne Valley.
- Technical and financial assistance to support the conversion of businesses which are at the point of transition (owners retiring or selling) to worker-ownership.
 - The proliferation of small local social business in the home care market is a positive step, but councils should explore whether these kinds of businesses could be transitioned at some point to a worker ownership model.
- An approach to help address business ownership gaps in disadvantaged communities.

3) Explore opportunities for more insourcing

We know that adult social care is not a singular service that can easily be repatriated back into public ownership. Moreover, given the importance of choice and control for service users it is essential to involve the many community organisations and individuals who, whilst not directly part of local government, offer a unique contribution to the delivery of public services and are able to address the wide range of outcomes required here.

Nevertheless, as the examples from Newham demonstrate, insourcing not only guarantees against wealth extraction, it can be a powerful tool for improving the quality and accessibility of local services, enabling the council to address complex needs across different adult social care subsectors.

³¹ CLES (2020). Own the future: A guide for new local economies. [Read](#).

This practice could be further amplified by considering opportunities for insourcing within nursing and residential care. Whilst the temptation can be to disregard insourcing here as too expensive, it has been successfully deployed in councils such as Halton, in Merseyside, who have recently brought four of their care homes back in-house.³²

Insourcing here could be facilitated by the low cost of borrowing over a 20 year period to cover capital costs. Perversely, there will also be more opportunity for the state to intervene where care homes are struggling with lower occupancy as a result of deaths and reduced demand stemming from Covid-19. A survey of care homes by the National Care Association, which represents smaller and medium-sized homes, found average occupancy at 81% compared to 92% at the same time in 2019.³³ It's not clear when and to what extent demand will return and how many providers might fail in the meantime.

Here then, councils could look to enter into a shared ownership with any care homes that are struggling or even look to buy them out completely – particularly in any instances where there are concerns about the quality of service being delivered.

4) Greater use of ethical care frameworks

With a workforce of 1.52 million people, the median hourly rate of pay within adult social care is £8.50, which is significantly below the Real Living Wage rates of £9.50 in the UK and £10.85 in London. We therefore need to see greater use of ethical care frameworks as adopted in both Newham and Wigan in relation to home care. These are in effect a form of social licensing used to influence the kinds of organisations that gain access to local care markets and ensure that good terms and conditions for workers are a condition of entry. Where feasible, councils should therefore look for opportunities to make greater use of this practice across other adult social care sub sectors.

³² McKeon (2019). Councillors call for local authority to buy more care homes. Liverpool Echo. [Read](#).

³³ Peart (2020). Care homes face 'uncertain future' as bed vacancies double. Care Home Professional. [Read](#).



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