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# **Bowe Watts Clargo**

Overview  
Potential Provider Options

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# Bowe Watts Clargo

## Suggested Hurdle criteria

1. Appropriate terms and conditions of service, NHS pensions
3. Training and development of staff [including statutory requirements]
5. Meet NHS and Local Authority governance requirements
7. Enable integration of health and local authority services - beyond Section 31/75 agreements
9. Stimulate public sector entrepreneurship, investment in local community & promoting health & well-being

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## Arms Length

### Description

- Community focused delivery organisation
- Proven in Local Government with e.g. local housing stock
- Stock and company owned by the Council

### Main advantages

- Public ownership/control of company/ assets

### Main disadvantages

- Restrictions on creating separate legal bodies to provide statutory services - unlikely to be possible legally currently
- Untested across NHS and LA services

### Hurdle criteria met?

- Unclear - untested

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## In-house PCT Provider Unit (1)

### Brief description

- Formal separation of commissioning & provider functions with SLA
- Provider Board accountable to PCT Board

### Main advantages

- Continuity/stability
- Avoids contractual issues
- Access to PCT support systems
- NHS assets retained in public ownership

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## In-house PCT Provider Unit (2)

### Main disadvantages

- Limited autonomy, no guarantees of revenue, inability to invest
- Separation of costs/incentives more difficult

### Hurdle criteria met?

- No - NHS/LA integration limited to Section 31/75 agreements
- May not stimulate public sector entrepreneurship, community partnerships, promotion of health and well-being

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## Managed Clinical Network (1)

### Brief description

- Agreement to manage services across organisational boundaries to deliver specific patient outcomes, led by a Board

### Advantages

- Patient/group focus, clinician leadership
- Avoids structural change
- Seen as in house/no procurement needed

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## Managed Clinical Network (2)

### Main disadvantages

- Focus on clinical need/patient, not whole person
- Only really suitable for specific conditions or discrete areas - cancer, cardiac, emergency care

### Hurdle criteria met?

- Not re NHS-LA integration - only Section 31/75
- Not naturally focused on community or health promotion/well-being

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## Care Trust (1)

### Brief description

- Based on primary care organisation or NHS Trust
- Aim to achieve integration of health and social care [horizontal integration]

### Main advantages

- Flexible model to address local needs
- Encourages service integration across health and social care

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## Care Trust (2)

### Main disadvantages

- Local authorities normally see this as an NHS model
- Difficulty regarding multi-partner responsibilities
- Constitutionally complex in practice
- Approval uncertain v FT developments.

### Hurdle criteria met?

- In theory yes, but NHS model - not true integration with LA
- May not stimulate 'public sector entrepreneurship'

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## Vertical Integration (1)

### Brief description

- Integration with Acute Trust

### Main advantages

- More effective care pathways across primary/secondary care
- Likely to gain support of doctors, builds on clinical relationships
- Large critical mass
- Efficiencies possible

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## Vertical Integration (2)

### Main disadvantages

- Medical model/cultural issues
- Potential for monopoly provider
- Risk of community services being marginalised

### Hurdle criteria met?

- Unclear how integration with local authority services could be achieved
- Unlikely to stimulate public sector entrepreneurship, community partnerships, promotion of health and well-being

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## Community Foundation Trust (1)

### Brief description

- Model perceived by Monitor as a form of social enterprise
- Existing legal form of Foundation Trust with separate legal entity
- NHS model

### Main advantages

- Existing form and separate legal entity
- Operational and financial freedoms - enable innovation and patient-responsive services
- Asset lock in
- Separate Regulator - Monitor

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## Community Foundation Trust (2)

### Main disadvantages

- NHS model - unclear how local authority services fit in
- Complex public engagement model and constitution
- Untested - model not yet implemented
- Entry criteria including size, proven independence.

### Hurdle criteria met?

- Not clear how local authority services would fit, not an integrated model

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## For Profit Company (1)

### Brief description

- Tendering to the private sector and/or establish a for-profit company

### Main advantages

- For-profit company provides complete autonomy and significant incentives for staff
- May stimulate efficiencies
- May stimulate innovation in service provision
- Opens up the market to providers with specialist expertise

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## For Profit Company (2)

### Main disadvantages

- Contrary to ethos and values of staff, stakeholders, the public
- Potential for cherry-picking services
- Instability
- Profit to shareholders rather than re-investment in frontline services

### Hurdle criteria met?

- Staff terms and conditions unlikely to be the same

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## Private Partnership

### Brief description

- Establish a partnership with a private company

### Main advantages

- Commercial, contracting and financial experience

### Main disadvantages

- Contrary to ethos and values of staff, stakeholders, the public

### Hurdle criteria met?

- Staff terms and conditions unlikely to be the same

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## Social Enterprise Options - Overview (1)

### Brief description

- A business with primarily social objectives - ‘business disciplines for social objectives’
- An enterprising and risk-taking business with social as well as financial objectives, which reinvests any profit for the benefit of the community or the environment
- Enables accountability to the wider community
- Four main different governance and legal structures:
  - Company limited by guarantee
  - Company limited by shares
  - Industrial and provident societies/co-operatives
  - Community Interest Companies

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## **Social Enterprise Options - Overview (2)**

### **Main advantages**

- Independence and freedoms
- Combines entrepreneurial drive of a business approach with the ethos and values of the public sector
- Empowerment of community, staff and other stakeholders
- Focus on efficiency, innovation and quality
- Flexibility
- Many established companies, large and small

### **Main disadvantages**

- Social enterprise sector still developing in health and social care
- Financial and other risks

### **Hurdle criteria met?**

- Yes, though needs a lot of work

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## Company Limited by Guarantee (1)

### Brief description

- Also known as ‘mutuals’
- E.g. Sandwell Community Caring Trust, Connexions
- Often a 2-tier management structure of a board of elected directors and members with limited liability - no shares
- Staff and/or community stakeholders can be members of the company
- Profits, if any, put back into the company

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## Company Limited by Guarantee (2)

### Main advantages

- Well established separate entity normally used by not for profit organisations and charities
- Relatively simple constitutional structure
- Flexible

### Main disadvantages

- Needs accountability framework with PCT
- No incentive to excel for personal profit

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## Company Limited by Shares (1)

### Brief description

- Most common form of incorporated body offering limited liability for its shareholders
- E.g. Central Surrey Health - all staff own a single share in the company - co-owned organisation - staff ownership and empowerment [c.f. John Lewis Partnership]
- Profit-making - profits distributed to shareholders as dividends
- Ownership of shares usually gives voting rights
- Can attract investment by offering new shares for sale

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## Company Limited by Shares (2)

### Main advantages

- Proven and flexible separate entity, for profit
- Limited liability for shareholders
- Incentives for generating efficiencies and innovation (possibly for personal reward)
- Staff can agree to re-invest profits in the company - Central Surrey Health

### Main disadvantages

- Not a true social enterprise model; cannot be a charity
- For profit match with health/social care values?
- Needs accountability framework with PCT

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## Industrial and Provident Society (1)

### Brief description

- Community benefit societies (BenComms):
  - Incorporated co-operatives run by members (one member-one vote)
  - Profits are distributed to the wider community [not to external shareholders] - i.e. run for the benefit of the community rather than members.
  - Example: Growing Well, Cumbria, helps people recovering from mental health problems.
- Co-operatives:
  - Participatory societies, run democratically reflecting co-operative principles, open membership
  - Example: GP out-of-hours co-operatives

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## Industrial and Provident Society (2)

### Main advantages

- Separate legal entity with limited liability
- Social enterprise run for members or community benefit - open accountability

### Main disadvantages

- Constitutional changes need Financial Services Authority approval
- Not very flexible constitutionally

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## Community Interest Company (1)

### Brief description

- Created under the Companies Act 2004
- Designed for pursuit of community benefits - required to satisfy a community interest test
- Asset lock to ensure that assets may not be re-distributed
- Example: Gateway Family Services - offers training in health and social care to excluded communities in Birmingham

### Main advantages

- Social enterprise/asset lock within constitution/will be recognised externally as social enterprise
- Separate legal entity

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## **Community Interest Company (2)**

- Separate Regulator to ensure that community interest test is satisfied
- Limited liability for members
- Can opt for not for profit or profit model
- Cannot be a charity (can pay directors)

### **Main disadvantages**

- New, largely untested with limitations re actions
- Constitutionally quite complex, complex regulation, potentially less flexible
- Question mark over whether able to provide core public services