

## CASE STUDY

# Sunderland Home Care Associates (SHCA)

### MAIN BUSINESS

Care services

### ANNUAL TURNOVER

£2 million

### NUMBER OF EMPLOYEES

223

### WEB ADDRESS

[www.sunderlandhomecare.co.uk](http://www.sunderlandhomecare.co.uk)

The business model developed by Sunderland Home Care Associates (SHCA) is based on "involving people, valuing people", according to its founding director, Margaret Elliott. SHCA was formed in 1994 as a co-op of 20 people providing home care to elderly and disabled people in and around Sunderland. SHCA now employs 223 staff, with a turnover of around £2 million, and operates out of an office in Sunderland and, more recently, one in South Tyneside. The model is now being replicated in other cities in the north of England through an umbrella company, Care and Share Associates.

"We don't treat our people like an expendable resource – they can work flexibly and we plough cash into terms and conditions, with the result that our terms and conditions are probably the best in the area, apart from those paid by local authority social services departments", Margaret Elliott says.

A decision was taken to convert from a co-op into an employee owned company in 1998 for tax and philosophical reasons. Setting up an Employee Benefit Trust (EBT), supported by an Approved Profit Share Scheme, was at the time a tax efficient way of passing shares to employees. Margaret Elliott also felt that employee ownership would give employees a real, growing stake in the company, rather than just holding a £1 share in the co-op. "Staff now have the opportunity to build up a stake over time, increasing their commitment and helping to raise staff retention and the quality of service we provide".

A working party agreed that share allocation would take place on the basis of length of service and the number of hours worked, with a salary ceiling of £12,500 (now £15,000). At the point of the conversion from a co-op, the total shareholding of 105,000 was held collectively – 50,000 in the old co-op and 55,000 in the new EBT. The operating company created an additional 12,000 shares, giving a total of 117,000. Six share allocations have taken place since the switch to employee ownership, together with two annual regulated internal markets. Currently 56.7% of shares are held by the EBT, 16.8% are held in employees' own names and 26.5% by the old co-op. Shares are distributed to employees in two ways: free shares annually based on company performance and an annual sale every June.

The company board consists of five employees, the founder and a taxation/legal expert. Board members are elected by the workforce in rotation, so that two stand down each year after serving a three-year term.

General meetings of all staff are held every other month – the time of day varying in order to take account of the different shift patterns worked. Working parties of employees are set up to consider particular issues, for example, night work. This type of involvement does mean that SHCA's systems of working, for example, supervision, are good, "because they come from our people".

When SHCA first started, persuading local authority commissioning managers to award contracts was hard, Elliott recalls. But now, social enterprise is the "buzz word" and all councils are required to develop social enterprise plans, and as a consequence are much keener to talk to SHCA. Local authorities are starting to recognise that the end product of employee ownership is a better quality service: "It's been slow, and we have a long way to go, but Councils now realise they get real value", the director adds.

SHCA was rated the UK's top social enterprise in the 2006 Enterprising Solutions Awards.

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