

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **SOCIAL & HEALTH CARE OVERVIEW & SCRUTINY COMMITTEE**

DATE: **THURSDAY, 9 MAY 2013**

REPORT BY: **DIRECTOR OF COMMUNITY SERVICES**

SUBJECT: **TRANSFORMATION OF DOUBLE CLICK TO A SOCIAL ENTERPRISE**

1.00 PURPOSE OF REPORT

1.01 This report describes our proposal to transform the service delivery of Double Click from a Social Services run work-scheme to a Social Enterprise working in partnership with Flintshire County Council as a new business.

2.00 BACKGROUND

2.01 In the past ten years there has been a significant interest in social enterprise and Local Authorities and other public bodies have increasingly engaged with social enterprises to deliver sustainable services and to help stimulate local economies.

2.02 There are more than 62,000 social enterprises in the UK, contributing £24 billion to the UK economy and employing almost one million people.

2.03 There are a range of different models across the country and in Wales there are already many good examples of social enterprises delivering public services. The Wales Cooperative Centre has recently published a research paper "Social enterprise in the service of the public" (2011). It is evident that there is considerable scope and potential in this approach.

2.04 The research provides a realistic view of the challenges for social enterprises but notes that as a model to deliver public services they share and can deliver on a number of public service objectives, such as:

- reaching and engaging local people in ways which neither private nor public bodies can
- offering different ways of involving users and citizens in the development of services
- offering novel combinations of skills and capabilities which meet the needs of particular groups
- offering flexibility for new approaches without the profit motive distorting implementation

- bringing innovative capacity and momentum and leveraging different forms of finance
- playing a key role in regeneration by acting as role models for community enterprises and ensuring that money spent on public services circulates in the local economy

2.05 The development of social enterprises is a stated aim of the current administration, with the council aiming to develop a number such projects within its tenure. Social enterprises can be developed from current services or through the development of new services to meet stated public service goals

2.06 Double Click was established in 2010 in its current form but had previously operated under the name of “Capabilities” based in Buckley for around 10 years. The entire running cost of the day service is approximately £100k.

2.07 Double Click is currently a Social Services run work-scheme based in Deeside Enterprise Centre. The service employs 5 staff in total (3WTE) and supports 23 service users on a weekly basis.

2.08 Double Click support service users who are in the recovery phase following an acute episode of acute mental health illness

2.09 Double Click are a printing business. They focus on printing specific publicity material for businesses, printing individualised invites and other personalised printing runs.

2.10 We consider Double Click to be suitable for development to a social enterprise for a number of reasons:-

- The nature of the work service lends itself well to further development. With improved community links and further business model development there is significant room for growth in the business.
- The aims of the service are consistent with the goals of social enterprise with the aim of providing employment to specific groups locally and to retain resources within the local economy.
- There is the potential for developing employment opportunities for service users, whilst at the same time developing further training places for new service users.
- The development is of a manageable proportion and supports organisational learning.

2.11 Plans to develop Double Click to a Social Enterprise have been

considered since 2010. Advice has been sought by Social Firms Wales, and appropriate legal and personnel advice is available to support its transition from a social services run business to a Social Enterprise operating within a competitive framework.

3.00 CONSIDERATIONS

Social Enterprise Model chosen

- 3.01 There are a range of social enterprise models which can take many legal and organisational forms but what unites them all is the commitment to a beneficial social impact which is combined with a commercial business.
- 3.02 After detailed consideration of the options available it is recommended that steps be taken to transform Double Click into a Company Limited by Guarantee in the form of a Community Interest Company.
- 3.03 A CIC is a limited company, designed for social enterprises which want to use their profits and assets for the public good. *A CIC has the specific aim of providing a benefit to a community and must use its income, assets and profits for the community it is formed to serve.* The primary purpose of a CIC is to benefit the community and not its shareholders, directors or employees.
- 3.04 To be a CIC the company has to meet a “community interest test” which simply means that it must show, what a reasonable person might consider that its activities are being carried out for the benefit of the community.
- 3.05 A significant feature of a CIC is an “asset lock” which generally does not allow it to distribute its assets to members. *This protects the assets of the CIC and ensures that the assets and profits of the CIC will be devoted to the benefit of the community and not for rewarding shareholders and directors.*
- 3.06 This model has been selected as it is essential that the model chosen is one which fits well with the Council’s strategic objectives of economic regeneration and social wellbeing. In this instance, the objective for Social Services for adults is to create employment and training opportunities for people with disabilities.

What Changes for the Service

- 3.07 In supporting a safe and managed transition to a social enterprise there will be changes for staff, service users and to the way in which the mental health service supports the ongoing costs of this business.
- 3.08 These are described below

Staff Impacts

- 3.09 The existing staff (5 staff in total, 3fte) will initially be seconded to the new firm for a period of 3 years. At the end of this process their positions will be reviewed and in the event of the continuation of the enterprise, steps will be put in place to support them to transfer accordingly.

Service User Impacts

- 3.10 The new firm will have 20 training placements for people with mental health problems and some volunteer places. In the event that the firm is not successful these placements will revert to being work-scheme placements and part of a service rather than a business. There is no ongoing risk therefore.
- 3.11 A few service users (2/3) will as the business develops need to decide whether to give up benefits and opt to work for the new firm. The risk will be that they are not awarded their benefits again if the new firm does not become financially successful within the note period.
- 3.12 Service users who are part of this development will have been part of a change programme which by its very nature may succeed or fail. In the event that the business does not succeed whilst it is recognised that this may be demoralising on service users our commitment to return to a local authority service will ensure changes are kept to a minimum.

Local Authority Impacts

- 3.13 As the service alters to a Social Enterprise the local authority's relationship with the business will change. Instead of directly funding the service we will commission the service to provide training placements to service users. To support the development of the business the additional cost of procuring a Business Manager has been factored in, and will be reflected in the cost of training placements. In essence costs will remain the same other than this additional funding which can be met out of savings within the Mental Health support services budget. It is essential that the business has this business expertise.
- 3.14 A formal timetable for this development will be formulated in the coming weeks as all outstanding legal, financial and personnel issues are satisfactorily addressed.

4.00 RECOMMENDATIONS

- 4.01 On the basis of this report Scrutiny is asked to support the recommendation to be made to Cabinet to progress Double Click from a Social Service run work scheme to a Social Enterprise company in the form of a Company Limited by Guarantee.

5.00 FINANCIAL IMPLICATIONS

5.01 The costs of supporting this social enterprise will remain at present other than the commitment in year 1 to meet the cost of a Business Manager at £29k. This will be reviewed on a year by year basis

6.00 ANTI POVERTY IMPACT

6.01 Supports some current service users to gain paid employment.

7.00 ENVIRONMENTAL IMPACT

7.01 None

8.00 EQUALITIES IMPACT

8.01 Covered in EIA

9.00 PERSONNEL IMPLICATIONS

9.01 As per above 5 staff seconded from Flintshire County Council to the new business for 3 years.

10.00 CONSULTATION REQUIRED

10.01 If the authority agrees to proceed with the externalisation process, formal consultations with staff and service users will need to take place.

11.00 CONSULTATION UNDERTAKEN

11.01 Two informal consultations with service users have taken place at various stages since 2011 and 3 with staff and trade union/HR representatives. Both groups are regularly updated as to the progress of the project.

12.00 APPENDICES

12.01 None

**LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS**

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