

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **21 JANUARY 2014**

REPORT BY: **DIRECTOR OF COMMUNITY SERVICES**

SUBJECT: **DOUBLE CLICK & THE CASE TO PROGRESS TO A
SOCIAL ENTERPRISE**

1.00 PURPOSE OF REPORT

- 1.01 This report has been developed to seek Cabinet approval to progress Double Click to a Social Enterprise in 2014.
- 1.02 The report aims to provide information which indicates the benefits of this proposal for Service Users supported at Double Click, and the benefits to the council in terms of short and long term efficiencies.

2.00 BACKGROUND

- 2.01 Mental Health Support services started looking at the Social Enterprise model for their work services around 3 years ago in response to a letter from a user of the service.
- 2.02 The letter asked if the service would consider providing real employment opportunities, as some people within mental health services were keen to have paid work, but were having difficulty in finding this.
- 2.03 As part of the research process that followed the management team made contact with Social Firms Wales who have been instrumental in assisting the service to look at the possibility of transforming an existing work service into a viable independent business. They also put the group in contact with Beacons Creatives, which is a successful Social Firm in Powys and which was previously a local authority work scheme. This has been looked upon as a model of good practice during this process.
- 2.04 It was decided that Double Click Design was the most feasible “business” within mental health support services to undergo this change. With improved community links and further business model development it is considered that there is significant room for growth in the business.
- 2.05 A detailed Business Plan has now been developed to support the business going forward as a social enterprise. The business plan is

logged within the members' library for information.

- 2.06 Social & Health Care Scrutiny Committee provided their support to the proposal in its November, 2013 meeting.

3.00 CONSIDERATIONS

- 3.01 The adoption of a Social Enterprise model for Double Click would improve the quality of service and outcomes achieved by service users.
- 3.02 Support services as a whole provide many alternatives to people who are not yet ready to move on completely from services. As a Social Enterprise Double Click Design will provide a combination of training placements, work experience and as the business develops will aim to provide paid employment to people in a genuine business environment. Ultimately this will lead to less reliance upon statutory services as well as the benefits system.
- 3.03 This progression through the service leading to paid employment is currently not achievable within a social service setting with caps placed on surplus profit, and the business being bound by local authority procurement rules.
- 3.04 Additionally as a Social Enterprise Double Click will be able to access free training for staff and service users and will have access to grants reserved for social enterprises.
- 3.05 The cost of running Double Click to the council at present is £110,000, mostly made up of staffing costs. In the initial 1-2 years we do not envisage a fall in this cost. The expectation set at the outset will be that costs are contained within this envelope. Should early years trading support profits beyond those expected within the business plan, the council will reserve the right to agree a reduced contribution accordingly. Over time the council will seek to secure a reduction in contribution made to support the business whilst retaining similar or increased numbers of training placement.
- 3.06 The council will fund the service through a contract to provide 15 training placements and 5 volunteering placements for service users with opportunities to gain skills and qualifications in IT, graphic design, customer services, marketing, administration etc.
- 3.07 With the council awarding no inflationary pressures to the service, and assuming an inflation rate of approximately 1.5% this leads to a real terms saving of over £3,000 over 2 years.
- 3.08 In the longer term any surplus profit made will be reinvested back into the business. After its initial two years of trading the council expects to see an extension of training placements supported by the business.

A modest increase of 2-3 additional placements per year based on the current cost model would lead to a saving of approximately £15,000.

- 3.09 This increase in placements will be of benefit to statutory services as a whole as more people will potentially be supported to move to mainstream employment (paid or unpaid), and in turn become less reliant on the benefits system.
- 3.10 By supporting the transfer of Double Click to a Social Enterprise the council will not be responsible for the requirement to invest in upgrading and maintenance of equipment. Such costs can be covered through surplus profits and as a Social Enterprise the business will be able to access grants or loans as necessary.
- 3.11 As a development Double Click progressing to a social enterprise will support organisational learning for Flintshire County Council regarding such models.
- 3.12 Appendix 1 indicates Business Model and Governance Arrangements that will be in place for Double Click as a Social Enterprise.

4.00 RECOMMENDATIONS

- 4.01 Cabinet are asked to approve the development of Double Click to a Social Enterprise in accordance with the business model and governance arrangements proposed.

5.00 FINANCIAL IMPLICATIONS

- 5.01 In the short term (1-2 years) the council does not expect to see a change in its financial contribution to this service. The newly formed business will however be expected to manage inflationary pressures on the business.
- 5.02 Over time we will seek agreement to an increase in placements supported by the business and a reduced contribution by the council.

6.00 ANTI POVERTY IMPACT

- 6.01 The business is expected to support some current service users to gain paid employment.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None.

8.00 EQUALITIES IMPACT

- 8.01 An Equalities Impact Assessment of this development has been completed.

9.00 PERSONNEL IMPLICATIONS

9.01 Staff will be 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 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 Appendix 1 – Business Model and Governance Arrangements.

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

None

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