

30 October 2013		ITEM: 6
Children's Services Overview and Scrutiny Committee		
Alternative Delivery Model – Grangewaters Outdoor Education Centre		
Report of: Sue Green, Strategic Leader Early Years, Families and Communities		
Wards and communities affected: All	Key Decision: No	
Accountable Director: Carmel Littleton – Director of Children's Services		
This report is Public		
Purpose of Report: To update members on the progress being made by the working group on the development of recommendations to Cabinet for an alternative delivery model for Grangewaters Outdoor Education Centre.		

EXECUTIVE SUMMARY

The development of an alternative delivery model for the Grangewaters Outdoor education centre provides the opportunity to enhance the current provision, support improved community engagement in the centre and for the centre to access grants for which it is not currently eligible. The working group have considered a range of options to establish the most beneficial model for both the community and the sustainability of Grangewaters Outdoor Education Centre. On balance it was decided that the community benefits need to be at the forefront of any new model and having considered the options outlined in this paper the group recommend that a form of charitable organisation is likely to be the best mechanism to deliver both the business aspect of Grangewaters Outdoor Education Centre and to support community engagement in the long term future of the centre.

An appraisal was completed of the following options:

- A Trust
- A Community Interest Company
- Retain in the local authority management
- Commission an external provider to run the centre
- A Charitable Incorporated Organisation.

Members considered the advantages and disadvantages of all 5 options with a particular focus on the community involvement in the model. The group are now recommending that further exploration of the development of a Charitable Incorporated Organisation be undertaken as this could be most beneficial. This would have combine the benefits of being a charity with the business benefits of a community interest company, without the burden of dual registration

1. RECOMMENDATIONS:

- 1.1 That Members consider the analysis completed by the working group**
- 1.2 That Members agree to a full analysis of a Charitable Incorporated Organisation prior to recommendations to be made to Cabinet**
- 1.3 That once a full analysis has been completed a further report is made to Children's Overview & Scrutiny prior to proceeding to Cabinet approval.**

2. INTRODUCTION AND BACKGROUND:

- 2.1 Changes to both funding and powers of local authorities have meant there is a need to consider alternative models of delivery in order to secure some services on a long term basis, reduce the cost of these to the Council and provide opportunities to access grant funding currently unavailable.
- 2.2 The Localism Act 2011 provides the authority for Councils to appoint a relevant body to provide services on behalf of the local authority. This report seeks to update members on the work undertaken by the working group to date and makes recommendations on the option to be presented to Cabinet for approval.
- 2.3 At the Children's Overview and Scrutiny Committee held in March 2013 it was agreed that a working group be established to complete an options analysis. This paper outlines that analysis.
- 2.4 Members will recall that over the last 12 months, in line with the move to improve services for vulnerable children, Grangewaters has been particularly successful in working with young people with limited engagement in education for whom an alternative curriculum means that they can achieve accredited learning outcomes. Good examples of this are the work with the Pupil Referral Unit (PRU) and the Troubled Families Team. The centre is also developing as an environmental centre with young people gaining an understanding of land management techniques and works with local community groups to also support access to the centre whilst maintaining the land.
- 2.5 Work to develop the centre on a more secure financial basis has also been at the forefront of delivery with the introduction of a clear fee structure to support delivery of activities.

3. ISSUES, OPTIONS AND ANALYSIS OF OPTIONS:

- 3.1 In considering an alternative model of delivery there has been a focus on the opportunity to enhance service provision, provide more community access to the centre and engage the local community in the running of it

whilst reducing costs to the Council. As budgetary provision reduces further this will also be a way of protecting and enhancing services for the local community.

- 3.2 Officers identified an additional model that had been newly established as a legal entity by the Charities Commission – A Charitable Incorporated Organisation. Given the benefits of this officers included this in the options appraisal.
- 3.3 An appraisal was completed of the following options:
 - A Trust
 - A Community Interest Company
 - Retain in the local authority management
 - Commission out
 - A Charitable Incorporated Organisation
- 3.4 Members felt that it was important to consider the viability of the provision and having considered the financial position and the local competitors it was agreed that there were substantial opportunities for Grangewaters to continue.
- 3.5 An analysis of the financial position highlighted that whilst Grangewaters was generating sufficient income to cover day to day running costs it should be noted that the local authority still funded management and support functions such as HR and Finance. These costs would need to be factored into any future financial plans. In addition in developing an alternative delivery model this may provide access to a range of grant provision that is not currently available to a local authority.
- 3.6 The key advantages and disadvantages are summarised below however the full options appraisal is included in Appendix 1

Delivery Models

3.6.1 Charitable Trust:

A legal organisation which can be set up by anyone who has decided that they want to set aside some of their assets or income for 'charitable causes' (see legal considerations)

Charitable Trusts can be registered as companies and receive money tax-free using gift aid or through 'payroll giving'.

The basic model needs:

- A donor or 'settlor' (which may be a person or business);
- Trustees;
- Charitable purposes
- A trust deed.

Charitable trusts are not allowed to be run for profit, nor can they have purposes that are not charitable (unless these are ancillary to the charitable purpose).

Advantages:

- Tax benefits
- Ability to apply for grant funding
- Provision of volunteering opportunities and community involvement
- Assets remain in the control of the Council

Disadvantages:

- Uncertainty regarding grants and funding
- Limitations regarding Council representation
- Sustainability going forward with potential changes to Trustees

3.6.2 Social Enterprise / Community Interest Company:

A business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community; A Community Interest Company is a legal form that a social enterprise can take and these are companies that exist to provide benefits to a community or specific section of the community, typically they will be:

- Driven by a social or environmental purpose
- Social enterprise is a concept, not an entity and a common legal entity is a community interest company (CIC)
- Many social enterprises have charitable status. It is only possible to gain this status if the purposes of your organisation are exclusively charitable and are for the public benefit.
- Opportunity to be community led
- Assets can be protected by an 'Asset lock'

Advantages:

- Flexible company form
- Can be developed with charitable status
- Limitation of risk
- Clear ownership structure / governance
- Ability to be community led by a range of stakeholders
- Public accountability
- Recognition of financial institutions and investors

Disadvantages:

- The ability to borrow money could present a risk
- There is the need to register with the Charity Commission and Company House and file accounts and reports to both.

3.6.3 Retain in the local authority management:

The service is currently located within the Children Services directorate as part of the Early Years, Families and Communities Service and with this model the centre would continue to be supported by the Local Authority.

Advantages:

- Local Authority support
- Clear ownership of the structure and governance
- Limitation of risk
- The centre retains flexibility
- Public accountability

Disadvantages:

- Constraints with regard to marketing and PR
- Limited flexibility
- Limited ability to respond quickly to market changes
- Financial implications for the Local Authority
- Limited access to grant funding opportunities
- Limited community ownership and involvement

3.6.4 Commission out

The option to commission out the Centre has been considered however it should be noted there is no funding to support this. It would be the opportunity to run the centre that was made available.

Advantages:

- A clear contract defining the use of the centre
- A relatively simple exercise within the current procurement regulation
- The future of the centre would be secure for the period of the contract

Disadvantages:

- Limited flexibility
- Limitations on the community engagement
- Limited opportunity to include social purpose within the aims of the commissioning
- Limited opportunity for the centre to be led by a range of stakeholders in the community

3.6.5 A Charitable Incorporated Organisation

This is a new legal form of charity which was created in response to requests from charities for a new structure which could provide some of the benefits of being a company without the burdens of dual registration with Company House and the Charity Commission.

Advantages:

- Single registration and regulation

- Clear duties under governing regulations
- Single annual report and accounts
- Lower registration costs
- Simplified constitution and greater flexibility

Disadvantages:

- More complex to run than a charitable trust however this is balanced by the advantages

3.7 A competitor analysis was undertaken however this was limited to desk research due to the commercially competitive aspect of the work involved. From this it was identified that there were a number of key competitors including Stubbers Outdoor Education Centre in Havering and Essex Outdoors who run across a number of sites in Essex. All three organisations offer a broadly similar range of experiences however it was noted that Stubbers Outdoor Education Centre and Essex Outdoors were able to offer a competitive marketing strategy which Grangewaters currently does not and also that some offered public access which again Grangewaters does not. Members felt that the public access was particularly important. It was noted that whilst these were key competitors it was felt that Grangewaters could operate competitively within this environment. The competitor analysis is included in Appendix 2

3.8 An equality impact analysis was completed for each of the options and it was highlighted that the greatest benefit came from the community led organisations as there was the opportunity to develop a clear social purpose within this. A copy of the Equality Impact Analysis forms can be found in Appendix 3.

4. CONCLUSION:

4.1 Members have considered the advantages and disadvantage of all 5 options with a particular focus on the community involvement in the model. Some models lend themselves to this more easily than others, in particular the models of a Charitable Trust and Charitable Incorporated Organisation that are strongest with regards to this aspect although the community interest company also offers this as an option. Members considered these aspects when making their recommendations.

4.2 Members of the working group felt that if the Centre was to be commissioned out it could be included in the service specification to secure community engagement however this would be on a different footing to the community engagement in the governance outlined in the previous models. The model that offers the least community engagement in terms of governance was to retain the management in the local authority and this was considered when members of the working group made their recommendations.

- 4.3 With regards to the financial aspect of each model, this is outlined in the options analysis however the opportunity to generate grant funding was strongest across the Trust and Charitable Incorporated Organisation.
- 4.4 Community Interest Companies do have the ability to generate grant funding but this can be limited. If the model to commission out were taken, ability to generate grant funding would depend on the governance structure of the successful organisation
- 4.5 Members considered each aspect and the weighting that they gave to this, in order to inform the recommendations to be made to Overview & Scrutiny.
- 4.6 Members of the working group recommend that the model of a Charitable Incorporated Organisation be explored in detail as this has the opportunity to sustain delivery of services at Grangewaters Outdoor Education Centre whilst also supporting community engagement in this. This model gives distinct advantages in terms of community engagement whilst providing the business benefits of an incorporated community interest company.
- 4.7 It was felt that there were few benefits to retaining the management of Grangewaters Outdoor Education Centre within the local authority and the difficulties of this had been highlighted in the lead up to this piece of work including the limited access to grant funding and limited community engagement.
- 4.8 Members were concerned with regards to the option to commission out the service as there is no funding to support this, and it was felt that there is limited opportunity to support community engagement and develop social purpose within the aims of the commissioning. It was also felt that this did not give the opportunity for the centre to be led by a range of stakeholders in the community.
- 4.9 It is therefore the recommendation to Overview & Scrutiny that a full analysis of the option to develop a Charitable Incorporated Organisation to manage and develop the Grangewaters Outdoor Education Centre is completed.

5. CONSULTATION

- 5.1 Consultation will be held with the range of stakeholders through a consultation event planned. This will include consultation on the different models being developed.

6. IMPACT ON CORPORATE POLICIES, PRIORITIES, PERFORMANCE AND COMMUNITY IMPACT

- 6.1 The following corporate priorities are supported through this proposal:
 - create a place for learning and opportunity.

- build pride, responsibility and respect to create safer communities
- improve health and wellbeing
- protect and promote our clean and green environment

7. IMPLICATIONS

7.1 Financial

Implications verified by: **Steve Abrahall**
 Telephone and email: **01375 652217**
sabrahall@thurrock.gov.uk

Overheads in the region of £75k need to be absorbed; a Business Manager would need to be employed and be responsible for the overall running of the site, resourcing, HR, planning and financial control.

All site costs and running costs would need to be self funding. Capital investment will need to be considered for the premises improvement costs.

There would need to be consideration given for the cost of establishing a new legal entity which would need to be reported to Cabinet when the decision is made.

7.2 Legal

Implications verified by: **Geoffrey Berriman**
 Telephone and email: **01375 652938**
Geoffrey.berriman@bdtlegal.org.uk

The legal framework for the Charitable Incorporated Organisation is set out in the Charities Act 2011 and in two sets of regulations and an Order. These are: - The Charitable Incorporated Organisations (General) Regulations 2012

- The Charitable Incorporated Organisations (Insolvency and Dissolution) Regulations 2012

- The Charitable Incorporated Organisations (Consequential Amendments) Order 2012

7.3 Diversity and Equality

Implications verified by: **Samson DeAlyn**
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This model does provide the opportunity to have a positive impact as there is the option to create a structure that provides additional community

benefits. These can be stated when setting up the Charitable Incorporated Organisation (CIO) to target particular stakeholders that are relevant to the business needs of Grangewaters. This model will also provide the opportunity to engage the community and Stakeholders in the running of the outdoor education centre.

There is unlikely to be an adverse impact, however care would need to be taken to ensure that the standards set as a part of the local authority with regards to equality and diversity are maintained when setting up the CIO and this should be considered prior to making recommendations to Cabinet.

7.4 Other implications (where significant) – i.e. Section 17, Risk Assessment, Health Impact Assessment, Sustainability, IT, Environmental

BACKGROUND PAPERS USED IN PREPARING THIS REPORT (include their location and identify whether any are exempt or protected by copyright):

- None

APPENDICES TO THIS REPORT:

- Appendix 1 - Options Analysis - September 2013
- Appendix 2 - Competitor Analysis
- Appendix 3 - Equality Impact Analysis forms

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