

SOCIAL ENTERPRISE UPDATE

Report of the Director of Investment and Regeneration

1. SUMMARY

- 1.1 Derby Homes is committed to developing a social enterprise to benefit the community, tenants and residents of Derby.
- 1.2 This report provides an update on the Social Enterprise since the Board report presented on 26 April 2012.

2. RECOMMENDATION

The committee is requested to take note of the current Social Enterprise progress report and position statement. It is proposed that future updates will be delivered through existing reports from The Director of Investment and Regeneration and Personnel manager.

3. MATTER FOR CONSIDERATION

- 3.1 The original Social Enterprise business plan was presented to this Committee for loan approval on 26.04.12. The Board approved the Business Plan to create a Social Enterprise as a wholly owned community Interest Company (CIC) on 31 May 2012.
- 3.2 The next stage was to ask the Council to agree to Derby Homes establishing a Social Enterprise CIC and to amend the Memorandum and Articles to allow Derby Homes to operate outside of Derby.
- 3.3 As we have yet been unable to get agreement from the Council and coupled with the risks presented by establishing a CIC, a new method of delivering an in house social enterprise model is proposed.
- 3.4 This simple model identifies a timetable and action list to enable Derby Homes to progress the creation of a Social Enterprise by using existing resources to facilitate the creation of a new team. With the potential of becoming a Community Interest Company in 2014/2015.
- 3.5 The rationale for progressing under this 'in house' model is to reduce financial and reputational risks to Derby Homes and ultimately the Council, and to accelerate delivery and integrate all areas of Derby Homes in a unified approach to apprenticeships, funding it from core funds.

- 3.6 As with all businesses, the Social Enterprise will compete to deliver goods and services. The difference is that 'social purpose' is at the heart of what they do, and the profits they make are reinvested towards achieving that purpose.
- 3.7 The social aims 'Social Purpose' of Derby Homes social enterprise are to :
- Create work based skills and training opportunities
 - Offer Apprenticeship placements
 - Reach Derby residents that are not in education, employment or training (NEET)
 - Build social responsibility and communities by creating employment opportunities
 - Provide opportunities to gain experience through volunteering
 - Offer value for money, high quality services to the people and businesses of Derby, contributing to our local economy.
 - Provide employability information, advice and guidance to all learners.
- 3.8 Over the last four to five years Derby Homes has run a number of schemes to enable work placement opportunities. We developed our Home to Work Scheme with Job centre Plus. This has proved successful with many people moving on to further training, employment and jobs at Derby Homes.
- 3.9 Based on this success we intend to name our Social Enterprise using the Home to Work branding.
- 3.10 An officer has been asked to lead on the establishment of the Social Enterprise. They will provide a strategic support role to the Director of Investment and Regeneration and Personnel Manager during the 12 month implementation period.
- 3.11 They will implement the plan to deliver the in-house social enterprise and engage with other key stakeholders within this process.
- 3.12 It is envisaged that the first learners will be recruited through the social enterprise in January 2013. This will lead to the creation of up to 27 apprenticeship placements and up to 75 work experience and volunteer opportunities.
- 3.13 Further areas of work identified as being delivered through the Social Enterprise include Energy Efficiency works and linking with partners to deliver on new build contracts and existing contracts.

4. CONSULTATION IMPLICATIONS

We have informed the trade unions about our proposals to develop the Social Enterprise.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 5.1 The Government defines a social enterprise as "a social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners".

- 5.2 As with all businesses, they compete to deliver goods and services. The difference is that 'social purpose' is at the heart of what they do, and the profits they make are reinvested towards achieving that purpose.
- 5.3 Derby Homes already has two apprenticeship budgets in repairs and in customer services. By working together with the social enterprise budget this can be expanded to include planned repairs and consolidate apprentice training into one programme. The intention is that the costs of the additional structure will be met from the £250,000 a year budget formerly identified for a programme of rear fencing that is proving to be difficult to operate in practice, due to an inability to levy a realistic service charge that would be covered by Housing Benefit in future. As a result, this funding can be redeployed to underwriting and subsidising a wider apprentice programme. Although all apprentices will not be taken on for permanent jobs within Derby Homes, at the very least they will have valuable experience and training.
- 5.4 Income from training and apprenticeship funds will be able to reduce the core budget required to deliver the programme, but it is not anticipated at this stage that the net costs would be nil – the previous programme did not show a break even and was focussed on three work areas that have proved difficult to deliver. Apprentices in the revised scheme will work alongside permanent staff without a direct cost to that work area, in effect providing a no additional cost supplement to that work, with the actual cost met from the SE budget.
- 5.5 There remain a lot of issues to be resolved in detail as the project develops, not least the total number of staff and apprentices required and that can be funded. Further work on detailed programmes in the repairs areas is also required. In funding terms, the previous loan of £400,000 is no longer required – the £250,000 a year should enable a larger programme to be delivered at a subsidised rate across all parts of Derby Homes. Should the programme prove to be too big for business requirements then it can be scaled back in future.

6. LEGAL AND CONFIDENTIALITY IMPLICATIONS

Legally the model means that the social enterprise will be a new Derby Homes team, so will not require the creation of a new company and board structures.

7. PERSONNEL IMPLICATIONS

The Social Enterprise will employ Apprentices. The Apprentices will be employees of Derby Homes and will receive a salary based on the National Apprenticeship Grading Scheme

8. EQUALITIES IMPACT ASSESSMENT

- Does this report affect the delivery of a service - Yes
- Equality Impact assessments will be completed as part of the implementation plan, assessing all areas of the Social Enterprise.

9. HEALTH & SAFETY IMPLICATIONS

Health and safety implications are built into the implementation plan. Apprentices and people on work placements will receive a robust programme of training which

will include health and safety.

10. RISK IMPLICATIONS

Risk implications of delivering services through the social enterprise are built into the implementation plan

The areas listed below have no implications directly arising from this report:

Council
Environmental

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: None

Supporting Information: None