Criteria for assessing employee proposals for setting up a mutual

Assessment Area	Assessment Criteria	Comments and Notes
Does the proposal fit with Council policy and strategy?	Would this mutual / new enterprise provide a service that the Council wishes to see? If the Council wishes to see this service is it willing to pay for it?	
Service improvement	Would the mutual / new enterprise approach deliver an improved service in comparison with the existing service provision arrangement? Would this mutual / new enterprise provide increased choice for residents?	
Wider benefit	Would the mutual / new enterprise create additional employment or other desirable social outcomes for citizens?	
Council saving	Would the mutual / new enterprise approach reduce corporate overheads and provide efficiency savings for the Council?	
Strength of the business case	Is there a business case? Has the business case been tested? Are there large set up or capital investment costs? Do they have access to suitable start up capital? How quickly will the business begin to return on investment? What is the strength of the proposed revenue funding streams? Are there others who may pay for this service (public, private or voluntary)?	

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	Does it appear to be financially sustainable long term? What is the cost base? Have overheads been carefully considered? Under the new model will VAT or tax be applicable where it is not currently relevant and, if so, how will this affect the cost of the services?	
Stakeholder engagement and market research	Has the potential mutual / new enterprise undertaken any stakeholder engagement and market research prior to submission? What is the strength of the market that it is planning on entering? Are there obvious local competitors who could strongly challenge the new organisation? Is there a strong potential customer base and is there scope for this to expand?	
Funding and other practical support required from the Council	What is the level of expectation in terms of support from the Council in both the short and long term? Is the mutual / new enterprise requesting a start up grant from the Council? Will the mutual / new enterprise need a contract from the Council initially? If so for what duration? Are there likely to be any on-going liabilities or obligations for the Council?	
Premises / assets required	Would the service be run from an existing council property? If so what is proposed re asset transfer/rent etc Will there be any transfer of assets (non property)?	

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Risks of failure	If this venture failed would the Council have to step in? Would the cost and difficulty of the Council stepping in be significant?	
Capacity / expertise	What is the level of skill, capacity and expertise that the organisation has to run the service? Do the staff have the legally required qualifications/accreditation to provide the service (if relevant)? Has the potential enterprise sought independent advice (business, financial or legal)?	
Personal risk of setting up mutual / new enterprise	Have the individuals involved taken account of the financial and other personal risks involved in undertaking this venture?	
Setting up the mutual / new enterprise	Will the transition happen via a staged approach or in a single transaction? What timescales have been suggested, are these realistic?	
Impact on existing service staff	Are there likely to be redundancies?	
Legal considerations	Is the proposal legal? Can the Council pursue this within the legal perimeters of the constitutional arrangements? Are there conflict of interests arising? What are the arrangements for property/assets transfer? What are the proposed governance, legal and management arrangements. Are	

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	these suitable?	
Procurement considerations	Is there an existing contract in place for the service? If yes, how long is it for? Are there EU procurement law implications? Is TUPE relevant?	