

Spinning out: challenges and solutions

Craig Dearden-Phillips – Managing Director, Stepping Out

Jamie Foster – Partner, Hempsons

stepping **OUT**

FROM GOOD PUBLIC SERVICE TO GREAT SOCIAL BUSINESS

HEMPSONS



Welcome

- › Introducing Stepping Out and Hempsons
- › What questions do you have about ‘spinning out’?
- › Answering some common questions
- › Have we answered all your questions?
- › Next steps: Routes to more information, support and finance



Stepping-Out: Turning good public services into great social businesses

Setting Out

Stepping Out

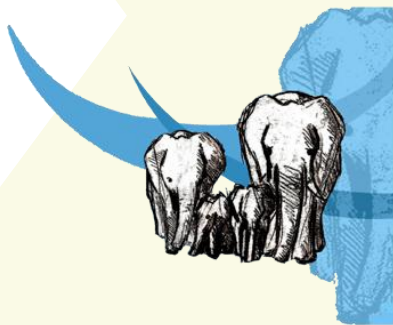
Staying Out

- › High-level feasibility
- › SE Readiness Assessment
- › ‘Socialising’ the SE idea with staff and other stakeholders
- › Strengthening management’s confidence
- › Business Planning & financial modelling
- › Project management
- › Support during contract negotiations
- › Powerful networks
- › Partner selection
- › Finding social investments
- › Executive mentoring
- › Planning for growth
- › Investment readiness
- › Leadership development
- › Social Value analysis
- › Interim management

Case study 1: CHUMS - spun out in 2011

June 2011:

- › Part of NHS Luton
- › Child Bereavement Service and Trauma Service
- › Team of 12 staff and 70 volunteers
- › Supporting 300 children per year in Luton and Bedfordshire
- › Income £300k

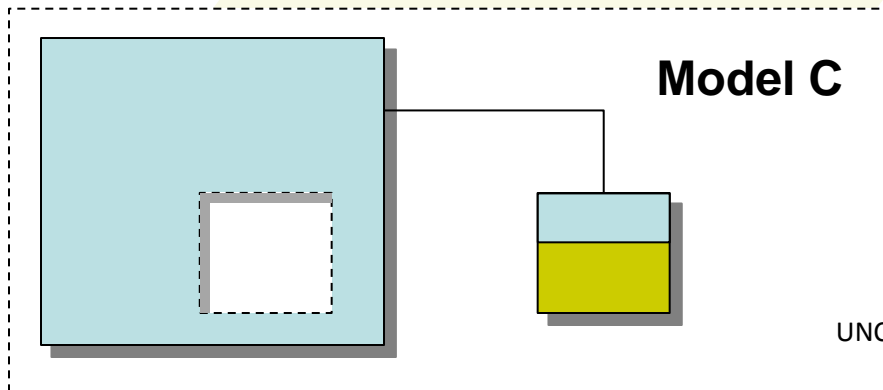
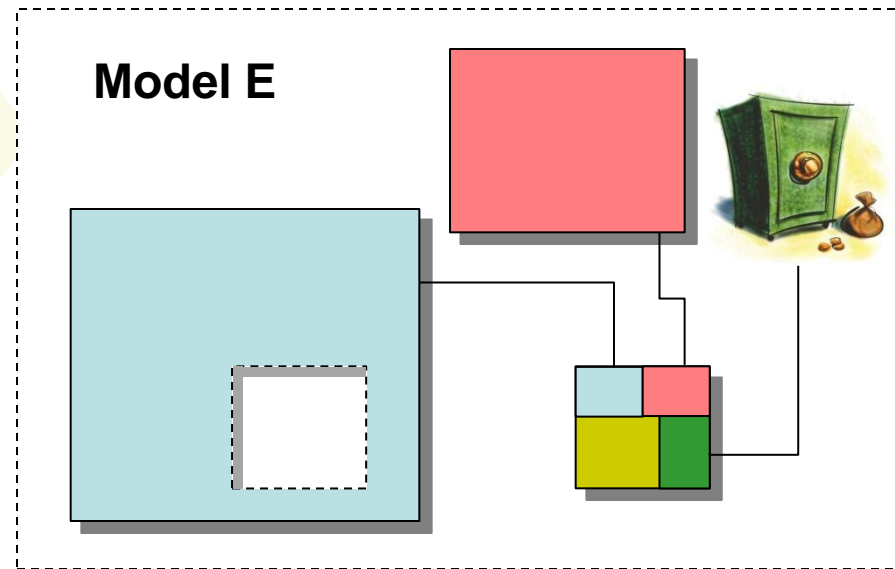
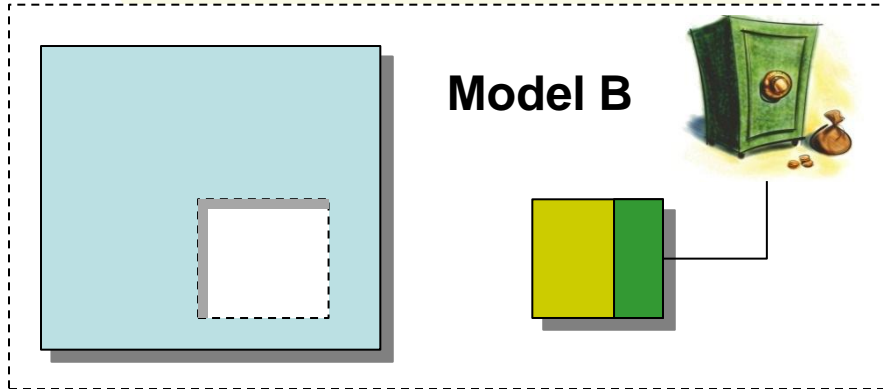
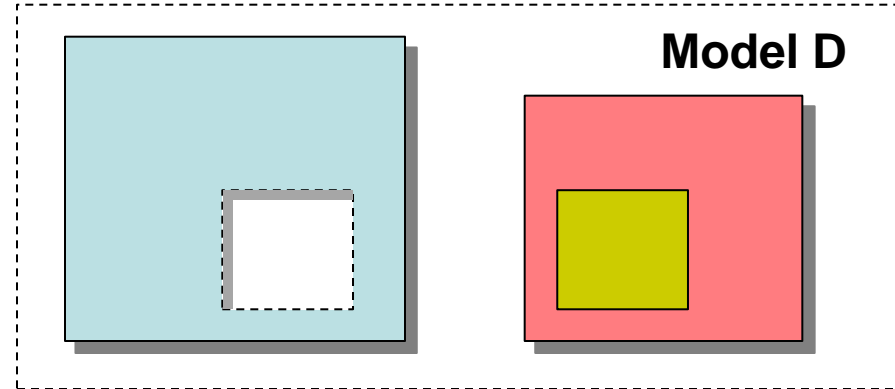
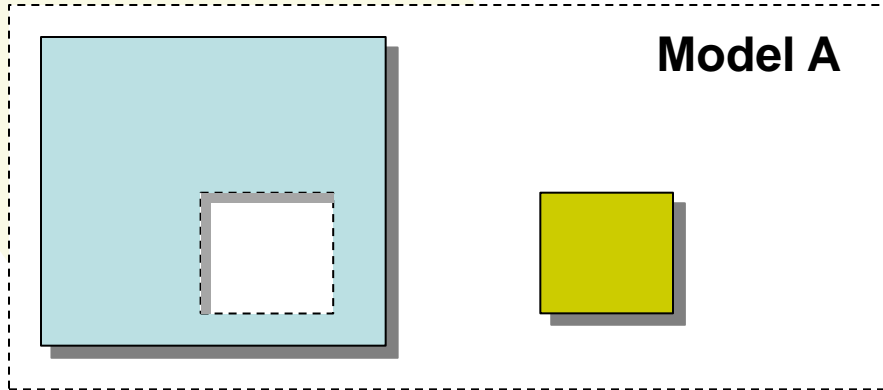


September 2012:

- › Independent Social Enterprise
- › Child Bereavement, Trauma and Emotional Wellbeing Service
- › Team of 38 staff and 100+ volunteers
- › Supporting 900+ children per year in Luton, Bedfordshire and beyond
- › Income approaching £1m



Case study 2: Innovations in spin-out models



"Why do this?"

"Can it save money and improve services?"

"What is happening elsewhere?"

“Where does this fit into wider public policy and current Council agendas?”

- › Policy and legal framework - localism, personalisation, austerity.

“Is the playing field tilting in favour of social enterprises and staff mutuals?”

- › Coalition position?
- › Open Public Services White Paper
- › Right to Provide
- › Public Services (Social Value) Act 2012
- › Localism Act 2011



"Is there a real business here?"

- › Looking closely at the question of your commercial viability - your market, your growth.

“Are we commercially viable?”

- › Existing business and future opportunities
- › Award of contracts
- › Access to external funding
- › Staff and pension costs
- › Tax benefits and reliefs
- › Governance structures
- › Business infrastructure

"How do we sell this to politicians?"

- › Making the argument to members about the benefits of liberating delivery

“Can we just set these up without a competitive tender process?”

- › Procurement realities
- › Considering the on-going involvement of the Council in the new social enterprise

“What are the current procurement rules?”

- › When a contracting authority (i.e. spending public money) requires something over a certain financial value
 - › A form of process has to be followed to ensure that that market is opened up to competition
 - › Aim is to ensure transparency and fair process not primarily VFM / the best deal for contracting authorities

“So can the Council just award a spin out a contract?”

- › What services will you be providing?
 - › Social care / health services
 - › Other services
- › Who will own your organisation?
 - › Council
 - › Staff
- › Are there any other exemptions?

“What about staff Terms and Conditions?”

- › TUPE, Pensions – legal requirements
- › Staff consultation through the process

“How does TUPE work?”

- › Staff transfer from Council to new social enterprise
- › Pay and conditions protected
- › Must carry out consultation
- › Is there any way round TUPE?
- › What about historic employment liabilities?

“What about pensions?”

- › Will we have to offer a pension scheme?
- › Can we access:
 - › Local Government Pension Scheme?
 - › NHS Pension Scheme?
- › Factors influencing access to pension schemes:
 - › Services to be provided by the social enterprise
 - › Type of contract awarded to the social enterprise
 - › Ownership structure of the social enterprise
 - › Legal form

“Leaving the Local Authority Mothership-- - cutting the cord....How do we do this?”

- › Practical issues in transition, including access to (and ownership) of premises, equipment, IT and corporate support services

“Legal structure - What is best for us?”

- › Different legal models and different ownership and management structures
- › Embedding staff and service user ownership

“Which legal form is best?”

- › What are you trying to achieve?
- › Options:
 - › Companies limited by shares or guarantee
 - › Community Interest companies
 - › Industrial and Provident Societies
 - › Charities
- › Consider:
 - › Pensions access
 - › Access to external funding
 - › Tax benefits and reliefs
 - › Organisational structure and ownership



“Who will own and manage our business?”

- › What role do we want staff, service users and local stakeholders to have in the social enterprise?
- › What ownership models are there?
- › Who will manage the business day to day?

Your Questions...

- › Have we addressed the questions you had about spinning out?
- › How do you feel about moving forward with plans in your area now?

Next Steps...

Government Support

- › Social Enterprise Investment Fund (SEIF)
- › Mutuels Information Service (MIS)
- › Mutuels Support Programme (MSP)

Contact Us

craig@stepping-out.biz
www.stepping-out.biz
0845 474 6005

j.foster@hempsons.co.uk
www.hempsons.co.uk
020 7484 7594

A book to help you on your way

Brings together stories of early adopters in setting up spin outs

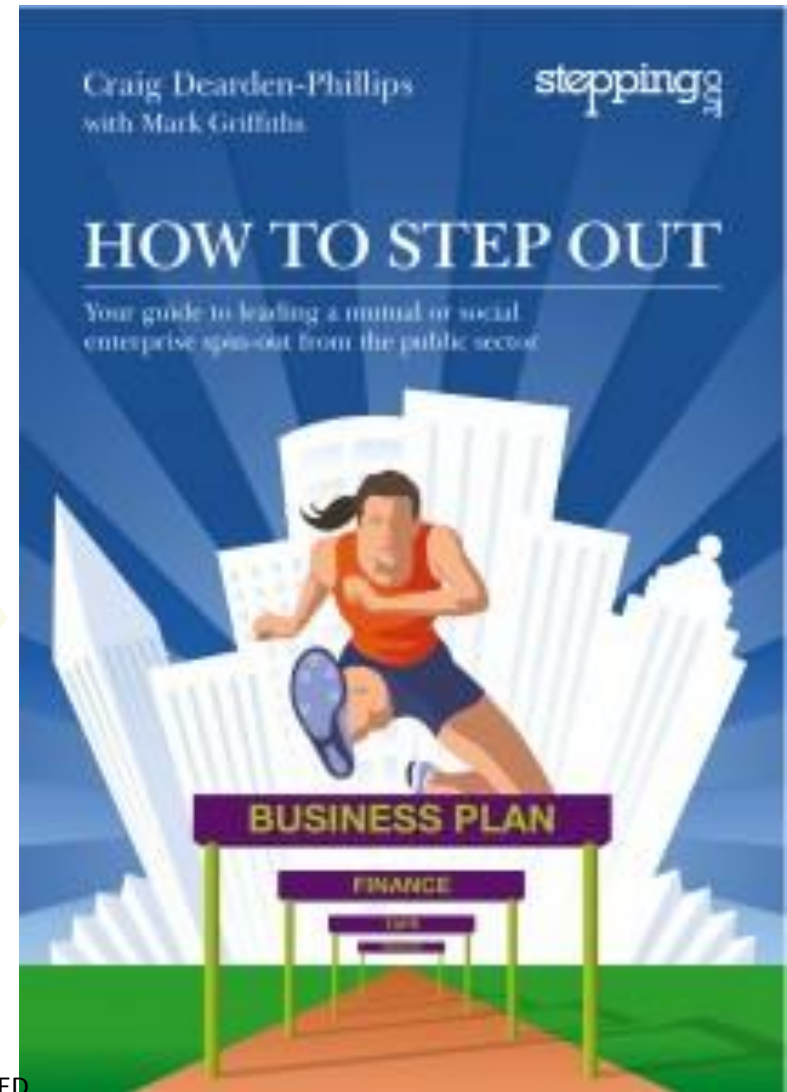
Tells it as it is

Covers all major aspects of setting out, stepping out and staying out

Perfect 'How to' guide

Lots of down to earth advice

Leading text on spinouts





stepping **OUT**

FROM GOOD PUBLIC SERVICE TO GREAT SOCIAL BUSINESS

HEMPSONS