

DERBYSHIRE COUNTY COUNCIL

CABINET

24th July 2012

Report of the Strategic Director for Children & Younger Adults

**DEVELOPING THE MARKET WITH THE VOLUNTARY, COMMUNITY AND
INDEPENDENT SECTOR – (Young People)**

1. Purpose of Report

To seek Cabinet agreement to provide start-up funding to the GRID (Group Influencing Developments) to enable it to develop the market for the commissioning of services to children, young people and their families in Derbyshire.

2. Information and Analysis

2.1 Policy Context

The Open Government White Paper of July 2011 set out a key aim of breaking down the barriers to developing the market for public services. It set out the Government's five principles for organising public services in the future. These were:

1. To increase choice
2. Decentralise to lowest appropriate level
3. Public Services to be open to a range of providers
4. Fair access to services
5. Services to be accountable to users and taxpayers.

The Localism Act 2011 introduced a range of provisions to further the agenda of the White Paper. Three major relevant provisions are:

The Community Right to Challenge, which opens the way for voluntary and community organisations, not-for-profit companies, charities and social enterprises to trigger a procurement process by expressing an interest in providing or assisting in the provision of County Council services.

Community Assets. Parish and community County Councils and local voluntary and community organisations will be able to nominate local land or buildings to be included in a list of community assets maintained by local authorities, and

Community Budgets. A Community Budget gives local public service partners the freedom to work together to redesign services around the needs of citizens, improving outcomes, reducing duplication and waste and so saving significant sums of public money. This development is currently being piloted in 28 Local Authorities.

Another consideration is the Public Services (Social Value) Act 2012 which places a duty on public bodies to consider how the services they commission and procure might improve the economic, social and environmental well-being of their area.

2.2 Background of the 'GRID'

The 'GRID' was set up in the spring of 2007, to act as the sole county-wide body to:

- To act as a representative conduit between the County Council and the very many VCI organisations operating around the county, providing services to children and families.
- Build capacity in the Voluntary, Community and Independent (VCI) sector to enhance services to children and families in Derbyshire.

A democratic structure was established to ensure elected representation from a cross-section of VCI organisations. Each locality has an elected GRID representative, each of whom works for a different VCI organisation.

As a separate initiative, a VCI co-ordinator is responsible for arranging "roadshows" across the county, which are open to all VCI organisations in Derbyshire. These roadshows enable two way dissemination of information regarding initiatives in children's services, and encourage partnership working.

The arrangement is seen as strategically important for furthering the principles of the Derbyshire Compact with the VCI sector.

2.3 Intention

The GRID wants to establish a legal identity to support income generation, and to develop a production and commissioning structure for the Voluntary, Community and Independent (VCI) sector in Derbyshire. Further developments would be established as a joint venture with Derbyshire's Children's Trust, in the form of a Public Social Partnership.

It intends to become a Community Interest Company – CIC - (a form of Company Limited by Guarantee), which ensures that all activities are

undertaken in the interests of the community, supported by an Asset lock which prevents private benefit of members of the company. The Asset Lock is a specific feature of CICs, which requires all assets of the company are used for the benefit of the community purposes for which the company is established. These purposes are set out in a Community Interest Statement which has to be approved by the CIC Regulator prior to the company being registered.

The conversion of the 'GRID' to a CIC would mean that it was fully independent of the County Council, but would reflect the priorities of the Derbyshire Children and Young People's Trust for children's services, and would be set out in the objectives of the company under its constitution.

The Derbyshire Children and Young People's Trust (DCYPT) is therefore keen to support this Development, and recognises some 'pump priming' money will support the new company being established and to develop the necessary infrastructure, particularly in relation to income generation, in order to enhance the services available to support families in Derbyshire.

As a CIC, the new company has the potential to help the VCI sector in Derbyshire to gain capacity through successful bidding for very significant amounts of additional revenue to support the DCYPT priorities, through funding streams the County Council cannot access. Typically, these will include Big Society Capital (£600m), the Big Lottery Fund UK, various Charitable Trust funds, and an increasing number of Social Enterprise initiatives, using such mechanisms as the Social Impact Bond. These are often commissioned by Government Departments seeking to develop the market.

It is considered that the current 'GRID' represents a best practice model for the County Council and the VCI sector to work together as equal partners, due to its unique county-wide remit and representational role with the VCI sector.

Therefore, it is proposed that the County Council supports this initiative by allocating £75,000 per annum for two years to the new company to support start-up infrastructure costs, including external accommodation, and equipment. It will also allow the CIC to employ a part-time administration support worker, and an experienced development worker/fund-raiser to help the enterprise as self-sustaining. The County Council would not make any grant payment until the CIC had been incorporated.

This proposal represents an exciting opportunity to progress the Government's agenda to open up public services to a wider potential pool of providers of services, through a structured and innovative approach to developing the market.

It also offers a positive framework for building on the already good relationship the County Council has with the VCI sector in Derbyshire, consolidating our desire to work in partnership with the sector, where possible, co-designing services together, through consultation with communities, families and individual young people in Derbyshire.

3. Financial Considerations

£75,000 per annum for two years is intended to cover the start-up costs of the new company, and to ensure the CIC becomes self-sustaining through income generation from sources the County Council cannot access. The funding from the County Council will be in the form of a grant, and will be for specified purposes, agreed in advance with the new company.

The new company will be required to submit a costed plan for the use of the grant, to be agreed prior to the release of any funding. The use of the grant will then be monitored against the agreed plan by the Strategic Director for Children and Younger Adults.

4. Human Resources Considerations

Personnel employed by the company will be the responsibility of the company, including any redundancy costs should the enterprise fail, and no liability will accrue to the County Council.

5. Legal Considerations

As a grant, the County Council shall make payments to the CIC for the specific purposes in relation to the DCYPT priorities as set out in this report. As a recipient of a grant, the GRID is not contractually obliged to deliver any services although the County Council may be able to claw back grant which has not been spent or is misapplied. Confidence should be drawn from the expectation that the Community Interest Statement of the CIC shall reflect the DCYPT priorities for children's services, and it is anticipated that this shall be reinforced through a memorandum of understanding between the County Council and the CIC, the terms of which will require the approval of the Director of Legal Services.

6. Equality of Opportunity Considerations

The proposal, if successful, will result in the development of services, which will be inclusive, as users and potential users of the service will be involved in the design of those services, and in some cases, their delivery.

The services will be targeted at vulnerable families, with the intention of reducing inequalities and the promotion of improved outcomes. As a commissioning body the new company will be required to have effective

outcome measures and tools in place, to ensure resources used result in the outcomes sought by providers of those resources.

7. Environmental Considerations

It is anticipated that activities will be undertaken within the Social Return on Investment (SROI) model, having a measurable wider social and environmental impact on the communities served.

8. Property Considerations

None

9. Health Considerations

The proposal will contribute to the promotion of the physical, emotional and mental well-being of young people and their families in Derbyshire.

10. Other considerations

By promoting inclusion and positive outcomes in relation to the priorities of the Derbyshire Children and Young People's Trust, activities undertaken should contribute to the reduction in crime and disorder.

11. Background papers

A discussion paper setting out more details of the context and the intended model of the Public Social Partnership is available.

The Open Government White Paper July 2007. HM Government
The Localism Act November 2011 HM Government
The Public Services (Social Value) Act 2012. HM Government
Derbyshire Compact 2003

12. Key Decision

No.

13. Is it necessary to waive the call-in period?

14. Officer Recommendation

That Cabinet approves the provision of grant monies to the legal entity established by the GRID (Group Influencing Developments) for start-up funding as set out in this report.

Ian Thomas, Strategic Director for Children & Younger Adults