



Grant Thornton

An instinct for growth™

# Setting up a social enterprise

2017



# Contents

Section	Page
Foreword	1
Executive summary	3
What is a social enterprise?	10
Social enterprise models	14
Creating a social enterprise	17
Running a successful social enterprise	22
Ending a social enterprise	25
About us	39
Contact us	40

# Foreword

## Striking a balance between financial and social returns

In times of austerity, local government is looking at innovative ways to increase their financial returns whilst staying true to the public service ethos. This has included the development of alternative delivery models, such as local authority trading companies, joint ventures and social enterprises.

For councils that are looking to change their delivery model, setting up a social enterprise can open up new routes to funding. They provide balance between increasing commercial focus and continuing to deliver services that are important to the local community.

Speaking with our clients there is an appetite to move in this direction. Social enterprises come in a variety of shapes and sizes, as they do not have a single legal structure or ownership rule. The different structures provide opportunities and challenges; particularly around managing the legal, governance, tax and people considerations.

Local authority leaders can use this guide to help make their transition to or manage a successful social enterprise. Over the next pages, we explore:

- how social enterprises look
- set-up requirements
- strategies for ongoing management success
- if the time is right, how to exit a social enterprise

We have complemented this with a range of case studies highlighting successful transitions and some lessons learned. I would like to take this opportunity to thank the councils who have contributed by providing case studies, Amardeep Gill from Trowers and Hamlins for his contribution, and to Vivien Holland who authored the report.



**Guy Clifton**  
Head of local government advisory  
Grant Thornton UK



# Executive summary

Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models (ADMs), including setting up local authority trading companies (LATCs), joint ventures (JVs) and social enterprises.

This report focuses on social enterprises in local government: those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage. It is the fourth report in our series of publications on ADMs, looking in detail at the variety of models that councils are considering to tackle the financial challenges. Other reports look at the different models available<sup>1</sup>; building a successful LATC<sup>2</sup>; and the use of joint ventures<sup>3</sup>.

Social enterprises come in a variety of shapes and sizes, they do not have a single legal structure or ownership rule and can adopt any corporate form – i.e. company limited by shares or guarantee; and can have single or joint ownership. The only condition is that the organisation must have a social purpose.

## **Social Enterprise UK suggests that to be a social enterprise an organisation should:**

- have a clear social and/or environmental mission set out in their governing documents
- generate the majority of their income through trade
- reinvest the majority of their profits
- be autonomous of state
- be majority controlled in the interests of the social mission
- be accountable and transparent.

There is a further type of company, a community interest company (CIC), which is a relatively new variant on the standard company model. The CIC structure enables wider opportunities for funding which can be important for service delivery with a social purpose.

To date, there are fewer social enterprises set up to deliver council services than LATCs and JVs. This is primarily because social enterprises' main concern is not for profit and they

do not provide the same degree of income generation and cost reduction opportunities as other models. In many cases councils prefer to retain control of services and receive dividends from any companies they own, making the suitability of a social enterprise for delivering council services more limited.

However, by not being perceived as a 'commercial' organisation the transition to a social enterprise for those working with a strong public sector ethos can be smoother. Similarly, it can also be a more attractive option for elected members to support. Indeed, social enterprises are becoming increasingly common vehicles for delivering services that are not an 'essential' service for an authority, but where the service is still important to it and the local community.

There are some large, and successful social enterprises. For example, established over twenty years ago, Greenwich Leisure Limited (GLL) was the first of its kind and is now the UK's largest social enterprise in its field. It operates over 100 leisure centres and also manages a number of libraries. It has a diverse client base, working nationally with around 30 local councils and a range of public agencies and sporting organisations.

As there is no legal reason why more services could not be delivered through a social enterprise, we expect to see this model grow in popularity for a wider range of services as councils continue to innovate. Particularly, as our research shows, standard company structures can be commercially-focused and have a social purpose, giving the benefits of both.

<sup>1</sup>'Responding to the challenge', Grant Thornton UK LLP, September 2014

<sup>2</sup>'Spreading their wings: Building a successful local authority trading company', Grant Thornton UK LLP, April 2015

<sup>3</sup>'Better together: Building a successful joint venture company', Grant Thornton UK LLP, March 2016

# Key findings

## 1 Austerity continues to be a key driver for change

All of our case study contributors reported that they had made efficiencies to services. This is essential for the success of any service delivered through an alternative delivery model. Social enterprise was a clear choice where staff engagement and customer service was already strong. They saw the opportunity to enhance the culture of community involvement further by transferring these services into a standalone entity at its centre.

As with many company models, the main drivers for authorities setting up a social enterprise include the need to make savings or to continue providing a service which might otherwise have to close. This applies to maintaining a statutory service – such as libraries – and, to a lesser extent, discretionary services. In many cases timing is critical to avoid ‘salami slicing’ budgets to the extent that, in a few years, the service would not be viable outside the authority. Taking a proactive approach and identifying a solution early creates the opportunity to maintain a service as well as a sustainable, standalone business.



### Case study

---

Devon County Council’s library service budget was reduced by £3 million and faced further cuts. The most likely scenario to generate savings reducing the number of libraries from 51 to around half of that number. Two companies were established; one for trading and another with charitable status, allowing the transfer of library service. This meant that all of the libraries could stay open, combined with forecast savings of £1.5 million.

Taking a proactive approach and identifying a solution early creates the opportunity to maintain a service as well as a sustainable, standalone business.

## 2 Social enterprises are considered where a local authority places importance on public service ethos

Our research found that the social enterprise model tends to lend itself more, although not exclusively, to community services such as libraries, heritage management and leisure. While these services have a statutory core, there is plenty of scope to vary the size and scale of the service. For example, the minimum statutory requirement could be met by having one library in an entire county, but the service would no longer be comprehensive. Similarly, some discretionary services can continue in a social enterprise, even if the council does not wish to provide them. It is important to consider both the culture within the service and the desired outcome. Transferring services to a social enterprise can be a better cultural fit than a more commercial model and can make the process easier for elected members to support.

For many public sector employees the objective of providing a public service is important<sup>1</sup>. Social enterprises can be seen as an extension of public service enabling people to transition to the new entity more easily (rather than into a profit-driven commercial model).



### Case study

Achieving for Children (AfC) is a social enterprise company launched in April 2014 by Kingston and Richmond councils to provide their children's services. AfC is a LATC with CIC status. The CIC status has been a really positive aspect because its people identified themselves as social workers first and as council employees second. The social enterprise aspect and CIC structure has been used to support the transition, retain and attract people and has also helped secure political support.

“Ceding control of a much loved institution was difficult. There wasn't political objection, but political concern.”

**South West Heritage Trust**

<sup>1</sup> A new public service ethos: Next Generation Public Service Reform  
[grantthornton.co.uk/en/insights/vibrant-places-a-new-public-service-ethos](http://grantthornton.co.uk/en/insights/vibrant-places-a-new-public-service-ethos)

## 3 Social enterprises can open up new routes of funding

Being a separate entity from local authorities creates new freedoms and potential income streams for social enterprises. Some, especially those with charitable arms, have seen wider benefits. Visit Cornwall CIC, the official Cornwall tourist board, has found that there are a number of advantages to being a social enterprise, such as:

- flexibility to differentiate prices (dependent on the size of the business buying the services which was much more difficult within the council)
- access to sources of pro bono or subsidised advice only made available to charities
- greater innovation away from the perceived bureaucracy of the public sector
- faster decision making processes as a much smaller organisation with less red tape and fewer stakeholders

The approaches taken to public funding vary significantly between different social enterprises, and there is no 'right answer'. Visit Cornwall was less keen than other social enterprises to access public money and government grants, perceiving the administration associated with these to be potentially detrimental to the overall business. Greenwich Leisure Limited, by contrast, has secured grant funding from distributing bodies, including Sport England and the National Lottery, to improve leisure facilities and access to services.



### Case study

Somerset County Council established South West Heritage Trust. It is a not for profit company, limited by guarantee with charitable status. It delivers the council's heritage service, including museums and archives. While within the council, the service was constrained by limited revenue streams and opportunities for external sponsorship. For the council, the enhanced commercial freedom of the trust meant that a lower subsidy would be needed in the medium term. Moving to an independent trust model enabled the service to thrive through the opportunity to increase its voice and profile, pursue alternative funding streams and attract revenue by other means such as sponsorship and commercial expansion.

**“Don't get distracted by the big offer of public funds. You need to be sure that it is right for the business.”**

**South West Heritage Trust**



## 4 Some local authorities have converted existing alternative delivery models into social enterprises

Examples exist of where a service already being delivered through another model has subsequently been changed into a social enterprise. As the service has been separated from the council and issues over support costs, TUPE and pensions have already been resolved, all that remains is to change the legal framework. This may happen for a number of reasons; for example, to take advantage of wider funding opportunities, or because of a greater focus on social outcomes. Whatever the reason, the local authority must be willing to accept that this is likely to mean a reduction or removal of the ability to repatriate any profits back to the local authority.



### Case study

---

Up until April 2015, Visit Cornwall was delivered through the Cornwall Development Company, itself a wholly owned subsidiary of Cornwall Council. However, continued, incremental budget reductions ran the risk of making the residual service unattractive to the private sector. The service felt constrained by the public sector rules and processes, but recognised that its website provided a valuable asset. Becoming a CIC allowed the service to completely separate from the council, putting in place strong leadership and governance structures which enabled it to thrive independently.



### Case study

---

Each year, PLUSS helps thousands of people with disabilities and other disadvantages move towards and into employment. Established in 2005 by Devon, Plymouth and Torbay councils, with Somerset Council joining in 2006, it was originally a local authority controlled company, limited by guarantee. After initially performing well, the changing economic environment meant that business assumptions were no longer achievable and the company increasingly needed a national footprint to be able to deliver some of its contracts. While PLUSS was providing valuable services to those with disabilities and other disadvantages, it did not provide core council services, so when the councils needed to make further savings they reviewed the company's ownership and structure. After considering different models, they opted to change PLUSS into a CIC. This was primarily because the ethos fitted well with the purpose of the organisation, but it also allowed PLUSS to benefit from the increased freedom and opportunity to access further funding which would facilitate its growth.

## Key success factors

### Be clear on the right model of social enterprise

It is important to be clear on the ambitions and overall objectives for changing the structure of the service, as well as what options are available. Our research has shown that there is not a 'one size fits all' model when it comes to creating a Social enterprise. The selection of the type of legal form used should be driven from what the enterprise is trying to achieve in the long term.

Where a clean break from the council is preferred and external funding such as grants are used, as in the case of Visit Cornwall and PLUSS, a CIC often works well. However, there are instances where the council wishes to retain some influence over the social enterprise, particularly where it continues to provide grant funding or the service is statutory.

Councils need to differentiate clearly between statutory and discretionary services. This may not be as straightforward as it seems. Also, where the service is statutory, the council will need to retain some influence. For example, Devon County Council recognised the statutory library service could be met in theory by one central library serving the whole county. In reality, the discretionary provision of libraries in over 50 locations was important as it provided a far more accessible and therefore useful public service. It is important to agree what level of service the council will commission and fund, probably through a grant, and what additional services the social enterprise will provide and how these will be funded.

### Ensure the income stream is sustainable and there is a clear business plan

The social enterprise needs to be a financially viable organisation. Ensuring a sustainable income stream should form a key part of the business planning process when undertaking the options appraisal for the enterprise. The income stream can be generated through a variety of routes, generally either income generation, such as sponsorship or commercial expansion, or seeking grant funding. If the service fails and it is a statutory one – such as libraries – the council is legally obliged to be the provider of last resort funding. Where the service is not statutory, it is likely to be very valuable to the public – such as leisure facilities or supporting people with disabilities – and its failure would leave a large gap in service provision in the community.

Councils have taken different approaches to addressing the challenge of reducing costs while ensuring the social enterprise is financially viable.

Devon County Council invested a lot of time in developing a five year business plan for Libraries Unlimited, its libraries social enterprise. The business plan included investing in the libraries before transfer, installing mobile shelving that allows space to be created for events, and office space which is suitable for rental. The outcome set up Libraries Unlimited with a steady income stream.

### Get the right people and structures in place early

Strong leadership is fundamental to setting up and running a social enterprise. The leaders ability to enable transformation, engage with staff and stakeholders and engage them through the change period is essential. Our research found that staff needed to feel valued throughout the process and have assurance that transition leaders would not disappear when the transfer was complete. In many cases, there has been consistent leadership of the service that has transferred, and it was their passion and commitment for the service area that contributed to the initial success of the social enterprise.

Continuity of leadership can create conflicts of interest when the person overseeing the change becomes the leader of the new organisation. Their involvement in detailed discussions as a council employee means they have detailed, possibly confidential, information on the service contract or arrangements, so that prior to transferring to the new organisation, they may be unclear which 'hat' they are wearing. Some councils have overcome these challenges by setting up shadow social enterprises as soon as possible, which the employees move into provides clear demarcation on roles and responsibilities. The shadow organisation can then discuss support service costs with the council.

“You really need someone with  
passion for the service.”

**Somerset County Council**



# What is a social enterprise?

A social enterprise is a business that trades with a social and/or environmental purpose, or carries out activities for community benefit rather than private advantage.

Organisations may describe themselves as social enterprises if they:



**are committed to delivering activities and benefits for communities**

The term is a description of purpose rather than legal structure. Different legal structures can be used by adapting their constitution or articles of association. They can be companies limited by shares or guarantee, or a CIC which is a variant of these, which enables wider sources of funding to be obtained.



**intend to support those activities through sales and fee income, moving away from reliance on grant funding**

The community and social aspect means that social enterprises are an attractive model of alternative service delivery for many councils, especially where the service in question does not readily lend itself to making a profit.



**ensure the majority of their profits and assets are used for social purposes**

The legal structures that may be used for a social enterprise are set out below:

## Community interest company (CIC)

This is a specific model for social enterprises, created in 2005, which includes a number of obligations in addition to those imposed on an ordinary company. It must satisfy a community interest test and adopt certain clauses in its constitution. CICs are required by law to have provisions in their articles of association to enshrine their social purpose, specifically an 'asset lock', which restricts the transfer of the value of assets out of the CIC. This ensures that the assets (or the value that they contain) continue to be used for the benefit of the community. There is also a cap on the maximum dividend and interest payments it can make. CICs can be established as either companies limited by shares or companies limited by guarantee, but they must not be charities.

The process for setting up a CIC is relatively simple, and is essentially the same as that for a limited company, except those wishing to register a CIC must also submit a second form comprising a community interest statement, providing evidence that the CIC will meet the community interest test defined in law. This statement is passed by Companies House to the Community Interest Company Regulator prior to registration for review and decision. Our case studies include various examples where the CIC model has been used, in particular PLUSS and Visit Cornwall.

### Company limited by guarantee

This is the most popular form of incorporation for social enterprises, with the company having its own legal identity, with each member's liability for the company's debts limited to an amount written into the governing instrument, often as little as £1 each. Regulation is via the Companies Act. Unlike a CIC, assets are not protected with an asset lock. Libraries Unlimited is one example where they have used this legal structure.

### Company limited by shares

Again the company has its own legal identity, with shareholders' liability for the company's debts limited to the amount of their contribution. This model is not subject to the additional regulatory requirements of a CIC and the ability to pay dividends may make it easier to attract private investors. This structure is one that is also used by most LATCs. This model is increasingly being used as it enables the entity to have both commercial and social objectives.

#### Other less common social models:



##### Co-operative societies

These are run and owned by their members principally for the members' benefit but can also have goals that benefit the community. Co-ops can own property, enter into contracts, issue shares take out loans and need to be registered with the Financial Conduct Authority. To maintain the registration, the aims of the society must comply with a number of conditions and ensure proper maintenance of accounts.



##### Community benefit societies

As the name suggests, these exist for the benefit of the community and lend themselves to the running of community-focused services. They can have charitable status and, as is the case with co-ops, they can own property, enter into contracts, take out loans and issue a type of share (usually known as 'community shares') to the public upon which a limited return can be paid in the form of interest.



##### Unincorporated association

These organisations are governed by a simple constitution and have no separate legal identity. Contracts can be entered into through its members, with members being responsible for any debts the association incurs. They are not subject to regulation through Companies House and are generally considered easy to set up and administer. While many voluntary and community organisations are unincorporated associations, this is not generally a model considered by councils when setting up a social enterprise due to its lack of legal identity. An unincorporated association can also be a registered charity which carries with it the requirement to register with the Charity Commission and ensure that the activities fall within the charitable objectives. This generally increases the level of regulation, although it can make it easier to raise funds.

Starting with the right legal structure will help to ensure the social enterprise meets its intended objectives. Factors which will influence the entity's legal structure and require consideration include: the level of personal liability members are willing to accept; how the organisation will seek funding; what governance arrangements will be required; and how profits should be treated.

## Social enterprises are often used for two types of services:



statutory services with significant scope to vary the size and scale of the service



discretionary services that are highly valued by the public

Typical services provided by a social enterprise include non-statutory services including libraries, leisure, lifestyle support, music services and training. However, we are seeing increasing numbers being created for statutory services such as adult and children's social care. They are not appropriate for every service because some require the benefit of commerciality and another legal form is more suitable (see box out).



### Case study

---

#### LATCs with a social ethos

Optalis is a LATC limited by shares and also a social enterprise. Wholly owned by Wokingham Borough Council it was established in June 2011 to provide care services as a response to personalisation, sustainability and council transformation. Optalis now employs 450 people, with a turnover of £12 million. Only 25% of employees continue to be on their original TUPE contracts and 10% of trade is external to the council.

Optalis believes that it is possible to achieve a commercial approach while looking after its employees and adding real social value. As a Teckal company Optalis can trade, within the restrictions, outside of the council which allows it to grow. The Teckal status provides some protection for the workforce and services and reduces the risks associated with the volatile social care market. However profit is not seen as the driving force, with the company focusing on the social mission. It is this focus that makes it a social enterprise.



### Case study

---

Achieving for Children (AfC) is a CIC, but also a Teckal company. The CIC status appealed to the transferring employees and the council owners, but the Teckal status gives limited freedom to trade externally.

# Greenwich Leisure Limited

## Supporting health and wellbeing in London for 20 years

**Established over twenty years ago, Greenwich Leisure Limited (GLL) is the UK's largest charitable social enterprise in its field and was the first of its kind. It manages over 250 leisure centres, and also manages approximately 70 libraries. It has a diverse client base, working nationally with around 45 local councils and a range of public agencies and sporting organisations.**

As the company has developed it has added a sports foundation to its offering, which offers independent support initiatives for young sporting talent and sport and legacy development programmes. Health intervention has also been developed, working with GPs to offer the Healthwise programme, offering classes and courses tailored to help people manage existing health conditions and improve their wellbeing. GLL has recently been awarded main provider status to deliver apprenticeships nationally.

The journey to this model began as a result of financial pressures in 1992. This was a period where local authorities were using the Compulsory Competitive Tendering process. However, the tender document produced by Greenwich Council was so complex that only the in-house provider could realistically bid.

The level of savings required, even at this stage was significant and this forced a new contract and the need for a new structure to provide the service.

At the time councils could not set up charities or arm's length organisations and therefore faced tax and technical challenges. So the company was set up by the staff at £25 per share then put forward to the Council. Now the legal structure of the company is an industrial and providence society (workers cooperative and not for profit democratic), operating a staff-led, stakeholder co-operative governance structure. The management committee is appointed at the annual general meeting of the members of the Society and has representation from a number of stakeholders including customers, local authority members, independent skilled professionals and the workforce.

The social enterprise company initially started small, with just the leisure services for Greenwich Council. However the increased freedoms meant that they soon started working with other local councils, and began replicating the model with others.

A key success factor for the company has been the entrepreneurial focus from the top down. Targets are set for all staff which are financial and activity based, with staff held to account based on their outcomes. GLL shifted the culture of staff to instil a more business-like approach and deliver better customer service. A similar shift has also been needed when taking over libraries, as experience has shown that this is a service area that generally doesn't have a business

structure around it. Experience has also shown that having the right people in place with the right skills is really important, with a recognition that those who have previously been involved in the service don't necessarily have the skills required to run a business in the longer term.

The changing financial landscape continues to present challenges for GLL. Local authorities' financial constraints mean that price is still the most important aspect when putting any service out to contract and not the social value aspects, making the current business model challenging. The company is managing these risks by diversifying and capitalising on its unique position in the market. As a well-established company it is able to evidence new ways of working, adding value and innovation. For example, GLL has introduced online enrolment for leisure which has transformed the customer journey and now 60% are online memberships.

One of the most significant learning experiences gained from setting up this company is the need to consider working capital and find a way to de-risk the cash flow. Many local authority contracts still make payments in arrears, so it is important to consider the level of working capital available and have set expectations prior to contract inception or when services are being spun out. Some local authority contracts now expect a payment, which is an added pressure.

# Social enterprise models

This table sets out the key differences between the CIC model (as the only specific model for social enterprises) and other more established models of ADMs. We also compare these to a charity model, which (while often having social purposes) is distinctly different from a social enterprise.

	CIC	LATC/JV	Charity
<b>Purpose</b>	<ul style="list-style-type: none"> <li>Can be established for any lawful purpose, as long as its activities are carried out for the benefit of the community</li> </ul>	<ul style="list-style-type: none"> <li>Established for trading purposes – usually to return a dividend to the council shareholder(s)</li> </ul>	<ul style="list-style-type: none"> <li>Must be established exclusively for charitable purposes</li> </ul>
<b>Key features</b>	<ul style="list-style-type: none"> <li>Community Interest Test</li> <li>Asset lock</li> <li>Dividends cap</li> </ul>	<ul style="list-style-type: none"> <li>Wholly owned by local authority</li> <li>Trading purpose – Teckal exemptions limit trade outside the council owner</li> </ul>	<ul style="list-style-type: none"> <li>Certain tax advantages</li> <li>Gift aid</li> <li>Can also be a limited company</li> </ul>
<b>Tax</b>	<ul style="list-style-type: none"> <li>Will not receive tax breaks from the Inland Revenue by virtue of their legal status</li> <li>Cannot apply to Inland Revenue for Gift Aid status</li> </ul>	<ul style="list-style-type: none"> <li>Subject to corporation tax</li> </ul>	<ul style="list-style-type: none"> <li>May qualify for a number of tax exemptions and tax reliefs on income and capital gains</li> </ul>
<b>Regulation</b>	<ul style="list-style-type: none"> <li>In addition to registration at Companies House, has an important additional obligation to file an annual CIC report with its accounts, showing that it still satisfies the Community Interest Test</li> </ul>	<ul style="list-style-type: none"> <li>Must register with Companies House and comply with Companies Act requirements</li> </ul>	<ul style="list-style-type: none"> <li>Most charities must be registered with the Charity Commission</li> <li>Subject to more onerous regulation than a CIC</li> </ul>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>Reassurance to stakeholders as asset lock and community purpose are regulated</li> <li>Limited liability</li> <li>Can take different forms</li> <li>Directors can be paid, but this is regulated</li> <li>Free to operate more commercially than charities</li> </ul>	<ul style="list-style-type: none"> <li>No limits to dividends that can be paid to shareholders</li> <li>Limited liability for shareholders/members</li> <li>Ability to pay dividends makes it easier to attract investors</li> <li>Directors can be paid</li> </ul>	<ul style="list-style-type: none"> <li>Easier to attract grant funding and donations</li> <li>Certain tax exemptions and reliefs</li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>More responsibility for the people involved as they become directors</li> <li>Must comply with Companies Act and CIC Regulator requirements</li> <li>CIC restrictions may make it difficult to attract external investment</li> </ul>	<ul style="list-style-type: none"> <li>More responsibility for the people involved as they become directors</li> <li>Assets not protected by an asset lock</li> <li>Cannot generally raise donations or grant aid, hence need to be either self-financing or financed through private investment</li> <li>Must comply with Companies Act requirements</li> </ul>	<ul style="list-style-type: none"> <li>More responsibility for the people involved as they become trustees</li> <li>Restrictions on trading</li> </ul>



## The Community Interest Company Regulator and the CIC test

As mentioned earlier, the principle bespoke model for a social enterprise is a CIC. This carries with it additional regulation through the Office of the Regulator of Community Interest Companies which is the body responsible for deciding whether an organisation is eligible to become a CIC. The role of the CIC regulator is to “make sure the CIC structure is properly understood, and properly used by the social enterprise sector”. The regulator is ‘light touch’ and our discussions with local authorities confirmed that the requirements are not onerous.

A company will satisfy the Community Interest Test if a ‘reasonable person’ would consider that its activities are carried out for the benefit of the community. All companies applying to be registered as CICs must provide the regulator with evidence that they will satisfy the community interest test. Applicants are required to submit a community interest statement to the registrar. Once a company is registered as a CIC, it must continue to satisfy the test for as long as it remains a CIC.

‘Community’ refers to any section of the community that the CIC will provide services to, or work to the benefit of. A group of individuals may constitute a section of the public if it meets two criteria:



They share a readily identifiable characteristic



Other members of the community that the group belongs to do not share that characteristic

The asset lock is a fundamental feature of CICs, which ensures that the assets of the CIC are used for the benefit of the community.

### Which is the best model to choose?

When carrying out an options appraisal to determine the best model for a particular service, consider:

- 1 The most appropriate structure, taking into account the ambitions for the social enterprise**
- 2 What exactly is being transferred; it doesn't need to be all aspects of a service**
- 3 Where funding is coming from and the extent to which the local authority is funding it**





# Achieving for Children

## Royal Borough of Kingston upon Thames and the London Borough of Richmond upon Thames

**Achieving for Children (AfC) is a social enterprise company launched in April 2014 by Kingston and Richmond Councils to provide their children's services. AfC provides bespoke children's social care and education support services to other local authorities, schools and partners in the education, health, social care and criminal justice sectors. It is the first council-owned social enterprise in the country to deliver the full range of children's services.**

The key factor for improving services was establishing a separate organisation with the freedom and discretion to genuinely do things differently. AfC is legally registered as a community interest company. It is jointly owned by the two founding boroughs, and overseen by a board of directors and non-executive directors brought in from a range of industries and professions to bring insights and expertise to the company from outside the children's services sector.

Working together enabled the two councils to reduce costs and increase the resilience of the service. The CIC status has been a really positive aspect. It has enabled AfC to attract new grants and sources of income which would not have been open to them as a local authority. Staff have also identified with the 'not for profit' status of a CIC, which has helped to retain and attract staff.

There were some concerns around 'stealth privatisation'. AfC's approach has been to retain a public sector ethos while introducing more private sector discipline which has been helpful in reducing costs. The asset lock through the CIC provided important assurance that the assets stay with the community.

Setting up a social enterprise can be complex so AfC obtained significant professional advice, covering transfer to the Local Government Pension Scheme (LGPS), VAT and corporation tax. It also obtained legal advice, as AfC had to work through each statutory responsibility for a Director of Children's Services to establish which ones could be transferred and which ones couldn't.

The CIC model had political support from the outset, and having Teckal status restricts AfC's ability to trade externally and therefore become too commercial. There were challenges in having to merge different organisational cultures, but strong leadership overcame these.

**Working together enabled the two councils to reduce costs and increase the resilience of the service.**

There were significant benefits in having a shadow management team before AfC actually went live. This ensured that the new organisation could hit the ground running. Change has still taken a while, but people now talk about AfC rather than the council they worked for before. Fewer layers of decision making allows things to get done more quickly.

Finance, marketing and communication is all done in-house, with procurement, IT and HR provided by the councils through a service-level agreement. Robust governance and financial management arrangements are in place, with regular reporting back to the council owners.

# Creating a social enterprise

## Legal

The process to establish a social enterprise as a company is the same as for any other company. The following documents need to be delivered to the Registrar of Companies for England and Wales, in accordance with section 36 of the Companies (Audit, Investigations and Community Enterprise) Act:

- Memorandum of Association
- A printed copy of the Articles of Association that complies with the requirements of Section 18 of the Companies Act 2006. These require the CIC to include in their Articles certain specified provisions about the company's form, asset lock and governance
- Form IN01, which provides the details of the company, including proposed name, whether limited by shares or guarantee public or private, the first directors (and secretary if applicable), the situation of registered office and a statement of compliance
- For CICs, form CIC36, which is the Community Interest Statement. This form confirms that the CIC will provide benefit to the community by describing its intended activities, who they will help and how. This form is essentially the company's mission statement
- A payment of £35 to Companies House

If the company is set up as a CIC, an application must be made to the CIC regulator. When it has confirmed eligibility, it will notify the Registrar of Companies of its decision. The proposed company will become a CIC as soon as the registrar issues a certificate of incorporation.

## Governance

Our research found different approaches to the ongoing governance arrangements the council has over the social enterprise. As for any company the social enterprise needs to have a board and a chairman. However the make-up of the board can differ depending on the circumstances. In some cases, for example Visit Cornwall and PLUSS, there is no council representation on the social enterprise board. In the case of PLUSS, the relationship is purely contractual and is managed in the same way as any other contract, with agreed performance metrics.

South West Heritage Trust by contrast have some council representation on their board. This allows them to retain an oversight of the grant funding they provide to the social enterprise. This can present some challenges, particularly where the council board representative is also the portfolio holder. Councillors can sometimes find it difficult to separate their respective roles on the council and social enterprise. At times they may find themselves conflicted when the social enterprise is discussed within the council. This is generally overcome by having councillors who are not part of the council executive as board members for the social enterprise.

A common governance feature is the use of an asset lock, a constitutional clause which prevents the social enterprise from selling assets which have been transferred into it, because they are fundamental to service delivery or the service is a statutory function. It is usual for the council to retain ownership of more moveable assets – such as heritage and library collections – and lease them to the social enterprise, to ensure the service could continue if the social enterprise failed.

A number of our case studies commented that the social enterprise found it difficult to “cut the apron strings”. The council was caught between needing to ensure the social enterprise could survive, but also making them stand on their own two feet. Clarity on the difference between contract management and offering support is essential.

## Tax

The tax implications and requirements depend on the legal form of the social enterprise.

### Main considerations for CICs

- The CIC will be chargeable to corporation tax, and not able to claim the charitable exemption. Hence, the CIC would need to model its corporation tax liabilities and consider any available reliefs
- The CIC can be separately registered for VAT and included within a VAT group. Therefore, the CIC would need to review the VAT treatment of services/supplies made by the CIC, and the section 33 input VAT recovery position for the local authority on non-business activities
- The CIC would not be charitable for Stamp Duty Land Tax (SDLT) purposes, therefore SDLT costs on acquiring real estate interests would need to be reviewed. Group relief may be available for transfers of real estate to/from the local authority, subject to claw back of SDLT costs within a three year period thereafter if any disqualifying conditions are met

### The main considerations for companies registered as charities:

- The company may be able to claim exemption from corporation tax on charitable activities, but would need to make an application to HMRC and make necessary tax return filings. Trading activities would still be subject to corporation tax on any profits generated, requiring an annual filing with HMRC and payment of relevant corporation tax liabilities. Exemption from corporation tax may be available where the company is wholly owned by a local authority and is mainly providing services to that local authority, but an application would need to be made to HMRC
- VAT comments as above for a CIC
- SDLT charities relief should be available for real estate acquisitions by the company, subject to claw back of SDLT costs within a three year period thereafter if any disqualifying conditions are met

While we don't consider the tax implications for companies here, our previous publications, 'Spreading their Wings – Building a successful local authority trading company' and 'Better Together – Building a successful joint venture company' consider the various tax implications of those models.

## People

Our case studies identified leadership as key to success. Without exception, the individual who ran the service had led the change to a social enterprise and the employees felt like a part of the process. The sense of ownership, belonging and having more control over the future of the organisation, were seen as key contributors to enhanced engagement. Our discussions found that this has measurable benefits, with a number of social enterprises reporting significant decreases in sickness absence levels compared to when the same people were employed by the council.

Transferring to a social enterprise is often more straightforward than to other, more commercial models, because of the continued public sector ethos. It is also attractive to individuals when they can see a more secure and stable long-term future as part of a social enterprise, with the prospect shaping their own destiny in a growing organisation, rather than remaining with the uncertainty created by council austerity and cuts. With a sense of ownership and commitment, aspects of the public sector ethos can be preserved alongside a commercial approach to deliver good outcomes.

However, it is important that employees understand the commercial basis of the model and how they themselves are key to its success. Our research shows that moving to a more commercial footing within a social enterprise generally takes longer than with other ADM models, as the need for profit is not the driving factor. However, in order for the social enterprise to survive, commercial considerations cannot be ignored. In practical terms this often involves changes to staffing structures and overall terms and conditions. When the service was delivered within the local authority, most employees were not likely to be involved in financial and performance issues, but awareness of these becomes increasingly important with their closer involvement in the running of the service. To become a successful social enterprise both its leadership and staff need to understand the impact they have on the business.



### Case study

Greenwich Leisure Limited (GLL) runs leisure and community services across the country. Being a standalone organisation, without the safety net of a local authority, has meant that GLL has had to ensure it is successful. The increased freedoms away from the council and the entrepreneurial zeal of employees have been key to its success.

## Pensions

Pensions are a major consideration when transferring services out of a local authority into a separate entity, but the impact can be mitigated or removed. Issues arise when a new entity is set up at arm's length from a local authority and employees are transferred from the authority(s) along with the pension liabilities they have accrued to date. This is because of the generally high levels of contributions made into the Local Government Pension Scheme (LGPS) by authorities. The value placed on these liabilities can be very large. To provide funding for these liabilities and address the issue, a notional transfer of assets is usually provided by the authority setting up the entity to provide 100% funding from the outset of the entity's creation, to avoid any pensions liabilities in the entity's accounts. This will mean that the entity can begin operating without concerns about the pensions liability negating any benefit of setting up the entity.

This approach will ensure that any liabilities do not negate the purpose of setting up the entity. It will provide 100% funding on the LGPS funding basis, which is used for actual cash contribution calculations. A valuation of the very same liabilities on the required accounting basis for the subsidiary will show a large deficit. This is because this calculation basis will place a much larger value on these liabilities. At the outset the new entity has a large balance sheet deficit which, unlike the local authority, it cannot offset via an equal reserve in its accounts. Additionally, this deficit will be very volatile from year to year, causing large potential gains or losses within the profit and loss account of the new entity.

If this deficit and volatility will cause operational issues for the entity, the traditional route of dealing with the pension transfer cannot be undertaken and an alternative solution must be found. We have encountered a number of entities where pensions were not considered at the outset and very soon after being set up, pension scheme volatility is causing serious operational issues. Remedying this at this point is far more complex than investigating alternatives during the business case stage. The key message is that the accounting treatment of the LGPS liabilities accepted at set up must be investigated at an early stage.

## Back office support costs

The issue of back office support costs has been a recurring theme throughout our series of reports. For some councils their web of ADMs is becoming increasingly complex and the interrelationships between the different organisations can have implications for new ADMs. For example, one council we met has an existing ADM providing back office support to the council and the newly-formed social enterprise was tied into the contract and unable to negotiate better terms. De-coupling from existing contracts can be both time consuming and expensive. In the meantime, the social enterprise may be left with a contract that does not fit its new structure and purpose.

Some social enterprises have chosen to take all of the back office support from the council and to focus on service delivery in the first few years. Where the social enterprise wants to purchase some functions, but not all, this can be challenging. Councils may well have an overall figure for back office costs supplied to the social enterprise, but lack the granularity to disaggregate these into, for example, IT, payroll, HR and finance.

Other social enterprises, such as Visit Cornwall and PLUSS, have decided not to buy their back office support from the council, preferring a completely clean break. Where this has occurred the organisations have already been relatively mature, effectively operating as ADMs before becoming social enterprises. They therefore had a greater understanding of their requirements and the confidence that they could stand on their own. They did not see the need for a council 'safety net', whether perceived or actual.



# Baltic Creative

**Baltic Creative Community Interest Company (BCCIC) was born in 2009 out of a plan by Liverpool Vision and ACME to regenerate an area of Liverpool City Centre. The company was originally funded through the North West Development Agency and European Regional Development Fund. It brought 18 derelict warehouses to the south of Liverpool City centre back into operation with a view to developing a vibrant space for the development of creative and digital industries.**

The company has delivered on its original objectives as detailed in the Independent 5 Year Economic Review for the scheme (published in October 2014). The original space of 47,000 square feet was fully let with latent demand and a healthy waiting list.

BCCIC is a commercial landlord that provides space specifically for Creative and Digital Industries. The area in which the company has grown, the Baltic Triangle, is now recognised as an exemplar international project for C&D Cluster Development (British Council 2015). The company has a well-established Board with representatives from the public and private sector with a broad range of relevant skills and experiences. The company has only three paid members of staff.

Liverpool itself is now recognised as the second fastest growing Tech Cluster in the UK and BCCIC along with Liverpool City Council are investing in support staff to help develop a shared vision and ambition for the C&D sector in the city. A new C&D Sector Strategy and Implementation Plan is being developed between the City, BCCIC and its partners to ensure the sustainable growth of the sector in future years.

The company has recently launched its new business plan covering the period 2016-2021 which includes the ambition of doubling the size of the business in this period with the development of a further 50,000 square feet of floor space. Future development will come from its own resources and leveraging private or public sector funding from a variety of sources: ERDF, Liverpool City Region

Impact Fund, private finance, Heritage Lottery Funds and other available suitable funding streams.

There is a clear purpose and set of specific objectives to drive its business for the next five years. It has a pipeline of projects that will create a balanced mix of new tenants alongside the current established creative SMEs. While the economic impact of delivering the current business plan is the creation of 128 new jobs, safeguarding of 198 jobs and 118 new business supports, it is expected to be much greater than this as the sector expands and creates additional outputs including new spin offs, businesses, new products and broader community benefits. The growth of the sector will more generally add value in terms of regenerative impact in the Baltic Triangle area and beyond.

The company has a clear view on the barriers to growth and a risk strategy. In addition it has an exit strategy once its goals have been met including a financial plan and business model that ensures the future sustainability of the area and community.

A Community Investment Panel is being developed to ensure that as the Baltic Creative property base grows and surplus revenues/profits increase there will be re-investment in the sector more generally. This panel will be in place from April 2018 and will help contribute to the longer-term legacy outcomes for the industry and the City.

Requests to understand how the company and its model have developed are being received from within the city region, nationally and internationally.



# Running a successful social enterprise

Social enterprises have been in existence for decades although CICs are relatively new. There are some good examples of success stories showing valuable lessons from which we can learn. Greenwich Leisure Limited (GLL) was established over twenty years ago. It is the UK's largest charitable social enterprise in its field and was the first of its kind. With a turnover of over £260 million and 11,000 staff, it manages over 100 leisure centres and a number of libraries. It has a diverse client base, working nationally with around 30 local authorities and a range of public agencies and sporting organisations. Key to its success has been the ability to engender an entrepreneurial focus, providing a business-like approach, without being profit driven. GLL clearly shows that social enterprises can stand the test of time and become growing, thriving organisations.

Our research identified that the key themes in a successful transition have some similarities and some differences to those we identified in our earlier reports on LATCs and JVs.

## Leadership

Social enterprises need a different sort of leader to LATCs and JVs. They do not necessarily need someone with extensive commercial skills, or the ability to drive organisational and cultural change. We repeatedly found that the most successful transitions were where the existing service director had the ability and charisma to lead the change and take the people who were working with them on the journey. In one case study, where the leadership changed just before the social enterprise launched, this caused some challenges.

“Leadership is really key. You need to know when to think then act as opposed to acting and then thinking.”

### Visit Cornwall profile

Continuity of leadership can lead to conflicts of interest where the service director then becomes the leader of the new organisation. This can also present challenges before the transfer as council employees may be unclear which ‘hat’ they are wearing or on their role. Setting up shadow social enterprises as soon as possible, with people moving across to these organisations, allows the leadership of the social enterprise to be distinct from the council at an early stage and helps to establish an identity for the new organisation.



### Case study

The chief executive of Visit Cornwall had been running the service as part of the council for five years and had a very clear vision of how he wanted the new organisation to run and areas to focus on. A highly influential board also helped ensure the vision was delivered and the CIC had the necessary profile.





## Continuing the culture

In our report on LATCs we identified changing the culture to a more commercially-minded one as a key factor for success. Part of this involved developing a shared sense of purpose. However, for social enterprises, the focus is typically on retaining the existing public sector culture and ethos. The shared sense of purpose already exists and needs to be nurtured rather than developed. Its people need to feel involved in the process and certain that the public sector values will be respected in the new organisation. Several people we interviewed told us that staff felt clear ownership of the social enterprise, and that performance indicators such as sickness absence levels had improved dramatically since the transfer.



### Case study

Greenwich Leisure Limited (GLL) is a charitable social enterprise, with the majority of board members elected by the workforce. GLL is owned by its employees and society members, who have a non-dividend-paying share in GLL. This means the workforce is empowered, motivated and involved in making important decisions that affect the company.



Changing the authority's culture to a more commercially-minded one is a key factor for success

## Branding

As separate organisations, social enterprises can establish their own identity and brand. Branding is crucial to many commercial organisations and social enterprises are no different. It can help employees with the feeling of transition from the council to a new start, but it can also appeal to customers and service users. For some, this has been key to their success. For example, GLL has created a customer-facing brand called 'Better'.



### Case study

GLL is strongly linked with London and leisure centres. As the business expanded geographically and in terms of the services provided, it needed a customer-focused brand that could help attract members from across the community and explain the benefits of the services it offered. A strong brand also helps give them direction: "Better gives focus to what we do, where we're going, but most importantly, what we offer our customers".

Optalis has been able to successfully brand itself as a social enterprise when in fact it is a Teckal LATC wholly owned by the council. This has helped its profile while still enabling it to realise the benefits of being a commercial organisation.



Branding can help employees with the feeling of transition from the council to a new start, but it can also appeal to customers and service users

## Staff reward

TUPE is inevitably a key factor when staff move from one organisation to another. This will apply to the creation of any social enterprise in which staff are transferred to the new entity. Over time, the rationale for preserving council terms and conditions may change to more effectively meet the needs of the business. In the leisure sector for example members of staff on council contracts may be paid a premium to work evenings and weekends, but in a commercial setting, this would just be expected for the nature of the work staff were employed to do. For example, bar work on a Friday evening may suit some more than others and they would be happy to do it for the market rate. However, on a council contract this would attract a pay enhancement, making it difficult to compete commercially. Changing terms and conditions to better reflect the work being undertaken and the market conditions can result in significant savings. It is also important to consider the cohort of staff being transferred which will impact on the terms and conditions that they would prefer. For example, younger workers are less concerned with planning for their retirement and more incentivised by performance-related pay, or flexible working packages that enable them to work around other responsibilities.

## Secure income stream

All businesses need a secure income stream in order to grow and be successful. This should form the main focus of the business plan. Social enterprises are no different. Our research found that councils had given this significant thought before transferring services. For example, Devon County Council invested in equipping libraries to have greater commercial opportunity through investing in mobile shelving which allowed space to be created for events, and also converting space into offices which can be rented out. Somerset County Council spent some time modelling income generation for South West Heritage Trust, including looking at the impact of charging for admission to the museums.

Social enterprises can often attract grant funding more easily than the services did when part of the council, and businesses are more likely to support or sponsor a service delivered by a charity than a council. However, care should be taken to ensure that funding is not sought merely because it is available.

“You need to know what contracts to turn down, like a good salesman, and understand the opportunity cost of being tied up with things that won’t further the business.”

**Visit Cornwall**

### Examples of key income streams

- Attracting new grant funding, for example Sport England and National Lottery
- Investing in the buildings to make them more flexible, and renting out space to others
- Diversifying and offering more corporate hospitality packages, or improved catering
- Greater use of differential pricing for services
- Attracting sponsorship

# Ending a social enterprise

At some point, the social enterprise may need to end. How this takes place will depend on the nature of that entity and why it is ending. Our research has identified that in some cases the social enterprise is already completely separate from the council and it is not governed by it. This is often the case where it is not delivering a statutory council service, and the relationship between the council and social enterprise is purely a contracting one, for example Visit Cornwall and PLUS.

In other cases however, the council may wish to retain some influence over the social enterprise; either because it continues to provide grant funding, it is a trading company with the council as a shareholder, or the service being delivered is a statutory one. In these cases the service and associated assets would transfer back to the council. As the rules around asset locks in CICs allow the transfer of assets where they will continue to be used for the benefit of the community, there is usually no difficulty with assets transferring back to a council.

For those social enterprises that are incorporated as companies, there is a process to these as legal entities, which varies depending on whether they are solvent or not.

**If the company is solvent, the easiest solution is to have it struck off the Register of Companies. This can only be done if the company:**

- Hasn't traded or sold off any stock in the last three months
- Hasn't changed names in the last three months
- Isn't threatened with liquidation
- Has no agreements with creditors. For example,
  - a Company Voluntary Arrangement (CVA)

If the company does not meet these conditions, it has to follow the voluntary liquidation process instead. This is also a straightforward administrative process, but it does have more steps than striking the company off the register.

**If the company is insolvent then closing it has to follow the creditors' voluntary liquidation process. A liquidator will be appointed whose role is to:**

- Settle any legal disputes or outstanding contracts
- Sell off the company's assets and use any money to pay creditors
- Meet deadlines for paperwork and keep authorities informed
- Pay liquidation costs and the final VAT bill
- Bring together the creditors and hold meetings where necessary
- Decide which creditors should be paid first
- Interview the directors and report on what went wrong in the business
- Get the company removed from the companies register.

The liquidator essentially takes over the running of the company. If the council has no direct involvement in the running or governance of the company, and does not need to deliver the services itself, there is no reason why it would need to get involved in the closure process. However, where the council does want to see the service continue, or it is statutory, then there will need to be negotiations between the shareholders, directors and the council as to how the company is brought back in house. At this point, professional advice is needed.



# Warwickshire County Council Library and Information Services

**Following a period of transformation that started in 2008, the Library and Information Services for Warwickshire County Council are now provided through a three-tier system. Library hubs operate in the main centres of population and offer the widest range of services. Library direct services offer online, mobile and outreach services. Both of these tiers are provided directly by the county council. Community managed libraries operate in more localised areas and form the third tier of the service.**

Following reducing footfall through libraries and the need to make ongoing revenue savings Warwickshire Library and Information Services (WLIS) embarked on a transformation programme in 2008 designed to develop services that met modern-day customer needs, preferences and lifestyles. Much was achieved during this early phase of the modernisation, with partnership working, procurement savings and growing income streams. However more significant budget cuts were required as the council looked to balance its budget, with WLIS required to reduce annual cost by more than £2 million over a three year period.

This was a real catalyst for change and it became clear a number of libraries were unsustainable in their current form. A detailed analysis was undertaken of library visits which showed that 90% of visits were to just 18 of the 34 libraries. As a result, 16 were designated by the service as no longer sustainable.

Both officers and councillors were acutely aware of the impact that closing local libraries would have on communities, recognising that many services in the community were already under threat from funding changes, with a number of villages losing a central meeting place and convenient location for wider service delivery. Public consultation in other service areas had already demonstrated a willingness of the communities to get involved and as a result the proposals

for the running of local libraries to be handed to the community were put out to consultation.

The scale of the consultation was considerable with 25 public meetings, 41 road shows and other significant correspondence and petitions. The service considers this to be one of the keys to the success of the project, as it was clear there was real enthusiasm to keep the services open in the local area and that members of the community were willing to accept the challenges and risks associated with setting up their own company to ensure services could be provided locally.

An information pack was produced to assist communities interested in running their own libraries, which included a template business case and guidance on how to complete it.

Fifteen communities submitted a business case to run their own library, with 12 libraries finally transferred to community management during 2012, with many of those set up as individual social enterprises, operating as companies limited by guarantee. Providing the service in this way has meant that budget reductions of £2 million have been achieved, with only two libraries being closed. Four years on, the service as a whole continues to go from strength to strength with more and more community-based activities delivered through these social enterprises than previously.

---

#### The key features of the proposals were as follows:

- One-off capital funding was set aside to support libraries in setting up their community library
- No ongoing funding would be provided for the library. It would be up to the community to set up appropriate structures to ensure that they can staff the library and pay for its ongoing upkeep. Any income streams that the community could generate they could keep for the library
- No staff would transfer
- Premises would be provided initially on a peppercorn rent basis provided the community could demonstrate that they were meeting their stated aims and objectives
- The council would provide the current level of book stock, ongoing use of fixtures and fittings, the library management system, continued publishing of the services available at each library and provide initial set up training and support
- Training for volunteers

It was difficult to see a service that you had helped build up be dismantled. However, you had to let go and enable the communities to develop a service that was going to work for them.



#### Key lessons learned

- Being honest with the local community during the consultation. Explaining why the changes needed to happen and listening to their ideas on how to take services forward
- Being flexible and open to all options. The business cases submitted were wide ranging in their ambitions. In one community a dance school came forward and said “if you put in a new spring floor for us, we’ll run the library”. That was unusual, but one-off grant funding was found and now the library continues to thrive as a dance school and a focal point for the local community
- Supporting communities through the process. It was up to each community to set up its own company structure to manage the library. While the council couldn’t directly offer legal advice and support, workshops were provided where the communities could speak to local legal firms and other similar community groups and get advice and support on how they had made the transition
- Having a clear direction from councillors and senior officers. When the project initially started there were many different views from other services of the potential barriers that existed. Having a clear direction made it easier to find solutions to the issues raised and move forward rather than calling an end to the project and closing libraries as the easy option



# PLUSS



**PLUSS is an award-winning social enterprise that helps thousands of people with disabilities and other disadvantages move towards and into employment each year. This is done through a range of specialist, local employment services and through direct employment within the social enterprise.**

PLUSS was created in 2005 as a local authority controlled company, limited by guarantee. The company was initially set up by Devon, Plymouth and Torbay Councils, with Somerset County Council transferring its services in 2006. On inception PLUSS delivered services through contracts to its council owners but also provided services for other external organisations, including the Department for Work and Pensions.

Initially the company performed well. However, a changing economic picture meant that it was finding the assumptions in the business plan challenging. The business plan included profits from making furniture which would help support some of the other services. The changing environment meant that this part of the business didn't grow as expected and some factories needed to close. Also the company began to experience problems in winning equipment contracts, as many opportunities relied on the company having a national footprint which as a local authority company it was unable to achieve.

In setting up PLUSS the councils were acutely aware of the need to separate out the roles of commissioner of services and owners of the business. This was very difficult to achieve, particularly given the type of service that was being provided, and the public perceptions of anything to do with the company being related back to the councils.

In addition, the budget cuts to the public sector meant that the councils, as owners of the company, were starting to question the level of investment they were making in the business, which wasn't a core objective. This was a difficult decision, as councillors recognised the importance of the services that PLUSS were delivering and the role they were playing in supporting vulnerable people in the community. Options were needed that would reduce both the liability to the councils and the risks associated with the company, while still maintaining the benefits by association and not being seen to completely leave the company to find its own way.

Both the councils as owners and the team at PLUSS recognised that the time was right for a separation, and various

---

options were considered to change the ownership and structure of the company. These included the company being marketed, to seek to identify alternative owners to acquire the business, or to become an independent entity. After exploring a number of options and potential owners it was agreed that the most appropriate option for PLUSS would be to become a CIC.

Once the decision was taken, the conversion was straightforward and enabled the separation from the owners relatively quickly. As the company had already been operating independently from the council many of the issues around TUPE and LGPS membership had already been resolved, similarly there were limited issues around support services costs.

The questions around culture and a move to a new model again were less pronounced as the company was already seen as separate from the councils. All communication with PLUSS staff was handled by the management team at the company. The reaction to a change was positive, largely as a result of the perceived benefits of the model and because the company would be run for the benefit of the employees and the wider community.

The transfer to a CIC was formally registered in November 2015. PLUSS has been continuing to grow and work with new partners to deliver sustainable services in the community. The company directly employs 500 people with a turnover of just over £27 million. The company has a range of strategic and operational partnerships including with the Department for Work and Pensions, Big Lottery, local authorities and Local Enterprise Partnerships.

**The main benefits of this model over others were seen as being as follows:**

- The primary purpose of the CIC is to be run for the benefit of the community, which fitted well with the social aims that the company was set up for
- The model would give the company enhanced external credentials, and allow it to bid for different funding streams, and be more free to pursue contracts outside of the immediate geographical area. It will also give them the freedom to partner up with other similar organisations, or combine with others in the longer term
- Conversion was a relatively straightforward process that could be achieved in a fairly short timescale
- The assets would be locked, and while the protections of the CIC model were not seen as perfect, there were regulations in place which would mean that the assets couldn't be stripped out of the business
- Similarly, while the role of the CIC regulator was seen as 'light touch' it was still a mechanism for any issues or complaints to be looked at
- Remuneration for directors must be reasonable and the regulator can take action if not



**500**  
people employed by  
PLUS, with a turnover of  
just over £27 million

The primary purpose of the CIC is to be run for the benefit of the community, which fitted well with the social aims that the company was set up for.





# Visit Cornwall

**Visit Cornwall is responsible for growing Cornwall's visitor economy through destination marketing, digital marketing and public relation activities. The key aim is to ensure Cornwall remains Britain's number one holiday destination and to increase the volume and value of visitors from overseas.**

Until April 2015 the service had been provided through the Cornwall Development Company, which was a wholly owned subsidiary of Cornwall County Council. Continued budget cuts meant that funding was reaching a critical point, and a decision on the future of the service was needed.

Officers felt that they had a real asset with the website in place, and good relationships with members, but that without a change in the way the service was managed, the budget cuts would start to undermine this position. This could mean that the service would be unattractive to the private sector and would hamper the ability for the service to move outside of the public sector and grow.

From early on the CIC model was considered to be the best model. While a mutual model was considered it was decided that this wasn't going to give the company the strong leadership and governance that it would need. The company was formed quickly with the chief executive of the CIC moving over directly from the council, where he had led Visit Cornwall for five years previously. Lord St Levan (an influential local businessman) also became the chair of the CIC which ensured a clear focus and direction for the company.

Visit Cornwall was previously a fairly small team within the council, which in many respects made it easier to be

flexible and move quickly to set up the company. The chief executive of the CIC made it clear that while the new company would deliver similar services, this would be done in a different way and as such the same jobs wouldn't be available in the new company. This had the advantage that TUPE didn't apply and removed a number of issues with the LGPS. All staff members were made redundant, but the CIC was able to offer some of these staff members different positions on set up.

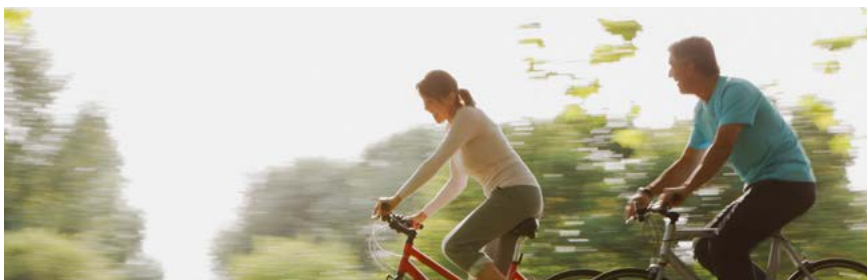
Visit Cornwall started life in borrowed offices with off-the-shelf IT packages. However, this enabled more flexible communication and the need to innovate to get done what needed to be done. The real success is the leadership of the company, which has a clear vision, and believes strongly in the need to "just go for it, and get things done".

**The real success is the leadership of the company, which has a clear vision, and believes strongly in the need to 'just go for it, and get things done.'**



The company made a complete break from the council, buying back no support services and using no office space. Working capital support was needed and the council provided £300,000 of transitional funding at a commercial rate. As the service was provided through a subscription service from its members, there were no contracts to transfer from the council. In the short term, the working capital loan was insufficient and the CIC had cash-flow problems. The company was able to mitigate this with some of the directors providing cash-flow loans to ensure that the company was able to get up and running.

The company now has its own office space and a small dedicated team which represents around 950 promotional partners. Their work is important to Cornwall with 4.4 million staying visitors a year spending £1.8 billion in the local economy and supporting around 58,000 tourism related jobs.



## Key lessons learned

- Understand the ‘revenue engine’ of the organisation. Be clear on the revenue needed to sustain the organisation. Be commercial in your outlook and understand what members will pay for the services and what is important to them, and how this can work in terms of revenue for the business
- Strong leadership and governance. Having people to support you that understand the business, and how to negotiate what is needed. The chairman of the CIC provided real focus, and facilitated clear and concise communication with the council when the various options of separation from the council were discussed. This enabled the new company to move forward on a really solid basis
- Being clear on the focus of the business and not being distracted chasing public funds, if it won’t benefit the business in the long term. While the company has been successful in bidding for various grant funding, not all of them have been a complete success, and some have been felt to be a distraction from their core activities
- Being open to different ways of working, which wouldn’t have been possible while under the control of the council. This includes differential pricing for members and seeking to re-negotiate contracts through discussion rather than re-tendering in line with public sector procurement. Looking to form relationships with key partners, where they can provide services on a pro bono basis or reduced rate
- Tap into new ideas. The company has worked with the MBA Challenge at Falmouth University, looking at ways of income generation for the business. The project has come up with many new ideas which are being pursued, which should help sustain the business in the longer term



# Devon County Council

## Libraries Unlimited South West

**Libraries Unlimited runs Devon County Council's public library service; a service of 50 libraries across the county plus four mobile libraries. The company was set up during 2015 as a company limited by guarantee with charitable status, with the objective of being a not for profit social enterprise owned by the staff and the local communities.**

Like many other social enterprises, the key driver was about creating a sustainable organisation. The library service had already undergone significant cuts, from a budget of £12 million to £7 million. Further savings were needed and it was felt that the only way to do this and maintain the service internally would be to close almost half of the libraries, keeping only the larger ones open.

Devon County Council had previously externalised a number of services to an alternative delivery model, so was keen to explore what options were available for library services. After visiting others, it was decided that this option provided a range of freedoms, flexibility and opportunities not available to the local authority, particularly income generation opportunities. Charitable status would allow gift aid and also at the time 80% relief on business rates.

The chief executive of Libraries Unlimited was previously the head of service and moved across when the company was formed. Her leadership and passion for the service really helped the people transferring across get on board. Consultation with employees was one of the earliest things that the project team did, as this is something the council had learned from earlier transfers. The social enterprise model made a really big difference to 'selling the company' to those transferring, with a feeling that they had a real say in how the company and service would develop in the future. All staff went across on TUPE and maintained their membership of the LGPS.

The council knew it had made the right decision and had had the right level of engagement with staff at the gathering on the last day before transfer. The atmosphere was one of celebration and new beginnings and demonstrated a real optimism for what could be achieved in the future.

All of the libraries have gone into the new company. The council now has a contract with the company for them to provide library services, this is based on the provision of the service and not the numbers of libraries or their opening hours. An agreement was reached where no consultation would be done with the public on any reductions to the library service for 12 months to give the company time to bed in and consider its income generation options. Given the limited number of other providers in the library service market, the contract could be awarded as a direct award for five years with an option to extend.

Libraries Unlimited will provide the library service under contract to Devon County Council and this will form the basis for the majority of its funding. The company is confident that it can grow its income streams in the medium term, developing catering services and from renting office space above a number of its larger libraries. It is also able to attract new funding streams that have not been open to the county council and generate support from the local community with volunteering and potential sponsorships.

As with any externalisation of services the usual issues of support service costs arise. The biggest issues have been around IT and premises costs, and working out how to ‘unravel’ existing service contracts with other providers and ensure that the company gets only the support services that it needs. The council’s option appraisal and costing model highlighted that in the short term the support services costs would not necessarily be a saving, as existing contracts would still need to be in place. It was recognised that this was important, but shouldn’t be a reason why the alternative delivery model didn’t succeed.

Libraries Unlimited has not taken on the freehold of any of the libraries, and these are being leased back to them. Similarly, the book stock continues to be owned by the council and leased back. This provides the council with an exit strategy should the company fail and the service need to be provided by another provider.



## Key lessons learned

- Project management is key. You need the right people with the right experience on the project board, and this needs to happen from the very beginning of the project. Ask for advice when it is needed, and be clear on the inter-relationships that already exist within the service and its relationship with the council
- Get the legal form of the company set up as early as possible and set up in shadow form. This makes all of the discussions about property, leases and support services much easier to have. It also gives the new organisation a really clear purpose and staff confidence in the new direction that the company is taking. Although you may have to accept that this will add some additional costs to the project, it is worth it in the long term as the new company is able to hit the ground running
- Appoint key figures to the new company early. Again, this gives transferring staff confidence, and enables the company to have plans in place from the very beginning



**Libraries Unlimited runs 50 libraries across the county plus four mobile libraries**



**Like many other social enterprises, the key driver was about creating a sustainable organisation**

The atmosphere was one of celebration and new beginnings a demonstrated a real optimism for what could be achieved in the future.



# Somerset and Devon County Councils

## South West Heritage Trust

**The South West Heritage Trust was established during November 2014 as a not for profit company limited by guarantee with charitable status. The process of moving the council's heritage service out into an independent charity had cross-party and staff support from the outset, primarily because it was clear that this wasn't driven by money alone but by a wish to provide a resilient future for these services and in so doing enable us to better protect, celebrate and make available our rich heritage.**

The service moved out from a position of strength, with a strong leadership team and having benefitted from significant capital funding during the early 2000s. However, as a largely non-statutory service the budget was under severe pressure as austerity started to hit the council. Moving to an independent trust model enabled the service to thrive through the opportunity to increase its voice and profile, pursue alternative funding streams and attract revenue by other means, such as sponsorship and commercial expansion, and all at a 22% lower cost than keeping the service in-house.

Like all change, there was some concern among local stakeholders. Key to ensuring their buy-in to the Trust was their full involvement throughout the process in a Stakeholder Forum. They were involved in key aspects of the creation of the Trust, from agreeing the approach to trustee recruitment to reviewing the proposed charitable objects and the outcomes framework that underpins the grant agreement. Clarity early on that heritage assets would be held in a guardianship model rather than transferred to the Trust, and hence not at risk should the Trust be in financial difficulties, was key to ensuring that stakeholders were supportive of the Trust. The council was also clear that while the Trust needed independence to thrive, the council did not want to step away entirely. This ongoing commitment to the council's involvement and engagement with stakeholders is reflected in the requirement for a stakeholder Advisory Forum and the involvement of a council member on the board.

The business planning and modelling also looked closely at the sort of income streams that the trust may be able to generate, and whether this would be sustainable. Around three quarters of the income generated by the service was not reliant on visitors to the museums. These income streams included contracts with other local authorities, external funding, income from schools for learning activity, and planning advice for district councils. Arrangements were put in place to formalise these income streams as much as possible. The remainder of the income was less predictable, and as a result the council employed specialists in the field to model potential income streams under different scenarios. This gave both officers and councillors confidence in the financial predictions for the trust in the medium term.

The head of service within the council was one of the driving forces for change, demonstrating a real passion for the service, and one which enabled the staff transferring to the new trust to feel confident for the future. The council's move to a commissioning-led operating model also ensured that the council was in a position to manage the transition with a focus on the outcomes. Trust between the officers of the council and the future leadership of the Trust was crucial. The separation out of the service wasn't an aggressive one, and as a result there have been limited issues with on going support service costs or TUPE arrangements. It wasn't without its challenges though, as the process did require that the future leaders of the Trust developed new skills and were pushed out of their comfort zone.

---

The process from initially deciding to explore the concept of some sort of independent body to the Trust's establishment took just over two years. Fairly late on in the process Somerset County Council was approached by Devon County Council to see if it would be possible to include their heritage services in the same trust. Integrating the services from both councils into one trust was considered to have significant benefits, including the scope for economies of scale, an increased pool of potential trustees and donors, an additional income source and increased resilience, and greater opportunities for staff development. Crucially, by creating the largest and widest-ranging heritage trust in the country it enabled the Trust to pack more of a punch regionally and nationally, and so more effectively achieve its aim of celebrating our rich heritage. Officers were also keen to promote the joint approach because set-up costs would then be shared across the councils and would further develop working relationships between them.

Both councils have agreed a five year grant funding agreement for the provision of services, this is on a diminishing basis, to enable the required savings to be achieved and for the trust to establish itself and begin to operate with more commercial freedom.

The governance of the Trust is a model with up to 13 trustees (presently 11), with a trustee nominated from each of the councils. Because of the way the Trust separated out, there have not been any problems with the separation of roles that these councillors play on

the Board. Recruitment of a diverse and highly skilled group of trustees was one of the most demanding parts of the transition as their effectiveness was a critical factor in the Trust's future success. It was important to have councillors in place on the board because of the grant funding arrangements, since, from a Council perspective, there was need for assurance that the funds were being utilised appropriately to provide the statutory services required. Regular reports on performance are submitted to the councils by the Trust as part of the grant funding agreement, with a requirement for an independent review of its effectiveness in achieving its outcomes.

In terms of lessons learned, it has been clear that the model selected was absolutely right. Since inception the Trust has thrived and ensured that the service has been maintained with the same level of professional expertise and a close working relationship with the Council. It has attracted new sources of funding, has managed a major refurbishment of a key museum in Glastonbury, and has held its most successful exhibition ever with the return to Somerset of the Alfred Jewel, one of the most celebrated treasures from Anglo-Saxon England, for the first time in nearly 300 years.

Moving to an independent trust model enabled the service to thrive through the opportunity to increase its voice and profile, pursue alternative funding streams and attract revenue by other means.



# Somerset County Council

## Somerset Skills and Learning CIC



**Somerset Skills and Learning CIC is a social enterprise which delivers a wide range of education services to young people and adults across Somerset. Annually it provides learning opportunities to over 10,000 learners across Somerset and beyond and works with over 500 employers to support the skills and economic needs of Somerset.**

The service had operated successfully as a traded service for a considerable time, and met all of the relevant quality standards, being rated by OFSTED as 'good' during its recent inspections. The council began exploring alternative delivery models as it was clear that looking at the financial profile the service was funded almost entirely from the Skills Funding Agency (SFA), and in effect the money was just being passported through the council to the service. While a number of options were considered the three primary ones were to cease the service completely, retain delivery within the council or to transfer the service to a social enterprise. The option to cease the service completely was rejected as it was not considered to be in the best interests of the community. Similarly, the option to retain delivery was rejected due to the ongoing risks of future funding changes, potential redundancy costs and not meeting the council's strategic aim to reduce headcount overall.

The council had the support of the national government Cabinet Office Mutual Support programme, who provided advice and funding to develop the business plan. The plan was constructed to ensure that the service continues to provide services to people across the whole of the county as it did previously. Its aim was to ensure a sustainable and viable service continues, increasing both the range and accessibility of courses.

The timing of the potential transfer came at a point when funding to the sector via both the SFA and Education Funding Agency (EFA) was becoming increasingly constrained, and consequently the business modelling and potential income streams were a key determining factor. The plans have also considered potential opportunities, specifically the options for growth that the apprentice levy provides.



---

One of the major barriers to overcome was to ensure that funding from both the SFA and EFA could be transferred into the social enterprise directly. When the option to externalise the service was first considered the regulations didn't allow the funding agencies to directly fund an organisation outside the council. However, a change then permitted this and the council was able to successfully apply for the funding to go directly to the social enterprise. This was one of the first agreements of its type in the country.

In transferring the service, the council agreed to cover any pensions deficit up to the date of transfer and to cover potential redundancy costs on a reducing scale for five years. All staff were transferred under TUPE and the CIC was given admitted body status to the pension scheme. The assets used by the service have been rented out to them on a commercial basis. However they have agreed to smooth rent increases, while being mindful of the potential state aid implications.

The CIC has been operational for just over 12 months and has continued to grow and develop. There is no representation on the CIC board as it is completely standalone. The council continues to procure some services from the CIC, but it is treated like any other provider.

**Transfer to a social enterprise was seen to have the most advantages:**

- It was in the best interests of the users that the highly popular service continues and expands, as it would retain existing staff members, skills and excellent service delivery
- It transferred the risk that funding from the SFA would change in the future away from the authority
- It supported the Government's drive for increasing the number of social enterprises
- It enabled the establishment of a new business venture in the county employing in excess of 300 people



**Provides learning opportunities to over 10,000 learners across Somerset**

**It was in the best interests of the users as that the highly popular service continues and expands, as it would retain existing staff members, skills and excellent service delivery.**



# Streetwise

## Ruscliffe Borough Council

Streetwise is a Teckal company wholly owned by Ruscliffe Borough Council which was set up in 2014. It operates in the waste and streetscene sectors.

It has been successful at winning external contracts, particularly a large contract for maintenance with Metropolitan, a major housing association. While the company is keen to generate income and pass dividend income back to the Council, it is also keen to raise its profile as a social enterprise. The local community recognises that there is a cost to keeping the environment clean and tidy, but at the same time Streetwise would like to ensure that this is not to the detriment of the local economy. One element of this is ensuring that local employability and the supply of labour is factored into any business decisions. The benefits are:

- 1 **Impact** – social housing providers feel that they are receiving better value for money as the social outcomes are considered as well as financial considerations
- 2 **People** – motivation in the workforce is greater and social values are at the heart of the company's values.

Streetwise is now looking to expand by winning more contracts with housing associations and other public/not for profit organisations. The managing director is from the commercial world and brings his experience of business development to the role.

After a recent re-structuring exercise to enable further growth with a social return, the company is now ready to take on these further challenges. In addition to providing capacity to allow the company to grow without losing the Teckal exemption, the new structure allows for another subsidiary to accommodate an Employee Benefit Trust, which will set aside funds for staff which will crystallise at the end of their terms of employment. Therefore both commercial and social elements of the company's ethos can be strengthened.

Figure 1: Financial Benefits for the Council

	Cumulative savings since 2015 £s
Savings on 'prime contract'	180,000
Savings on RBC staffing for consultancy recharge	30,000
Interest received on loan to Streetwise	38,000
<b>Subtotal revenue savings</b>	<b>248,000</b>
Savings on vehicle replacement [Capital]	600,000
In addition RBC have benefitted from existing costs recharged to Streetwise for RBC support services	316,000

Figure 2: Financial Rewards for Streetwise

	2015 £s	2016 (Estimated) £s	2017 £s
Turnover	1,064,070	2,225,789	2,427,457
Gross Profit	611,407	925,713	895,005
Net profit (1)	134,423	25,109*	114,709*
External Contracts	0	439,686	510,457
External Income	29,276	232,662	346,316
	29,276	672,348	856,773
Number of employees at year end	38	55	55



# About us

**Dynamic organisations know they need to apply both reason and instinct to decision making. At Grant Thornton, this is how we advise our clients every day. We combine award-winning technical expertise with the intuition, insight and confidence gained from our extensive sector experience and a deep understanding of our clients.**

Grant Thornton UK LLP is a leading business and financial adviser with client-facing offices in 24 locations nationwide. We understand regional differences and can respond to needs of local authorities. But our clients can also have confidence that our team of local government specialists is part of a firm led by more than 185 partners and employing over 4,500 professionals, providing personalised audit, tax and specialist advisory services to over 40,000 clients.

Grant Thornton has a well-established market in the public sector and has been working with local authorities for over 30 years. We are the largest employer of CIPFA members and students in the UK. Our national team of experienced local government specialists, including those who have held senior positions within the sector, provide the growing range of assurance, tax and advisory services that our clients require.

We are the leading firm in the local government audit market. We are the largest supplier of audit and related services to the Audit Commission, and count 35% of local authorities in England as external audit clients. We also audit local authorities in Wales and Scotland via framework contracts with Audit Scotland and the Wales Audit Office. We have over 180 local government and related body audit clients in the UK and over 75 local authority advisory clients.

This includes London boroughs, county councils, district councils, city councils, unitary councils and metropolitan authorities, as well as fire and police authorities. This depth of experience ensures that our solutions are grounded in reality and draw on best practice. Through proactive, client-focused relationships, our teams deliver solutions in a distinctive and personal way, not pre-packaged products and services.

Our approach draws on a deep knowledge of local government combined with an understanding of wider public sector issues. This comes from working with associated delivery bodies, relevant central government departments and with private-sector organisations working in the sector. We take an active role in influencing and interpreting policy developments affecting local government and in responding to government consultation documents and their agencies.

We regularly produce sector-related thought leadership reports, typically based on national studies, and client briefings on key issues. We also run seminars and events to share our thinking on local government and, more importantly, understand the challenges and issues facing our clients.

## Methodology

We conducted 10 interviews with social enterprise leaders across England in order to produce case studies that highlight the challenges and benefits of setting up and managing a social enterprise.

# Contact us

## National

### Paul Dossett

Head of Local Government

**T** 020 7728 3180

**E** paul.dossett@uk.gt.com

**Twitter** @paul\_dossett

### Vivien Holland

Report Author

**T** 0121 232 5117

**E** vivien.holland@uk.gt.com

**Twitter** @VivienHolland

### Guy Clifton

Head of Local Government Advisory

**T** 020 7728 2903

**E** guy.clifton@uk.gt.com

**Twitter** @guy\_clifton

## South East

### Darren Wells

Director

**T** 01293 554120

**E** darren.j.wells@uk.gt.com

## South West

### Liz Cave

Director

**T** 0117 305 7885

**E** liz.a.cave@uk.gt.com

## Midlands

### Richard Percival

Associate Director

**T** 0121 232 5434

**E** richard.d.percival@uk.gt.com

## North

### Mike Thomas

Director

**T** 0161 214 6368

**E** mike.thomas@uk.gt.com

**Twitter** @mikethomasbj

## Scotland

### Joanne Brown

Director

**T** 0141 223 0848

**E** joanne.e.brown@uk.gt.com

## Wales

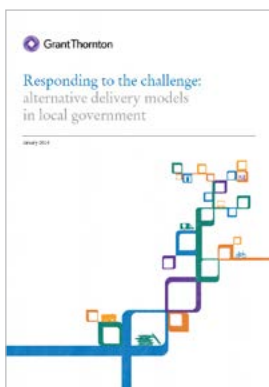
### Barrie Morris

Director

**T** 0117 305 7784

**E** barrie.morris@uk.gt.com

## Alternative delivery model series



### Responding to the challenge

Alternative delivery models in local government



### Spreading their wings

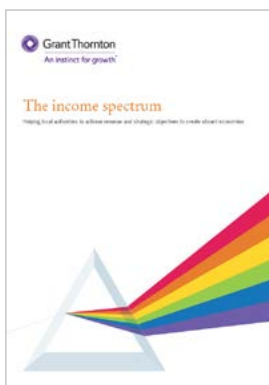
Building a successful local authority trading company



### Better together

Building a successful joint venture company

## Related public sector publications



### The income spectrum

Helping local authorities to achieve revenue and strategic objectives to create vibrant economies



### A new public service ethos

Next generation public service reform



### Under the skin

Stories that explore the culture of place



### Vibrant economy index

A new way to measure success



**Grant Thornton**  
An instinct for growth™

---

**grantthornton.co.uk**

© 2017 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. This publication has been prepared only as a guide. No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication.

GRT105816