



Preparation Information Sheet

Social Enterprise

Case Study: Angels Housekeeping Ltd.

The Challenge:

To establish a sustainable social enterprise, not reliant on Social Services' funding to ensure the continuity of affordable home care services for elderly people in Leeds.

Summary Points:

- Directors of a start up venture should be prepared to commit time at the start and expect payment or returns later.
- When providing back office support and business development, finding opportunities to achieve economies of scale is key to sustainability and growth.
- Consult with and support service users throughout a period of change and beyond.

What and Why:

- **Expand on what the challenge is and the activities associated with it.**

Grant funding was offered to home care service delivery organisations to become Social Enterprises. South Leeds Live at Home Scheme (SLLAHS) staff decided to bid for £4k to establish a Community Interest Company (Angels Housekeeping CIC) to contract with self employed staff to deliver services and to provide administration and other functions to develop the business. (The existing funder of SLLAHS did not sanction the establishment of a trading arm which is why a new company was formed.)

- **How does the activity align with the organisation's mission / values / aims / objectives?**

Any surpluses generated go back to SLLAHS for the benefit of the elderly in South Leeds. Angels Housekeeping is committed to making services affordable, paying staff a fair wage and ensuring delivery of quality services. Although it is somewhat off, the company does not envisage deriving more than 50% of its income from commercial markets, in order to maintain the focus on its mission.

- **How will the activity improve the financial sustainability of the organisation in the short, medium and long term?**

The £4k grant has funded set up costs, and a grant from WYSE Link has part funded directors' salaries. Hourly rates are structured such that a small surplus is made on service delivery after wages and admin are paid. Further grant funding will be sought to enable directors to develop the business by exploring more commercial activities that could ultimately subsidise services to the elderly and increase the contribution to SLLAHS. The business plan reflects the goal to operate without a reliance on grants.



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How?

- **What were the key steps in establishing the activity?**

With support from Social Business Consulting, directors wrote a business plan to secure grant funding from Social Services and WYSE Link.

- **What additional resources / skills were identified as being needed by the organisation to progress the activity?**

Financial: Set up costs have been minimal thanks to support from various sources. A small room in a local church acts as the office, where rent is £1k per annum.

Personnel (staff, volunteers, board / trustees): No staff time has been paid for writing the business plan. The only two paid staff of Angels Housekeeping have been paid out of grant funding to date, the other director is giving time voluntarily.

IT: A computer was donated and £250 was spent on a software programme for wages.

Assets: No assets have been acquired, although in time larger premises may be needed.

Other: £300 of a £500 grant from ARISE has been spent on publicity material and a free advert was posted in the parish magazine. There are no reporting requirements for the organisation.

Who's Involved?

- **How were stakeholders identified and brought on board?**

Staff & Volunteers: For staff delivering services they are unlikely to see great change between the old delivery mechanism and the new one. For the staff who became directors of Angels Housekeeping, the opportunities presented offered the best means of establishing a sustainable organisation.

Board: As a CIC, the board comprises the staff team, two of whom work on the ground and one who manages and is developing the business.

Funders: The grant from Social Services has been used to establish Angels as well as a WYSE Link grant and a £500 grant from ARISE.

Service Users: To inform the business plan, current users were asked which services they wanted to continue.

Local Community: Through polls the needs of elderly people in local communities have been assessed and other service delivery organisations have been consulted on the needs of their members.

Commissioners: Social Services (the commissioners) initiated this project by changing the way in which homecare would be commissioned.



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Why Not?

• What risks were identified in establishing activities?

Personnel

- Not employing staff, and one director working voluntarily.
- Risk of workers delivering services directly, so undercutting Angels.
- The risk of competition from private providers.

Financial: Securing cash flow for salaries as grant has been paid in arrears.

Existing provision: The cultural change for the elderly users from a service being free at the point of delivery to having to pay for it, even though a commensurate increase in their benefit payments covers costs.

Other:

- Ensuring quality of services.
 - Volatile market; elderly people often go into hospital, care or die.
 - Not having enough referrals and not being able to secure enough commercial activity to justify the existence of the holding company.
- ### • How were these risks managed?

Workers have not tended to deliver services themselves. Angels pay a fair wage and expenses and offer the ease of finding work. Private providers tend to be more expensive and have not had the support of the local community and social services in the form of grant funding, advertising, word of mouth, low cost premises etc. Other VCS organisations tend to refer and vice versa but Angels are aware that the day may come when social enterprises will compete in the same area.

Managing cash flow at the start up stage was very difficult due to the nature of grant funding. Overcoming the cultural change for service users is helped by the fact that staff from the new organisation are known and trusted in the community. Angels have offered support to the elderly in accessing increased benefits. Biannual quality audits are conducted with service users and regular contact with Angels is encouraged. There is weekly contact with workers.

Key Facts:

- **Organisation's name and trading subsidiaries:** Angels Housekeeping Ltd CIC
- **Organisation's mission:** "To provide affordable home care services to elderly people in Leeds

"FYE 2004 / 05 Turnover:	£35k	No. of paid staff 2 part-time directors
% Income grant v trading:	20 : 80	No. of volunteers 1 part-time director
Status: Community Interest Company Date of Inc. August 2005		



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Moving Forward:

Angels has been working with Social Business Consulting on an intergenerational gardening project business plan and will receive a fee for this. It is likely that the gardening project will contract with Angels for the provision of admin functions and Angels will employ a gardening project co-ordinator.

Commercial cleaning contracts will be sought, even though competition is very strong and margins are limited. Angels do not perceive that social enterprise status will offer any competitive advantage in this market and will therefore simply compete on price.

Other groups may choose to take the same approach to service delivery and depending on the circumstances, Angels may be open to assisting groups to establish new ventures.

Background:

The South Leeds Live at Home Scheme (SLLAHS) offers a social and support function to assist older people to live independently; it operates under the umbrella of and with funding from the Methodist Homes Association (MHA), other small sources of grant funding and a Service Level Agreement (SLA) from Social Services.

Social Services no longer wanted to be involved in the delivery of low level home care and planned to increase the pension credit and attendance allowance to enable older people to buy in services themselves. Staff at SLLAHS decided that they would bid for £4k from Social Services to establish a trading arm to organise home care provision using existing staff.

Unfortunately MHA did not sanction the new trading arm and therefore Angels Housekeeping Ltd CIC was established as an administrative, payroll, quality assurance, management, marketing and business development function for Dust Angels; a partnership between 2 staff that deliver cleaning services. These two staff and the manager of the SLLAHS are the directors of Angels Housekeeping, roles are independent of SLLAHS.

SLLAHS continues to exist and Angels Memorandum and Articles state that any surplus generated will be go to SLLAHS. In time Angels plan to extend beneficiaries to other groups that support the elderly in Leeds. The pricing model is: users pay £9 ph, of which £6 plus expenses is paid to workers and the remainder supports the services of Angels.

Researched, collated and compiled by the Y&H Regional Forum, 2006 on behalf of the CIB.

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