

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Member – Policy and Resources
Date:	13 June 2012
Title:	Hampshire Fare – Community Interest Company
Reference:	3944
Report From:	Director of Economy, Transport and Environment

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1. Executive Summary

- 1.1. The purpose of this report is to authorise completion of the transition for the delivery of the local economic development services from the County Council to Hampshire Fare 2009 CIC (“Hampshire Fare”) . The report seeks approval for arrangements to allow Hampshire Fare full financial and operational independence to enable it to operate as a community interest company separate to the County Council. It is felt that as the County Council is reviewing and developing its economic development approach, this is a prudent time to complete the transition to full independence for this company.
- 1.2. This report provides information about Hampshire Fare, how long it has been in existence, the financial impact on the County Council, and the financial arrangements that will need to be considered in order for Hampshire Fare to consolidate its position and continue its work.
- 1.3. The report also recommends that any future work carried out by Hampshire Fare with the County Council needs to be on the basis of a some form of Service Level Agreement (“SLA”).

2. Contextual information

- 2.1. Historically the County Council has developed its economic development service through the establishment of key projects, often determined by the availability of external funding to support additional delivery capacity within the County Council’s limited economic development resource. One such initiative was the promotion of local food through the Hampshire Fare project, which proved to be highly successful, leading to the formation of Hampshire Fare as a community interest company in 2009. With the fundamental review of the County Council’s economic development service in 2011 proposing a

re-focus on strategic action and partnership with the wider business community, and the emerging Localism agenda, it is considered prudent to complete the transfer of local food promotion to the community interest company ("CIC") vehicle established for that purpose.

- 2.2. At the time of writing this report the Economic Development Team employs two individuals who work exclusively for Hampshire Fare. They will leave the County Council's employment in May and July 2012. The interim Assistant Director will, in partnership with the Chair of Hampshire Fare, continue to be responsible for managing the programme of work until their date of leaving. Hampshire Fare has made arrangements to ensure the work is continued, but the County Council will not be carrying out any direct work relating to Hampshire Fare.
- 2.3. CICs are a type of limited company created by the Companies (Audit, Investigations and Community Enterprise) Act 2004 and the Community Interest Company Regulations 2005. CICs are social enterprises, legally separate, owned independently (by staff, users, or the community) and have a specific social purpose. As legal entities in their own right, they can employ staff, must file accounts and will have directors and shareholders. It would be normal and expected for staff undertaking work which was taken on by a CIC to transfer to the new organisation.
- 2.4. Hampshire Fare as a CIC was registered with Companies House in July 2009. Hampshire Fare currently has its registered offices c/o the Economic Development Office and has directors listed with Companies House. Day to day operations for Hampshire Fare are determined by its Board of Directors.

3. Finance

- 3.1. The total direct revenue budget contribution to Hampshire Fare in 2011/12 was £45,000.
- 3.2. Hampshire Fare, which was established in 2009, is in a strong financial position and already has a number of sponsors. The County Council gives additional sponsorship worth £35,000 per annum. A further contribution is made from the tourism budget of £5,000 per annum, while the inward investment team pick up publicity bills and pays around £2,500 towards sponsorship. At the time of writing this report, Hampshire Fare's County Council administered budget is significantly in credit.
- 3.3. It is also worth noting that in addition to the direct funding they receive, the company has had use of Council accommodation and facilities including specialist support from IT, human resources, finance and legal services.
- 3.4. It is clearly in the County Council's and the wider public's interest to ensure that the transition to independence of Hampshire Fare is successful and that their funding basis is financially sustainable. Hampshire Fare is working to ensure that they can further develop their financial models to become fully

sustainable. The County Council, as part of its budget for 2012/13 has to determine the amount of local food promotion work it wishes to commission from Hampshire Fare. That is the purpose of this report.

4. Future Direction

- 4.1. Conversations have taken place with Hampshire Fare about their future work and accommodation. A draft SLA and licence has been written and is ready for finalising.
- 4.2 Any future service delivery or funding support from the County Council is subject to an SLA which sets out the deliverables to be provided by Hampshire Fare and be rigorously performance managed. Payments would be paid retrospectively based on performance as required in the SLA.
- 4.3 County Council support such as HR, IT, finance and legal services will in future only be available on a sold services basis, following the completion of the transfer to Hampshire Fare. As part of the transition arrangements, Hampshire Fare has been offered accommodation in a County Council office building under licence for a transition period of up to twelve months in consideration of a peppercorn fee. The Hampshire Fare team have already been relocated to Castle Hill.
- 4.4 The County Council has had positive and constructive discussion to date with Hampshire Fare over the arrangements for completing the transition to full independence. The Director of Economy, Transport and Environment will be expected to continue to lead the discussions for the County Council, with a view to concluding the transition to full independence by the end of May 2012.

5. Conclusion

- 5.1 The best outcome, consistent with the complex legal context, for achieving a completion of the transition to full independence for the Hampshire Fare is an agreed clean break. This would entail the County Council supporting the objective of Hampshire Fare becoming financially and operationally independent. To achieve this it is considered that the County Council should financially support Hampshire Fare for an initial period based on accommodation provided at a peppercorn rent for a period of time not exceeding one year. It is suggested that a one off grant of £35,000 be paid in four equal instalments of £8,750 in arrears in line with the agreed SLA to ensure continued delivery of local food promotion events and that a retainer of £5,000 to cover the cost of IT services and a peppercorn rent be agreed.

6. Recommendations

- 6.1 That the Director of Economy, Transport and Environment be given delegated authority to make the necessary arrangements, including the transfer of residual assets, and to enter into any necessary agreements, to conclude the transition of Hampshire Fare to full independence from the County Council by May 2012, in line with the provisions set out in the report.
- 6.2 That approval be given for a one off payment of £35,000 to be paid to Hampshire Fare 2009 Community Interest Company in four equal instalments of £8,750 plus a retainer of £5,000 from the Council's Economic Development Budget specifically towards IT services and a peppercorn rent for a limited period, as set out in the licence agreement to support the transition to independent status.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

Hampshire safer and more secure for all:	no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	no
Corporate Improvement plan link number (if appropriate):	
<p>This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because: The transition for the delivery of the local economic development services from the County Council to Hampshire Fare 2009 CIC set up to perform this role needs to be completed.</p>	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Transfer of staff under TUPE is designed to protect transferring staff (as far as possible) from any disadvantage. The four staff affected are broadly representative of the council staff make up, as a whole and so there are no immediate or disproportionate impacts on the groups with protected characteristics under equalities legislation.

2. Impact on Crime and Disorder:

- 2.1. No direct implications.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No direct impact on the County Council's carbon footprint or energy consumption, but it is envisaged that the environmental technologies and renewable energy will both feature as growth sectors which will be encouraged in the County Council's future economic development activities, providing a stronger basis for direct action to reduce the County Council's fossil fuel based energy consumption and carbon footprint.

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

It is considered that the proposed future overall mission statement exemplifies the importance of a balanced approach to economic growth and maintenance and improvement of the environment, character and quality of life in Hampshire. Sustainable economic growth is a pre-requisite to a more resilient future for the county, which factors in response to a changing climate, and careful stewardship of natural resources, along with the importance of wealth creation to sustain and support public services and investment.