



Report of the Cabinet Members for Stronger Communities and Commercial Opportunities & Innovation

Cabinet – 16 November 2017

Development and Externalisation of a Food Enterprise Community Interest Company

Purpose:	To present the Business Plan for the Swansea Food Enterprise model prior to externalisation as a community interest company
Policy Framework:	Swansea Council's Corporate Plan (2017-22) and Wellbeing Statement (2017-18)
Consultation:	Access to Services, Finance, Legal, Corporate Management Team
Recommendation(s):	It is recommended that: 1) The Food Enterprise Business Plan is approved. 2) The Food Enterprise is externalised as a Community Interest Company from 1 st April 2018 or sooner (pending successful investment bids).
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1. Introduction

- 1.1 Since 2012, the number of people experiencing food poverty in Swansea has risen, with parents reporting going hungry in order to feed their children, and the number of food bank parcels distributed increasing year on year.
- 1.3 With austerity measures affecting both partner organisations and residents, and grant funding for projects being short term in nature and

becoming harder to obtain, Swansea Council has been searching for innovative ways to better support residents to overcome barriers to accessing good food.

- 1.4 This report details the work undertaken to develop a new, sustainable approach to tackling food poverty in Swansea, and makes recommendations for the future of the service.

2. Background

- 2.1 As outlined in the original Poverty Strategy, funding from the Prevention Fund budget was allocated to develop an operational 'Proof of Concept' chilled meals delivery service, and produce a full business plan.
- 2.2 Should the 'Proof of Concept' service prove successful, it would externalise from the Council and become a separate legal entity; able to generate commercial income to support a sustainable approach to tackling food poverty and reducing hunger and food insecurity in Swansea.
- 2.3 Work completed to date includes:

- Recruitment of a Commercial Officer to augment the skill base of the team
- Meals testing across 8 sheltered accommodation complexes across Swansea, including twice-weekly deliveries to 91 participants
- Survey of 966 residents of sheltered accommodation complexes across Swansea on food, eating and shopping habits
- Purchase of license to replicate Can Cook's 'COOKED' meals range, to minimise development and testing time for new food products
- Recruitment and training of a Head Chef with commercial experience
- Occupying commercial kitchens at Llys Y Werin sheltered accommodation complex, and providing clients with a meals service, alongside an external Meals Delivery Service
- Producing a full business plan (see Appendix A) and detailed financial forecasts for years 1 – 7
- Conducting 3 engagement events and 2 meal-testing events at Llys-Y-Werin
- Development of a 'Super Kitchen' specification
- Creating a Sales Strategy for the provision of a Meals Delivery Service in SA4 & SA5 areas.

3. Current Position

- 3.1 Following more than a year of planning, research, consultation and investigation, the team has begun feeding people as part of the 'Proof of Concept' stage of developing a food-based social enterprise.

- 3.2 The Head Chef has taken responsibility for the kitchens at Llys-Y-Werin and is providing a food offer for extra care residents and day service clients, five days per week.
- 3.3 This will be complemented in November by the roll out of the 'COOKED' meals delivery service in SA4 and SA5 areas.

4. Operational Considerations

- 4.1 In order for the separate legal entity to emerge successfully from the Council, an investment of £500,000 is required to cover a proportion of equipment, staff and running costs for years 1 – 3.
- 4.2 This investment could take the form of grant funding or repayable equity investment, or a combination of these.
- 4.3 A shortlist of prospective funders has been drawn up, and discussions to identify the best funding mix to maximise the success of the new enterprise are underway.

5. Equality and Engagement Implications

- 5.1 A number of consultation events have taken place over the last 12 months, primarily to engage with the target customer group (older people), as individuals most likely to benefit from receiving a better food offer than is currently available.
- 5.2 We have also engaged with professionals providing services to older people in Swansea, to gauge satisfaction levels with current food provision and identify whether there is a perceived need for a new service.
- 5.3 Consultation concluded that there is a clear need for a better quality, better value meals offer, that will support the independence of our vulnerable older population, and that this commercial approach can offer good value to paying customers, and create an income stream that will enable the enterprise to support people experiencing hunger and food insecurity in Swansea.
- 5.4 This is of clear benefit to a number of groups in Swansea:
- Better value, better quality food for older people – improved outcomes, reducing malnutrition, promoting independence
 - Training and employment opportunities for people who are marginalised - programmes designed to engage and support people with a history of homelessness; long term unemployment; mental health conditions; disabilities, or learning difficulties.
 - Free meals for people experiencing hunger and food insecurity – supporting the work of organisations working in communities across Swansea

- 5.5 An EIA screening and can be found at Appendix B and a full EIA report opened as the impact of not being successful in securing funding will mean the end of the catering service at Llys-Y-Werin, and the withdrawal of the 'COOKED' meals delivery service. Based on projections, it is anticipated this will affect in excess of 150 people.
- 5.6 It will also mean the end to all Swansea Council activity around community food and growing, as this work would have been continued by the new enterprise.

6. Financial Implications

- 6.1 There is no further funding from the Council to continue with this initiative from the 1st April 2018, as it has always been the intention to externalise the Food Enterprise from the Council to form a Community Interest Company by this date.
- 6.2 If funding for Year 1 (18/19) is not in place by 31st December 2017 and there is a risk the Enterprise will be unable to externalise from the Council, four members of staff will be issued with redundancy notices at the end of December.
- 6.3 In order to progress with the externalisation of the Food Enterprise, TUPE will apply for four existing members of staff and the Council is required to support this by acting as a guarantor for admission of the Enterprise into the LGPS Pension Scheme.

7. Legal Implications

- 7.1 Continual liaison with Legal, Pensions and HR are underway on the implications of TUPE and process for externalisation.
- 7.2 Officers are receiving advice, internally and externally, in order to manage the transition smoothly, including TUPE, customer data management, asset transfer and ongoing relationship with the Council.
- 7.3 The Food Enterprise will become a separate legal entity – a Community Interest Company – with a volunteer board. The Council will need to undertake the necessary due diligence in establishing the new legal entity to ensure that it is fit for purpose.
- 7.4 Officers are currently receiving advice on potential State Aid implications following externalisation and how any risks can be mitigated.

8. Timeline and process for externalisation

Creation of new Food Enterprise Community Interest Company.	By end of November 2017
Secure required investment for Year 1.	By end of December 2017
Transfer of Council's Community Food and Growing Staff team to the new externalised Food Enterprise Community Interest Company.	By 23 rd of March 2018

Background Papers: None.

Appendices:

Appendix A Swansea Food Enterprise Business Plan (final draft)
Appendix B EIA Screening Report Summary