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## 1. Background

- 1.1 The Osborne Partnership is a registered charity and a company limited by guarantee that is based in the Borough and has operated for 8 years. It provides training and support for people with learning disabilities. With the assistance of officers from Social Services and the Department of Regeneration and Environment the Osborne Partnership has recently been running a pilot scheme to assess the capacity of people with disabilities to be employed assembling automotive components. This work is carried out on contract to Trelleborg Stanton Limited and has operated in partnership with Rethink Employment Services, who are commissioned by Social Services and the Primary Care Trust (PCT) to provide a range of employment support to people with mental health problems.
- 1.2 Trelleborg Stanton Limited is a private limited company that concentrates on the manufacture of parts for the automotive industry, especially for car manufacturers based in the UK. The company has a good record of supporting staff with disabilities and a policy of outsourcing to contractors who can offer work opportunities to people who because of disability are on the margins of the job market. Currently it has packaging contracts with four other organisations in the region.
- 1.3 The limited pilot that has been undertaken so far has demonstrated that local people with learning disabilities and mental health problems can produce good quality output well up to the required standard. The Osborne Partnership believe that they have the potential to establish a social enterprise in the Borough – that is a commercially successful business with primarily social objectives that will operate on a not-for-profit basis and re-invest surpluses to support those social objectives. In this case they would, in partnership with Rethink Employment Services and other local partners such as the Disablement Association of Barking & Dagenham, be able to offer employment to a range of people with disabilities. Officers of Social Services believe that such a social enterprise could form part of a range of services intended to support a return to normal employment for people who have significant disabilities or enduring mental health problems.
- 1.4 The commitment to support the establishment of social enterprises and to help disadvantaged residents into work is set out in the Council's Economic Development Strategy. There is currently an externally funded social enterprise worker post in the Regeneration Implementation Division's Economic Development Group.
- 1.5 For a social enterprise to succeed in developing a normal work experience for employees who have been out of the job market for a long time it is necessary to ensure that payment levels are equivalent to national minimum standards or better and do not reflect the previous practice in similar situations of paying much reduced rates of "therapeutic earnings". The overriding need for proper wage rates does impact on the economic viability of the project and the pilot, which has run for three months, has not been sufficient to allow a full assessment of the economics of the enterprise, though the results to date are encouraging. A longer-term pilot is

dependent on securing suitable premises but will explore the potential for other sources of financial support, such as through Jobcentre Plus and the Learning & Skills Council London East (it is intended to offer NVQs in Manufacturing Operations with an educational partner that will allow funding to be drawn down).

## **2. Current Situation**

- 2.1 The Osborne Partnership, working with Council officers is seeking to extend the initial pilot to a full-scale scheme and is currently applying for funds from a number of sources to make that possible. The current scheme has been operating on two days each week from St Elizabeth's Church Hall in Dagenham but that arrangement cannot continue long term and does not allow the project to operate at full capacity and properly test the scheme. As part of the Council commitment to support the pilot and pave the way to a proper commercial operation officers have been trying to find better premises for the project to continue.
- 2.2 The Osborne Partnership has expressed interest in a building on the Council site at Valence Depot. This area of the depot (the ex window factory) is currently leased to the contractor Lovell's and is being used to store and issue replacement kitchens for the 'Decent Homes' improvement project managed by the Housing and Health Department. The lease is based on the market valuation and expires at the end of September this year. Whilst Lovell's have indicated they might be interested in extending this arrangement, they are aware that we may require the area for an alternative use such as the Osborne Partnership. In the longer term there is a plan for the Valence Depot and though that is subject to a successful Heritage Lottery bid any arrangement with Osborne Partnership or any other tenant would have to be in keeping with that timetable. At present the longest period that any new lease could be granted for is 12 months.
- 2.3 Though the market rent for the property at Valence is £35,000 pa it is clear from the information already available that if the new enterprise is to remain viable the Osborne Partnership could not afford such a sum and would therefore need to be considered for a concessionary rent.
- 2.4 Officers are confident that the property at Valence Depot could be let commercially for a further period of 12 months at the market rent. Therefore if the Council wishes to demonstrate support for the work of the Osborne Partnership by allowing it to lease the property at Valence Depot it would have to recognise that this is only possible with the loss of all of the commercial rent.

## **3. Other considerations**

- 3.1 The general expectations on the Council in this situation are clear – that it must be mindful of best value considerations and in most cases that would mean only letting buildings for a market rent. However the Council is entitled to take other matters into consideration when reaching any decision and it is clear that there are important social benefits associated with this proposal. These benefits are centred on the importance of creating employment for residents of the Borough who would otherwise have no work and face significant barriers to their employment. Supporting such citizens into employment directly relates to Council priorities such as increasing prosperity by increasing access to jobs.

- 3.2 If the Council were to grant a concessionary rent this needs to happen in the full knowledge that the social enterprise will be contracting with Trelleborg Stanton Limited which is a standard profit making company and not a charitable one. However it needs to be considered that since the whole purpose of a social enterprise of the sort that the Osborne Partnership are attempting to establish is to create a normal work experience for employees then it is inevitable that from time to time it will be necessary to work with commercial organisations.
- 3.3 Any lease arrangement with the Osborne Partnership would be on a full repairing and insuring basis and the Council would undertake a full condition survey before any negotiations were concluded to ensure that all parties were aware of the condition of the building.
- 3.4 Any lease would be likely to be for a period of 12 months only and there would be no necessary commitment on the part of the Council to support the Osborne Partnership for a longer period. Indeed the Council would wish to make it a condition of the granting of a concessionary rent for 12 months that the Partnership use that period to find another appropriate building for the social enterprise.

#### **4. Financial Implications**

- 4.1 The help made available to the Osborne Partnership from Council departments to date can be absorbed within existing budgets. If the Executive agrees to the granting of a concessionary rent the full market rent would still need to be recorded as transfer of resources though no monetary cost is involved.

#### **5. Consultation**

- 5.1 The Department of Regeneration and Environment (Asset Management and Development) have been consulted and the Corporate Asset Management Group have agreed to this proposal.