

## CASE STUDY

### **INSPIRE HOUNSLOW (formerly CIP Group of Companies)**

**A model for delivery of culture, ahead of its time**



#### **The Vision in 1997/1998**

- Delivery of all cultural services by a charitable social enterprise.

#### **The Vision in 2014 and beyond**

- One charity, re-branded as Inspire Hounslow which uses its funds to benefit people living, working or studying within the London Borough of Hounslow (LBH) focussing on the young and disadvantaged. The initial focus is to give relatively small grants to existing organisations as matched funding with an aspiration to develop wider partnerships and use capital for sustainable partnerships.

#### **History**

- LBH could not afford the cost of its in-house cultural and leisure services. It decided to transfer the services to a group of charitable companies (supported by a trading subsidiary). This was the first transfer of a whole cultural service in the UK and a first for libraries.
- The transferred cultural services were leisure centres, libraries, a theatre, arts, cultural industries community halls, management of parks and open spaces, an urban farm, cemeteries, grounds maintenance and arboricultural services (commercial).

#### **The Governance Model and Charity Commission**

- The structure was a philanthropic top company providing support services to two charities and the trading subsidiary. Services were split with leisure centres ring-fenced. A series of contracts, a funding agreement and leases for ten years (with the option of a five year extension) were agreed.
- Taxation-based and other savings well in excess of £10 million achieved over 10 years were retained by LBH. Extensive additional year on year revenue savings and service reductions were imposed by LBH.
- This project was used as a precedent by the Charity Commission, who after detailed consideration of the key issue of independence (and therefore of charitable status) accepted that the two companies are charitable. This project formed a key basis for the Commission's *The independence of charities from the state* (RR9).

## **Positive Achievements**

- The services were sustained for 10 years. Many services were improved and new services were developed, which included support to the community and voluntary sector. Jobs and their terms and conditions were protected.
- Overall efficiency was improved and income increased. The commercial trading subsidiary became increasingly profitable.

## **Issues**

- Chronic lack of investment in the buildings and services and responsibilities falling on the unpaid Trustees becoming an increasing burden.
- A lack of partnership working and a too complex legal structure (required by LBH).

## **What happened in 2008**

- CIP did not retain any of the contracts or services for LBH but there was a smooth transfer of the services and staff to the new providers.
- The charities were left with a legacy fund of approximately £2 million.

## **What was learned**

- Vision alone is not enough to sustain a complex project. It needs to be supported by effective partnership working as well as commercially sound arrangements.
- The taxation savings must be split between the Council and the charities as the charities need “seed funding” to develop and sustain service delivery.
- Strong leadership is critical. The unpaid lay trustees must be funded to employ staff who can deliver a charitable vision but also have a sound commercial understanding.
- This was a brave innovation which delivered much value and left an important legacy.



*Note: I would like to thank the Inspire Hounslow trustees who have agreed to let me publish this case study. Whilst I have taken into account the views of those who have contributed I take full responsibility for its content.*