

One Plus

One Plus -to close its doors - 23.01.07

One Plus, one of Scotland largest social enterprises, has been in existence for over 25 years, and provides vital services to Lone Parents, their children and other families in the community. The organisation has been facing financial difficulties over the past year . The Board, Senior Managers and external consultants have tried their utmost to keep the business running, attempting to pursue a whole range of options including developing refinancing proposals to keep One Plus intact. Unfortunately these efforts have proved to be unsuccessful. The Scottish Executive have turned down a rescue package costing them £2m. The One Plus Board has been advised by accountants and lawyers that they have no option but to place the company into liquidation. Accountants ,estimate that it will cost the Scottish Economy around £10m when One Plus closes its doors.

The largest lone parent agency in Europe, One Plus is a key participant in Scotland's social economy. With an annual income of over £12 m One Plus: employs over 550 people; delivers vital services, reaching over 10,000 people, supports local economic regeneration and has been a leader in using a social enterprise model to change our communities for the better.

One Plus staff are dispersed between Head Office in Renfrew St, Project Management and Service Delivery staff -across Glasgow, Renfrewshire, Lanarkshire, Ayrshire, Dunbartonshire and Dumfries and Galloway. One Plus is one of the biggest employers in Easterhouse. Staff are from a variety of backgrounds - social work, community work, the health service, training, childcare, teaching, further education, human resource management, community business and the private sector.

One Plus provides training places for around 1400 people a year, supports over 500 Lone Parents into employment; delivers school-age childcare in 31 out-of-school care centres and pre-five provision in 8 childcare centres to 1,326 children, provides 2, 500 hours of social care a month to 223 clients, deals with over 5,000 telephone helpline enquiries a year from lone parents and works with local self-help groups including vulnerable Lone Parents, asylum seekers and refugees. One Plus also acts as a centre of expertise for professionals and agencies that work with lone parents and their children. It also works with government and policy makers utilising its skills and experience to improve services, raise awareness and change attitudes.

Who will be affected? How many people?

One Plus employs around 550 people and delivers vital services, reaching over 9,000 people. Outline figures are as follows: Childcare -1326 children; Care Services -223 clients; Children & Families - 1624 families; Learning Services - 1468 individuals; Employment Services - 487 individuals; L. P. Helpline - 4879 parents.

The closure of One Plus will leave a huge hole in services that help to support Lone Parents and their children.

Background

One Plus, as with many other social economy organisations, is working in a very difficult operating environment. Issues include:

- **Retrospective funding**
- **Funding which does not generate a surplus(ESF)**
- **Debt collection problems (childcare users)**
- **Customers paying in arrears (care service)**
- **Lack of full cost recovery**
- **Costs of regulatory requirements**
- **Expansion, to reach more of Scotland's poorest groups, has increased the cash deficit.**
- **No Scottish Exec funding for core costs.**
- **Growth has been supported by the most expensive method - an agreed bank overdraft facility .**
- **The changing funding landscape, makes match finance less accessible.**

Over recent years One Plus has moved from an organisation 100% funded to one that generated almost 50% of income from contracts and direct service provision. This growth had been funded solely to develop vital services to families living in poverty that help deliver the Scottish Executive's and Westminster government's policy agenda.

This has inevitably created challenges in supporting the continued development of the organisation. Retrospective funding from the majority of activities meant severe cash flow problems because 82% of expenditure was immediate -on staff costs.

One Plus Childcare Services had been delivered through funding streams, which do not recognise the full cost of delivering childcare through a social enterprise model. Many parents found the cost of childcare a difficulty therefore childcare services had serious debt collection problems. A large percentage of funding did not enable recovery of the full costs of services. Unlike the private and public sector many voluntary organisations like One Plus are not able to cost services to cover all overheads and set aside investment for the future. Much of the growth had been in activities such as ESF training that did not allow the generation of any surplus to meet the organisation's growing overheads.

Expansion, which had been about reaching more of Scotland's poorest parents and children as well as elderly and disabled clients, and supporting community regeneration in area such as Easterhouse, Glasgow North, Pollok and other areas of deprivation increased the cash deficit. As One Plus income streams have diversified so too has the way the organisation is paid. The majority of income is paid in arrears, on submission of an invoice. This combination of factors means that the growth of One Plus has been supported through an agreed overdraft facility (£ 2 m) This is not a cost efficient way of developing a business as an overdraft is one of the most expensive means of borrowing money and should be used to even out cash flow issues.

How did One Plus respond to the issues?

The organisation has grown rapidly over the past six years from a turnover of £3.3 million in 1999 to £12.2 million in 2006. This growth, supported by advice from Scottish Enterprise "rapid business growth" section, has been funded solely to develop vital services to families living in poverty that help deliver the Scottish Executive's Agenda. One Plus has diversified its income, based on a business model, through developing its own income, by competing for contracts in the public sector, selling services to individuals, and pulling

in private sector finance. To develop the infrastructure of the organisation applications were made to the Scottish Executive Future Builders Fund but the application was unsuccessful. An application was then made for core funding through the Scottish Executive's children and families funding stream but as One Plus was not seen as being a national organisation it was deemed ineligible.

In December 2006 One Plus approached the Scottish Executive. We argued that as a partner in tackling some of the most intractable issues in the most disadvantaged communities One Plus could not by itself manage a way out of this situation without placing at risk a range of extremely valuable services as well as hundreds of jobs. Glasgow City Council and the Scottish Executive, recognizing our contribution, made finance available to One Plus to allow services to be continued over December and January period and for the options to be considered. They however felt unable to support a funding rescue package that would have cost the Executive £2m. Unfortunately it has not been possible to secure the additional capital investment that would have been required to rescue One Plus and the Board have today appointed a liquidator.

Why is there a need for a One Plus?

There are around 180,000 one parent families in Scotland. Almost half of all (both workless and working) **lone parents** are in income poverty, almost three times the rate for couples with children. A major reason for this is the high levels of worklessness: around half are working and half are not.

In terms of income level, 66% of lone parent families in Scotland live on an income of less than £15,000 compared to 11% of two parent families. Employment figures also highlight the huge gap between lone parents and partnered women - 49% of women in single parent households are in employment compared to 71% of women in two parent family households .

In 78% of the 200 most deprived areas across Scotland lone parent families make up over 50% of families living in these areas. Lone Parents are 52% of families in the poorest 10% of areas in Scotland but are only 9% in the 10% least deprived. There are 27,900 Lone Parents in Glasgow, 46.4% of families

Consultation feedback from focus groups, seminars ,conferences and case studies organised by One Plus show that Lone Parents face a range of stressors /barriers.

One Plus had identified the following issues, which trap lone parents and their children in poverty. These factors that prevent LP's from working are also often present when they are forced to give up work.

- § The high level of poverty facing non working Lone Parents

- § Isolation, low confidence and self-esteem

- § Financial insecurity in an out of employment including high levels of debt and limited access to mainstream credit facilities.

- § The shortage, costs and inflexibility of childcare

- § The "poverty trap" caused by the interaction of the tax and benefit systems.

- § Low skills base and educational qualifications Barriers to training and education including costs and accessibility .

- § A system of child maintenance which fails lone parents

- § The Low pay-high turnover economy that doesn't enable work-family balance

- § Many Lone Parents live in areas with few local employment opportunities.
- § A high proportion of lone parents and their children suffer poor health.
- § Lone Parents have often experienced overcrowded accommodation or has been forced into more insecure, expensive and poor quality privately rented housing.

These issues are all interconnected and tend to have a cumulative impact, with many lone parents citing three or more of these stressors/barriers as reasons for not being able to work.

Supporting Scottish Executive Policies

By providing a range of holistic, family-focused services and training and employment initiatives, One Plus aims to provide a bridge to social and economic inclusion. The commitment to improve the lives of children and families, in partnership with the Executive and local authorities, remains the driving force behind our work. Partnership remains at the core of our work, both in terms of funding and delivery of services. Key to this is the belief that by working together we can provide added value in both the scope and depth of our work in disadvantaged communities. One Plus helps deliver the following Executive and local authority policy priorities.

- Childcare Strategy
- Closing the Opportunity Gap
- New Deal for Welfare: Empowering People to Work
- Workforce Plus/Employability strategy
- Workforce Development.
- City Strategy
- Child Poverty Eradication target
- Lone Parent Employment Target
- Scottish Executive's Vision for the Voluntary Sector/ Public Service Reform
- Scottish Executive Social Enterprise Strategy
- 21st Century Social Work Review
- Modernising Community Care
- People and Place Regeneration Strategy
- Smart Successful Scotland

One Plus would like to thank all our partners, funders, MSP's MP's and lone parents and their children for all their support over the years. We have changed many lives for the better.

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